



DATE: May 2, 2017

TO: Mayor and City Council

FROM: Director of Finance

SUBJECT: FY 2018 Master Fee Schedule/Fine and Bail Schedule

RECOMMENDATION

That Council approves the attached resolution amending the City's Master Fee Schedule and the Fine and Bail Schedule to include changes and updates as appropriate.

SUMMARY

As part of the annual budget process, City staff completes a review of Hayward's Master Fee Schedule to determine what adjustments, if any, are necessary to fees charged for services the City provides. Proposed fee changes will become effective July 1, 2017 – which is the beginning of the 2018 fiscal year. The City completed a comprehensive user fee study late last year and those fees were effective January 1, 2017. For the FY 2018 Master Fee Schedule/Fine and Bail Schedule, staff is presenting Council with necessary updates and changes.

The complete and detailed listing of fees is reflected in the proposed FY 2018 Master Fee Schedule http://www.hayward-ca.gov/sites/default/files/documents/FY2018_Master_Fee.pdf along with the FY 2018 Fine and Bail Schedule www.hayward-ca.gov/sites/default/files/FY_18_Fine_and_Bail_Schedule.pdf, which can be reviewed at the Office of the City Clerk, and on the City of Hayward's website at www.hayward-ca.gov.

BACKGROUND

The City maintains a Master Fee Schedule that identifies the fees for various City services. The Master Fee Schedule is based on the basic cost of delivering services (e.g., various building and fire inspections) and must comply with provisions of current legislation.

As part of a general cost recovery strategy, local governments have adopted user fees to fund programs and services that provide limited or no direct benefit to the community. To the extent that the City uses general tax monies to provide services that it can recover full cost for, but does not, a subsidy is provided and this reduces funds that may be available to provide other community-wide benefits. Unlike most revenue sources, the City has more control over the level of user fees they charge to recover costs. As the City struggles to balance levels of service and the variability of demand, Council has become increasingly aware of subsidies provided by the General Fund for fees which do not recapture full costs.

A comprehensive user fee study conducted by Willdan Financial Services was adopted on October 25, 2016 by City Council. The study reviewed all costs associated with internal effort and third party expenses to develop full cost recovery fees. The City completed smaller adjustments and modifications to the fee schedule (mostly cost of living adjustments and modifications to support Council policies) as part of the annual budget process.

Legislative Requirements

Proposition 26 Review and Compliance

In November 2010, California voters approved Proposition 26, which amended Articles XIII A and XIII C of the State constitution regarding the adoption of fees and taxes. Proposition 26 seeks to assure that taxes are not disguised as fees: taxes must be approved by voters whereas legislative bodies, such as a City Council, can approve fees.

Proposition 218 Review and Compliance

In November 1996, California voters passed Proposition 218, the “Right to Vote on Taxes Act.” This constitutional amendment protects taxpayers by limiting the methods by which local governments can create or increase taxes, fees, and charges without taxpayer consent. Proposition 218 requires voter approval prior to imposition or increase of general taxes, assessments, and certain user fees.

The proposed Master Fee Schedule has been reviewed for compliance with Propositions 26 and 218 and, in the City Attorney's opinion, is compliant.

DISCUSSION

Summary of Changes in Fees by Program Area

City Attorney

- Rent Stabilization Administrative Fees. Decreases the annual fee per Residential Unit from \$2.77 to \$1.33 and the annual fee per Mobile Home Space from \$1.32 to \$0.81. The Residential Rent Stabilization Ordinance’s annual program fee (“rental unit fee”) is imposed annually on each residential rental unit that is subject to the Residential Rent Stabilization Ordinance. The Mobile Home Space Rent Stabilization Ordinance’s annual program fee (“mobile home space fee”) is imposed on mobile home spaces that are subject to the Mobile Home Space Rent Stabilization Ordinance. Both residential and mobile home fees are based on rent stabilization program administration costs incurred during previous calendar year. They are service fees that are not subject to the voter or property owner approval procedures contained in Proposition 218. Costs that can be attributed exclusively to one ordinance or the other are so attributed. Costs common to the administration of both ordinances are divided proportionately based on the number of residential units or mobile home spaces in the City, which are subject to the ordinances. Most the rent program costs are recovered through the imposition of these fees.

