



DATE: March 23, 2021
TO: Mayor and City Council
FROM: Director of Finance
SUBJECT: Approve a Resolution Amending the Fiscal Year 2022 Master Fee Schedule

RECOMMENDATION

That Council adopts a resolution (Attachment II) amending the City's Master Fee Schedule to include changes and updates, as appropriate.

SUMMARY

Annually, City staff completes a review of the City's Master Fee Schedule to identify and determine necessary adjustments to fees charged for services. Approved fee changes will become effective July 1, 2021.

A complete and detailed listing of fees is reflected in the proposed FY 2022 Master Fee Schedule and can be found on the Master Fee website link found in Footnote 1 below.¹

BACKGROUND

The City's Master Fee Schedule identifies the fees for various City services. The fees in the Master Fee Schedule are based on recovery for the cost of delivering services (e.g., various building and fire inspections) and must comply with provisions of current legislation and regulations.

As part of a general cost recovery strategy, local governments have adopted user fees to fund programs and services that provide direct benefit to a specified user or have limited or no direct benefit to the community. To the extent that the City uses general tax monies to provide services that it could 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 works to balance levels of service and the variability of demand, Council has become

¹ **Master Fee Schedule** <https://www.hayward-ca.gov/sites/default/files/documents/Proposed-FY-2022-Master-Fee-Schedule.pdf>

increasingly aware of subsidies provided by the General Fund for fees that 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.

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 Clerk

1. Change in Express Mail Fees for Passport Services Express Mail from State to Customer is increased from \$17.13 to \$17.45; rate is set by and payable to the US Department of State.

Fee Type	Change From	Change To
Express Mail from US Department of State to customer	\$17.13	\$17.45

Development Services (See Attachment III)

1. Park Impact Fees
This increase reflects Resolution 19-245 to adopt updated Park Impact Fees based on the percentage change in the Engineering News-Record Construction Cost Index, San Francisco Area.

Residential	Old Fee	New Fee
ADU that is 750+ sq. ft.	\$3,091	\$3,162
Studio/0 Bedroom Unit	\$3,091	\$3,162
1 Bedroom Unit	\$4,841	\$4,952
2 Bedroom Unit	\$8,732	\$8,932
3 Bedroom Unit	\$15,249	\$15,599
4+ Bedroom Unit	\$21,211	\$21,698
Industrial Development	Old Fee	New Fee
Gross Floor Area	\$.078 per sq. ft.	\$.08 per sq. ft.

2. Affordable Housing Impact Fees

This increase reflects updates to the Affordable Housing In-Lieu Fee adopted by Council under Resolution 17-167, providing funds to the City to develop and construct affordable housing. The updated rates are consistent with the Engineering News Record City Cost Index (ENRCCI) as outlined in the adopted Resolution.

Fee Type	Old Fee	Proposed Fee
High Density Condominiums (35 units per acre or more)	\$15.98/Square Foot of Habitable Space	\$16.35/Square Foot of Habitable Space
All other Dwelling Unit Types	\$19.37/Square Foot of Habitable Space	\$19.82/Square Foot of Habitable Space

Fire

I. Fire Prevention

1. Format changes in order to present updated code section numbers.
2. New fee proposed in Facility Inspections:

Fee Type	Proposed Fee	Unit
Small Apartment Inspection (3-16 units)	\$55.25	Per Facility

3. New fee proposed in Other Fire Fees The proposed fee allows staff to track and assess cost recovery fees for inspections specific to cannabis facilities.

Fee Type	Proposed Fee	Unit
Cannabis Facilities Inspection	\$885 per site	Per Year

4. New fees proposed in Annual Permits The proposed fees reflect new additions to the California Fire Code.

Fee Type	Proposed Fee	Unit
Mobile fueling of hydrogen-fueled vehicles (105.6.16.1)	\$885.00	Per Year
Mobile food preparation vehicles (105.6.30)	\$885.00	Per Year
Motor fuel-dispensing facilities (105.6.31)	\$885.00	Per Year
Outdoor Assembly Event (105.6.36)	\$885.00	Per Year
Plant Extraction Systems (105.6.38)	\$885.00	Per Year

Library (See Attachment IV)

1. Removal of fines and fees was adopted by City Council in 2020, Resolution 20-191.

Public Works - Engineering & Transportation (See Attachment V)

1. Airport
 - a) Updated Airport rates and charges for FY 2022 were adopted by City Council in 2019, Resolution 19-008.
 - b) Updated rates and charges are itemized in Attachment V.

Utilities & Environmental Services (See Attachment VI)

1. Adjust fees for the following services: Wastewater Discharge Permits, Wastewater Sampling, Violation Follow-Up Inspection, Development Plan Review, and Stormwater Facility Inspections.
 - a. Fee adjustments are appropriate to incorporate updated levels of effort, hourly rate adjustments, and overhead charges. Staff are proposing that adjustments be reviewed annually and implemented as needed over several years in order to limit the impact on affected businesses. Fees for these services require higher increases; however, to reduce the impact on businesses, the adjustments have been capped at a maximum of 5%.
 - b) Updated fees are itemized in Attachment VI.

ECONOMIC IMPACT

Approval of the attached resolution will have a minor economic impact on the Hayward community in that only certain fees will be increased or added.

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.

STRATEGIC ROADMAP

This agenda item is a routine operational item and does not specifically relate to any of the six priorities outlined in the Council's Strategic Roadmap.

PUBLIC CONTACT

A public notice was published in The Daily Review on March 12, 2021 and March 19, 2021. 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 fees will be effective as of July 1, 2021 to allow for the required sixty-day notice period.

Prepared by: Nicholas Mullins, Management Analyst

Recommended by: Dustin Claussen, Director of Finance

Approved by:



Kelly McAdoo, City Manager