



DATE: May 19, 2020

TO: Mayor and City Council

FROM: Director of Finance

SUBJECT: Master Fee Schedule: Adopt a Resolution Amending the FY 2021 Master Fee Schedule

RECOMMENDATION

That Council approves 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 19, 2020.

A complete and detailed listing of fees is reflected in the proposed FY 2021 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.

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 overall 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 charged to recover costs. As the City works 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.

¹ Master Fee Schedule https://www.hayward-ca.gov/sites/default/files/pdf/Proposed-FY-2021-Master-Fee_0.pdf

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 \$16.48 to \$17.13; 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	\$16.48	\$17.13

Development Services

1. Substantial formatting changes in section “B. Planning” to present material in a more organized and efficient manner.

2. Affordable Housing Impact Fees

The increase reflects Resolution 17-167 to adopt Affordable Housing In-Lieu Fees to provide funds to the City to develop and construct affordable housing.

Fee Type	Old Fee	Proposed Fee
High Density Condominiums (35 units per acre or more)	\$15.12/Square Foot of Habitable Space	\$15.98/Square Foot of Habitable Space
All other Dwelling Unit Types	\$18.33/Square Foot of Habitable Space	\$19.37/Square Foot of Habitable Space

Finance

1. Revise “8. Customer Initiated Chargeback Fee” to “7. Chargeback/Returned Payment Fee” amended to reflect service fees charged.

Fee Type	Old Fee	Proposed Fee
Chargeback/Returned Payment Fee	\$25.00	\$35.00

Fire

I. Hazardous Materials

1. Format changes in order to present material in a more organized and efficient manner.
2. New fees proposed in Underground Storage Tanks The proposed fees reflect the cost recovery of staff time to conduct additional field inspections and installations.

Fee Type	Proposed Fee	Fee Calculation
System Installation VPH each tank over 3 tanks	\$247.50 per tank over 3 tanks	1.5 hours x \$165/hour=\$247.50
System Removal each tank over 3 tanks	\$247.50 per tank over 3 tanks	1.5 hours x \$165/hour=\$247.50
Spill Bucket Replacement/Overfill Protection	\$1320	8 hours x \$165/hour=\$1320.00

3. New fees proposed in Miscellaneous Fees The proposed fees reflect the new 2019 California Fire Code requirements for issuing mobile fueling operational permits.

Fee Type	Proposed Fee	Fee Calculation
Operational Permits- Mobile Fleet Fueling- Initial Permit and Verification Inspections	\$660 per site	4 hours x \$165/hour=\$660.00
Operations Permit- Mobile Fleet Fueling- Annual Permit Fee	\$165/year	1 hour x \$165=\$165.00

4. New fee proposed in California Environmental Reporting System (CERS) The proposed fee reflects the recovery of staff time for recalcitrant businesses who are not complying with the annual submittal requirements despite outreach and notifications including “Notices of Violation”.

Fee Type	Proposed Fee	Fee Calculation
California Environmental Reporting System (CERS) Non-Compliance Fee	\$495.00	3 hours x \$165=\$495.00

Police (See Attachment III)

1. Incorporate proposed Tow Fee Schedule. The rates are based from the City’s three currently contracted tow service providers who per HMC 6-8.20 are restricted to charging no more than the fees proposed in the Tow Fee Schedule. The proposed fee schedule applies to all tow service providers for tow services performed within the city limits.

Public Works - Engineering & Transportation (See Attachment IV)

I. Airport

- a) Updated Airport rates and charges for FY 2021 were adopted by City Council in 2019, Resolution 19-008.

II. Engineering & Transportation

- a) Increase Parcel Map Application deposit from \$2,000 to \$5,000
- b) Increase Final Map Application deposit from \$6,000 to \$15,000
- c) Upgrade Grading Permit Application deposit into two categories and increase deposit for larger disturbed area to accurately reflect the level of effort required for a typical plan review.
 1. Up to 1,000 cubic yads or 1,000 square feet disturbed area: \$4,000 (no change)
 2. At or over 1,000 cubic yards or 1,000 square feet disturbed area: from \$4,000 to \$8,000

Utilities & Environmental Services (See Attachment V)

1. Updated Water, Sewer, and Recycled Water rates for FY 2021 were adopted by City Council in 2019, Resolutions 19-152 and 19-153.
2. Revise “After-Hours Meter Activation Fee” to “After-Hours Meter Activation/Unlock Fee”
3. Adjust fees for the following services: Wastewater Discharge Permits, Compliance Schedule, 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 25%.

4. New Fee: Private Sewer Lateral Cleaning

Fee Type	Proposed Fee
Private Sewer Lateral Cleaning	Actual cost of labor, materials, and equipment

5. New Fee: Service Restoration/Unlock Fee

Fee Type	Proposed Fee
Service Restoration/Unlock Fee	\$50.00

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 relate to any of the projects identified in the Council’s Strategic Roadmap.

PUBLIC CONTACT

A public notice was published in The Daily Review on May 8, 2020 and May 15, 2020. 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 19, 2020, to allow for the required sixty-day notice period.

Prepared by: Nicholas Mullins, Management Analyst

Recommended by: Dustin Claussen, Director of Finance

Approved by:

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

Kelly McAdoo, City Manager