City Clerk

- Increase in the Notary Service Fee: this is being increased from \$10.00 to \$15.00 per signature, as per State statute AB 2217 which became effective January 1, 2017.
- Change in Express Mail Fees for Passport Services Express Mail from City of Hayward to US Department of State is being changed from \$22.95 to \$23.75, due to a fee increase by the USPS. The Express Mail from State to Customer has been reduced from \$20.66 to \$15.45; this is a rate which is set by the US Department of State. This change was effective January 23, 2017.

Fee Type	Change From	Change To
Express Mail from City of Hayward to US Department of State	\$22.95	\$23.75
Express Mail from US Department of State to customer	\$20.66	\$15.45

Development Services

Following are the recommended fees for the Development Services Department for Fiscal Year 2018.

I. Building (Attachment III)

a. *Tech Fee Increase from 3% to 6% of Building Permit Fees*

- The funds collected by the technology fee are intended for two primary purposes:
 - To cover the cost of scanning approved plans and adding them to our permanent archives; and
 - To invest in new technology that will improve customer service (mobile devices field inspectors, permitting software, online permitting, e-plan check, etc.)
- Most cities in California have a technology fee. A recent survey conducted by staff compared the Technology Fee rates of surrounding jurisdictions for five sample projects and found that the average is 6% of the inspection or permit fee (Attachment V). Hayward currently charges 3%.
- Attachment VI shows how the proposed 3% tech fee increase, as well as the proposed Policy Planning Fee increase (+4%) as described later, would impact fees for five sample projects. In summary, such increases would result in an increase of total fees paid for projects of just over 1%.

- Increasing our Tech fee will help to provide funding to allow the City to implement electronic plan submittal and review. For projects that require plans, like the small home addition shown in Attachment VI, an electronic submittal could save the customer as much as \$200 in printing costs per project. For large projects, such as major tenant improvements or new commercial buildings, the savings in printing costs and travel time for plan submittals would be much higher.

b. Increase General Plan Update Fee from 12% to 16% of inspection (permit) fee and rename to Policy Planning Fee (see discussion under Planning fees)

c. Inspection & Plan Check Edits

1. Items #6 Address Assignment: The description for (a) and (b) are changing (see Attachment III in yellow). The fee stays the same, but staff is clearing up the confusion related to multiple addresses.
2. Item #10 is an added section. The brace and bolt or Voluntary Seismic Retrofit is being added. The fee is set at a flat rate of \$147. This includes plan check and inspection. This is for clarity purposes - the rates did not change.
3. Item #19 is now split between Residential Electrical and Item #20 (commercial electrical). See Attachment III for clarity purposes.
4. Item #19(a) is being reduced from \$294.00 to \$220.50 (based on 1.5 hours for two inspections), due to customer complaints of this fee being out of line with neighboring jurisdictions and more realistic time needed for such inspections. Staff reset the hourly base inspection from two hours with two inspections to 1.5 hours for two inspections. If a re-inspection is necessary, the \$147 hourly rate would apply. This is a more appropriate, efficient, and fair approach.
5. Item #19(c) is being reduced from \$514 to \$147 (based on a one-hour inspection), related to our fee being out of proportion with other cities and a reassessment of what is more realistic in terms of inspections and time. We reset the hourly base inspection from two hours to one. If a re-inspection is necessary, the \$147 hourly rate would apply. This is a more appropriate, efficient, and fair approach.
6. Move line from #20 C. Minor Residential Electrical Permit (final only- no rough) each \$147 to section #19 Electrical permits as f. Minor Residential Electrical Permits (final only - no rough)

7. Item #22(b) - Copies, Re-prints + Change of Contractor (b) is being reduced from \$147 to \$73.50. Based on a time assessment, this is more appropriate being based on one-half hour.
8. Items #24 Violation Fees - (b) through (e) are changing, based on hours (\$147 per hour) as opposed to items.

