



Memorandum

DATE: February 13, 2024

TO: Nicole Gonzales, Director of Finance

FROM: Alex Ameri, Director of Public Works 

SUBJECT: Proposed Revisions to Master Fee Schedule FY 2025 – Sewer Connection Fees

The Department of Public Works and Utilities requests the following changes to the section of the Master Fee Schedule pertaining to the Sanitary Sewer Service Charges and Fees: Sewer System Connection Charge (Section 1.A).

Sewer Connection Fees are typically paid at the time a new development requests to connect to the public sewer system. The fees are used to fund improvement and expansion of the systems to accommodate the development and to defray the expenses paid by customers over the recent years for development and improvement of the systems. The fees also cover an incremental cost of future expansion and improvements necessary to accommodate new developments.

A Connection Fee Study, prepared by Raftelis, was presented to City Council in April 2023. The Study indicated a 102% increase for sewer connection fees was appropriate to obtain full cost recovery for these services. Staff recommended a phase-in approach for sewer connection fees, increasing only by 25% in FY24 in the interest of maintaining the economic recovery and fostering business development. This fee adjustment was adopted by City Council in June 2023, and was effective September 1, 2023. Before the FY24 adjustment, City's last sewer connection fee update was in 2011.

In most cases, full cost recovery will require incremental increases over multiple fiscal years. As such, staff proposes an incremental 25% increase in FY25 and that the fees identified below be reviewed annually and adjusted as needed in order to limit the impact on affected businesses.

The sewer connection fee varies by the type of property. The proposed sewer connection fee for Accessory Dwelling Units (ADUs) is proportionate to the average size of ADUs as compared to the average size of a Single Family Residential home in Hayward. The proposed 25% fee adjustments will support upcoming significant capital cost, including the WPCF Nutrient Management Project, which aims to meet the upcoming State regulatory requirements limiting discharge of nutrients to the San Francisco Bay.

Recommended adjustments for FY 2025 are as follows:

Sewer Connection Fees	Current	Proposed Effective 9/1/2024
Single family, duplex, triplex, and fourplex residential units, townhouses, and planned developments	\$9,625	\$12,031
Multi family, high density residential, and mobile homes, each residential unit	\$8,567	\$10,709
Accessory Dwelling Units (ADUs, where applicable), each unit	\$3,850	\$4,813
Commercial, industrial, institutional and all other connections:		
Per gallon of daily capacity required to serve the user	\$26.89	\$33.61
Per pound per year of biochemical oxygen demand (BOD)	\$10.66	\$13.33
Per pound per year of suspended solids (SS)	\$11.47	\$14.34
Minimum charge	\$9,625	\$12,031

In addition, per Hayward municipal code Article 3, Sec. 11-3.255, customers with sewer connection fees in excess of twenty-five thousand dollars (\$25,000.00) may make monthly payments, over a term not to exceed one hundred twenty (120) months with interest. In developing fair and reasonable interest rates, staff considered Consumer Price Index for all Urban Consumers (CPI-U): San Francisco-Oakland-San Jose, All Items and the current United States Prime Rate to propose the FY25 updates. The maximum interest rates that can be imposed on customers with payment agreements are as follows: no more than the current United States Prime Rate for agreements up to three (3) years, the United States Prime Rate plus one percent (1%) for agreements of four (4) to five (5) years; and the United States Prime Rate plus two percent (2%) for agreements of six (6) to ten (10) years. Considering the current United States Prime Rate of 8.5% and the current CPI-U of 2.8%, as of October 2023, staff is proposing the following updates to limit the impact on affected customers:

Interest Rates on Sewer Connection Fee Payment Agreements	Current	Proposed Effective 7/1/2024
12-month agreement	1%	4%
24-month agreement	2%	5%
36-month agreement	3%	6%
48-month (and longer) agreement	4%	7%

Comparison with Other Service Providers

The following table compares the City's proposed fees to similar fees of other nearby agencies: East Bay Municipal Utility District (EBMUD), City of San Leandro, Union Sanitary District, Castro Valley Sanitary District, and Dublin San Ramon Services District (DSRSD). The results indicate that the proposed fee is generally within a reasonable range of those charged by other agencies.

Agency	Sewer Connection Fee (Single Family Residential)
EBMUD (for Treatment Services only)	\$3,170
City of San Leandro	\$4,608
Hayward (Current)	\$9,625
Union Sanitary District	\$11,514
Hayward (Proposed)	\$12,032
Castro Valley Sanitary District	\$16,402
DSRSD	*\$18,371


*Per DSRSD, an assumption of a 3% increase in sewer connection fees is probable in FY25.