II. Planning (Attachment IV)

- a. *Increase General Plan Update Fee from 12% to 16% and rename to Policy Planning Fee*
 - Attachment VIII shows the fee rates of other jurisdictions for policy or long-range planning. Also, via Resolution 16-047 (Attachment VII), the City Council already authorized such fee increase, which was supposed to have been incorporated into the FY 17 fee schedule.
 - The proposed 4% increase would allow continued payback to the General Fund through the CIP for revenues borrowed to cover the cost of the 2040 General Plan Update, and to build a fund balance for a future General Plan update, expected to start in approximately 2035. Also, the fee revenues would provide funding to conduct other long-range or policy planning activities, including those related to the Complete Communities Council Initiative and those called out in the General Plan Implementation chapter, such as Industrial Zoning Regulations revisions, development of a Unified Development Code, and Form-Based Codes revisions.
- b. *Add to page 18, 40. G. Landscape Inspection and/or Re-inspection Fee of the hourly rate of \$164 (the master fee study indicated an hourly rate for Planning of \$163.58).*
- c. *Adjust #32 Grading Permit: Changed from \$1,635.00 to \$4,000.00 Time and Materials with Initial Deposit*
 - Flat rate does not account for administrative costs incurred by Planning and the variables associated with grading permits. A better cost recovery process is to charge a deposit and then have an account to charge to for staff time for review and inspections.
- d. *Adjust and better define #35 Encroachment Permit Application – Major Work (road closures, traffic control, more than 500 linear feet of work, etc.): changed from \$2,435.00 to \$4,000.00 Time and Materials with Initial Deposit*
 - Flat rate does not account for administrative costs incurred by Planning and the variables associated with grading permits. A better cost recovery process is to charge a deposit and then have an account to charge to for staff time for review and inspections.

- e. *Adjust and better define #36 Encroachment Permit Application – Minor Work (sewer laterals, driveway widening, etc.): changed from \$1,308.00 to \$327.00 plus Public Works inspection fees*
- These simple permits only involve about 2 hours of Planning staff time [\$163.58 (hourly rate) x 2], in addition to the Public Works inspection fees. We do not want to overcharge residents/homeowners more than what actual costs are, but also want to be sure Planning recovers costs associated with the work done including intake, review and issuance of the permit.
- f. *Delete #42 (egregious violations penalties), since those are shown in the Code Enforcement – Community Preservation fee schedule (and renumbered remaining/following fees in Planning schedule.)*

III. Code Enforcement – Community Preservation Program

- A. *Page 20 C. Code Enforcement – Fees are proposed to recover costs associated with code enforcement actions related to a variety of illegal activities.*

6.	<u>Grading Permit</u>	
a.	Code violation illegal project, penalty fee may be applied daily	\$125
b.	Code Enforcement Investigation fees, for permit not yet obtained	\$2,000
7.	<u>Building Violation Fees</u>	
a.	Investigation Fee for work done without Permits (in addition to the regular permit fees)	200% of the Building Permit Fee
b.	Filing of Notice of Substandard or Hazardous Structure	\$147/hour
c.	Removal of Notice of Substandard or Hazardous Structure	\$147/hour
d.	Placards for Condemnation	\$147/hour
e.	Notice and Order	\$147/hour

Finance

Operating Permits

- Increase to Cabarets and Dance Licenses and Permits: to recover costs for Officers time.
 - a. *Annual License (payable quarterly in advance)* is currently \$24.00 per year and will be increased to \$315 per year to recover the 3 hours of Officer time.
 - b. *Single Event Permit* is updated from \$42.00 to \$105.00 to recoup one hour of Officer time.

Fire

Fire Prevention and Hazardous Materials

- Addition of Technology Fee: this new fee will add a 6% technology fee to the annual permits for Fire Prevention and Hazardous Materials and will be utilized to fund the proposed new permitting software system.

Police

Administration

- Increase to Vehicle Release Fee: Cost of Processing and report time to recover costs associated with this service. Currently the fee is \$33.00 and will be increased to \$235.00.
- Increase fee for Clearance Letters: Fee to cover costs for staff time from Investigations of approximately 1-2 hours and up to 30 minutes of staff time from Records Division. Fee is currently \$38.00 and will increase to \$143.00.
- Alcohol Sales – Special Event Permit increase: Fee is increasing from \$42.00 to \$304.00 to maintain consistency and cover costs as the other Alcohol Sales – Special Event Fee.

Animal Services

- Overall Decrease in Impound and Adoption Fees: Since Redemption fees are stacking, they may cause a hardship and prevent owners from being able to reclaim their pet which would increase the animal’s length of stay in the shelter and increase board and care costs. Fees should be reasonable so that an owner can financially afford to redeem their pet. Some categories will have slight increases to maintain consistency in categories.