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DATE: February 13, 2024

TO: Nicole Gonzales, Director of Finance

FROM: Alex Ameri, Director of Public Works 

SUBJECT: Proposed Revisions to Master Fee Schedule FY 2025 – Sanitary Sewer Service Charges and Fees

The Department of Public Works and Utilities requests the following update to the Utilities and Environmental Services (Section 1 – Sanitary Sewer Service Charges and Fees). For clarification, the following language should be updated to the FY 2025 Master Fee Schedule under the “Non-Residential Service” sub-section:

From: The minimum fee for each user shall be that established for one (1) Service Unit per month.
To : The minimum fee for each non-residential user shall be that established for one (1) Service Unit per month.

Per Hayward Municipal Code Chapter 11, Article 3, Sec. 11-3.450 and Sec 11-3.455, the basis for determining the cost for treating and collecting wastewater will be the "service unit" which will be considered to be the basic charge for each premises computed on the basis of treating wastewater. The service units for commercial and industrial premises shall be based on categories of usage with similar treatment costs and grouped into User Classification Codes. The categories of usage, user classification codes, and service units to be applied per month for the purpose of determining the applicable sewer service charges shall be those as determined from time to time by resolution of the Hayward City Council.



Memorandum

DATE: April 5, 2024

TO: Nicole Gonzales, Director of Finance

FROM: Alex Ameri, Director of Public Works

SUBJECT: Proposed Revisions to Master Fee Schedule FY 2025 – Minimum Charges for Water Meter Hydrant Usage

The Department of Public Works and Utilities requests the following changes to the section of the Master Fee Schedule pertaining to minimum charges for hydrant and meter monthly consumption.

Hayward Municipal Code Chapter 11, Article 2, Sec. 2.22 requires that all water furnished for construction or related work shall be measured through a water hydrant meter provided by the City and shall be paid for by the customer at the same rates as metered consumption. A deposit to cover the full cost of replacement of the meter and backflow assembly and the estimated cost of water consumption for two (2) months will be retained by the City at the time application is made to insure the safe return of all materials and supplies and the payment of water usage charges.

In instances where customers fail to report the water consumption read, a Failure to Report Fee and a minimum monthly charge is applied to the customer's account. These minimum monthly charges have not been updated in over 15+ years, were not in accordance with the estimated potential consumption, and no longer accurately reflect cost. Staff is proposing a 25% increase to minimum charges for water meter hydrant usage.

Full cost recovery may require incremental increases over several fiscal years. As such, fees will be reviewed annually and adjusted as needed in such a way that limits impacts to water users. To improve cost recovery for these services, staff recommend including the following changes to the Master Fee Schedule starting FY 2025:

Fee Type	Current	Proposed
¾" meter	1,000 cu ft.	1,600 cu ft. (16 CCF)
3" meter	2,800 cu ft.	12,750 cu ft. (127.5 CCF)
4" meter	4,000 cu ft.	28,000 cu ft. (280 CCF)
6" meter	6,000 cu ft.	50,000 cu ft. (500 CCF)

The proposed updates are based on the following standards and assumptions:

Meter size	3/4"	3"	4"	6"
Cu ft	1,600	12,750	28,000	50,000
CCF	16	127.5	280	500
Hydrant usage rate per CCF (FY24 rate)	\$8.29	\$8.29	\$8.29	\$8.29
Total Consumption charge (per month)	\$132.64	\$1,056.98	\$2,321.20	\$4,145.00
Total Consumption charge (per bimonthly)	\$265.25	\$2,113.95	\$4,642.40	\$8,290.00

Also, staff is proposing these updated minimum charges be billed only to those customers who do not report water consumption data in the time period specified in municipal code, which states it is the responsibility of the customer to return all hydrant meters to the Water Distribution System Office within the first five (5) working days each month to be read. Customers who report water consumption per municipal code shall only be charged the amount consumed, in addition to the monthly meter service charge. Staff propose the following update in the Water Services Charges and Installation Fees section b. (3):

From: All hydrant and construction meter accounts accrue charges for minimum monthly consumption on the following amounts, whether or not this amount of water is actually used.

To: All hydrant and construction meter accounts accrue charges for monthly consumption on the following amounts. However, customers who report water consumption data and can provide proof they have consumed less than the proposed minimum charges in the table below shall only be billed for the amount consumed.



Memorandum

DATE: April 30, 2024

TO: Nicole Gonzales, Director of Finance

FROM: Alex Ameri, Director of Public Works

SUBJECT: Proposed Revisions to Master Fee Schedule FY 2025 – Monthly Meter Service Charges for Water Hydrant Meters

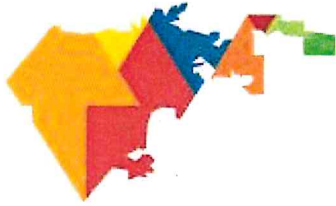
The Department of Public Works and Utilities requests the following changes to the section of the Master Fee Schedule pertaining to monthly meter service charges for all hydrant and construction meters.

Hayward Municipal Code Chapter 11, Article 2, Sec. 2.22 requires that all water furnished for construction or related work shall be measured through a water hydrant meter provided by the City and shall be paid for by the customer at the same rates as metered consumption. This Section also requires that an additional service charge shall be applied to the bill for this service. The service charge is a charge for customer service, meter reading, billing, and meter maintenance.

Furthermore, these fees are not property related. These monthly service charges are for construction meters that are lent out to developers and other customers for temporary use only. These fees do not fall under Proposition 218.

Full cost recovery may require incremental increases over several fiscal years. As such, fees will be reviewed annually and adjusted as needed in such a way that limits impacts to water users. To improve cost recovery for these services, staff recommend including the following changes to the Master Fee Schedule starting FY 2025:


Fee Type	Current	Proposed
¾" meter	\$8.00	\$16.00
3" meter	\$75.00	\$120.00
4" meter	\$117.00	\$210.00
6" meter	\$233.00	\$650.00



Memorandum

DATE: January 9, 2024

TO: Nicole Gonzales, Director of Finance

FROM: Alex Ameri, Director of Public Works 

SUBJECT: Proposed Revisions to Master Fee Schedule FY 2025 – Traffic Impact Fees

The Department of Public Works and Utilities requests the following changes to the section of the Master Fee Schedule pertaining to Services (Engineering and Transportation Services, Section B).

A traffic impact fee (TIF) is a one-time fee imposed on new development projects to help mitigate the cumulative transportation impacts of development growth. TIFs imposed on new development are linked to the concept that traffic generated by the proposed development will cause a nearby traffic deficiency, such as an intersection exceeding a specific level of service or capacity. TIFs help ensure that future developers pay their fair share of needed mitigation measures to minimize future traffic impacts, such as addition of bicycle and pedestrian facilities, installation of traffic signals, efficient re-timing of signals, and the increase of traffic capacity.

In May 2022, City Council adopted a TIF, which considered the recommendations of a TIF Study performed by Nexus Study. The resolution also included the adoption of Hayward Municipal Code Chapter 10, Article 30 – Property Developers - Traffic Impact Fees. TIF fees are currently applicable to single family residential, townhome, industrial, and distribution developments. The traffic impact fees listed below are being adjusted based on the preceding calendar year's average California Cost Index (CCI) for the San Francisco Bay Area as produced by the Engineering News Record. The CCI annual average for calendar year 2023 is 2.69%. The proposed fees below take the calendar year 2022 CCI of 10.47% into consideration, which was not incorporated into the FY2024 Master Fee Schedule.

To improve cost recovery for these services, staff recommend including the following changes to the Master Fee Schedule starting FY 2025:

Fee Type	Maximum Allowable (Per CC 5/24/22)	Adopted MFS FY23 (adopted 5/24/22)	Calculation for FY24 CCI Adjustment at 10.47%	Proposed MFS FY25 CCI Adjustment at 2.69%
Residential	Per Unit	Per Unit	Per Unit	Per Unit
(1) Single-Family Residence/Unit	\$ 11,584	\$ 3,475	\$ 3,839	\$ 3,942
(2) Townhome/Unit	\$ 7,761	\$ 3,475	\$ 3,839	\$ 3,942
(3) Multi-family/Unit	\$ 7,761	\$ -	\$ -	\$ -
Non-Residential	Per KSF	Per KSF	Per KSF	Per KSF
(1) Retail/KSF	\$ 19,460	\$ -	\$ -	\$ -
(2) Office/KSF	\$ 16,449	\$ -	\$ -	\$ -