Fee	Current	Proposed
1. Impounding Charges		
a. (1) 1st impoundment	\$86.00	\$50.00
(2) 2nd impoundment within one year	\$81.00	\$75.00
2. Feeding and Boarding Charges Per Day. Boarding charges shall be levied as of the first day of impoundment. Charges shall be waived where the animal is redeemed “off the truck.”		

a. For each dog, cat, or small domestic pet	\$30.00	\$15.00
3. Special Services – j. Microchip Insertion		
(1) Animal adopted from the Shelter	\$29.00	\$15.00
4. Animal License and Permit Fees		
a. Unsterilized dog or cat		
(1) Flat fee is for 1, 2 or 3 years depending on Rabies	\$16.00	\$17.00
c. Sterilized dog or cat license		
(1) Flat Fee is for 1, 2 or 3 years depending on Rabies	\$16.00	\$17.00
(2) Sterilized, license renewal	\$13.00	\$17.00
8. Hearing Fee: Hearing and inspection of property of owners of animals declared dangerous and potentially dangerous.	\$496.00	\$150.00

Public Works - Engineering & Transportation

Airport

- Increase in Hanger Fees: based on a survey of comparable airports in the San Francisco Bay Area and throughout the United States, the findings represent a significant increase in hangar rates. Monthly rental rate increases vary based on the type of hangar and the square footage, but in the latest study the increases range from 5 to 51%, with an average increase of 27.6%. In the past, by direction of Council, market rates have been reduced to make recreational flying more affordable, and Council could opt to make a similar adjustment in FY 2017. The total increase could also be implemented in steps. As such, staff recommends the increases be implemented at a not to exceed rate of ten percent annually (Attachment IX).
- New Airport Project Administration Fee: this fee funds the airport staff time necessary to review proposals for development projects, such as corporate aircraft hangars or commercial developments, submitted by private developers. In addition to a feasibility review, this fee covers staff time for initial consultation with the Federal Aviation Administration (FAA) and other agencies, determination of the financial capabilities and creditworthiness of the developer, preparation of staff reports for the Council Airport Committee (CAC) and the City Council, and initial negotiations for a lease agreement. This fee is \$5,000, payable in advance, and it is non-refundable.

Engineering & Transportation

- Addition of new penalty for public right-of-way: to cover Administrative and Construction staff investigative time for permit violations on work being done in a public right-of-way. This section previously only included a penalty for grading without a permit, however, the same investigative process and staff time apply to work in a public right-of-way without a permit.

Current: 7a. Public Works penalty for grading without a permit

Changed to:

7a. Public Works penalty for work in public right-of-way or grading without a permit.

FINE AND BAIL SCHEDULE

The Hayward Police Department is recommending an update (Attachment X) to the Fine and Bail Schedule (Attachment XII).

- Overall increase to parking fees: standardize all parking fees to \$75.00 based on time and motion (time needed to observe, document, and process citation). This applies to all fines currently at \$80.50 or below in the following range 5.02:5204a (excluding 6.26b).
- Update BART Commuter Parking Fee on designated streets: increase City issued fine (6.36b) from \$35.00 to \$55.00 to be consistent with BART's regional increase in fine amounts.

ECONOMIC IMPACT

Approval of the attached resolution will have a minor economic impact on our community in that only certain fees will be increased while some fees are being decreased. This action simply incorporates the fees associated with the prior policy direction into the Master Fee Schedule.

FISCAL IMPACT

Adopting these fee changes will minimally impact overall City revenues and will offset the staff time spent performing the various activities supported by the fees.

PUBLIC CONTACT

A public notice was published in The Daily Review on April 7, 2017 and April 14, 2017 and subsequently on April 21, 2017 and April 28, 2017 due to the continuance of the meeting date from April 18, 2017 to May 2, 2017. The public notice contained the meeting date announcing the time, location, and subject matter of this public hearing.

NEXT STEPS

Upon approval of the attached resolution, the Schedules will be updated and the fees will be effective as of July 1, 2017, to allow for the required sixty-day notice period.

Prepared and Recommended by: Dustin Claussen, Director of Finance

Approved by:

A handwritten signature in black ink, appearing to read 'K McAadoo', written in a cursive style.

Kelly McAadoo, City Manager