



DATE: June 25, 2024

TO: Mayor and City Council

FROM: Director of Finance

SUBJECT: Master Fee Schedule: Adopt a Resolution Approving the FY 2025 Master Fee Schedule, and Finding the Action is Exempt from CEQA Review

RECOMMENDATION

That Council approves the attached resolution (Attachment II) approving the City's Master Fee Schedule to identify and determine necessary adjustments to fees charged for services. Approved fee changes will become effective September 1, 2024.

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 September 1, 2024.

A complete and detailed listing of fees is reflected in the proposed FY 2025 Master Fee Schedule and can be found on the Master Fee website link found on the City's website: <https://www.hayward-ca.gov/your-government/documents/master-fee-schedule>.

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 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 increasingly aware of subsidies provided by the General Fund for fees which do not recapture full costs.

In September of 2023, the City began an update to the City's comprehensive user fee and cost allocation plan study, which was conducted by Willdan Financial Services (Willdan). Over the last several months, Willdan updated the City's cost allocation plan to ensure cost recovery based on current salaries and benefit costs for services rendered, and met with departments to review, refine, and update user fees to ensure appropriate cost recovery levels. Staff is currently reviewing and making final edits to the proposed user fee changes to evaluate the impact on the City's ability to adequately recover costs for services rendered, while balancing the impacts on the City's customers and community. Over the next couple of months, staff will prepare for a work session with Council to review the proposed user fee changes, including fee comparison to neighboring jurisdictions. The Council work session presenting the user fee study will be presented to Council for consideration in early fall 2024. Any impact or changes to the proposed FY 2025 Master Fee Schedule due to the completion of the study will be addressed during the early fall Council meeting.

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 (See Attachment III)

1. Certification of Documents-Fee increase to recover costs.
2. Changes in Express Mail from City of Hayward mailed to US Department of State and Express Mail from US Department of State mailed to Customer-Fees set by the United States Postal Service and US Department of State respectively.

Development Services (See Attachments IV, V, VI and Exhibit A)

1. Create Mills Act Program fees under the “Planning” section of the Master Fee Schedule. *(See Attachment IV and Exhibit A)*. The previously approved fees listed below will be included in the FY 2025 Master Fee update in accordance with the Ordinance 16-11 (Article 27, Chapter 10), which was approved by Council in 2016. The proposed change is an administrative update, and there are no proposed changes to the fees.

Fee	Amount
Mills Act Program Application	\$2,000 Time & Material; Initial Deposit
Mills Act Annual Compliance Inspection	\$387

2. Affordable Housing In-Lieu Fees *(See Attachment V)*

Residential Development Projects Ten Units or More	Current Fee	Proposed Fee
High Density Condominiums (35 units per acre or more)	\$19.35	\$19.39
Lower Density Ownership Housing (Less than 35 units per acre)	\$26.00	\$26.05
All Other Dwelling Unit Types	\$23.46	\$23.51

3. Park Impact Fees *(See attachment VI)*
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	Proposed Fee
ADU that is 750+ sq. ft.	\$3,815	\$3,823
Studio/0 bedroom Unit	\$3,815	\$3,823
1 Bedroom Unit	\$5,973	\$5,985
2 Bedroom Unit	\$10,774	\$10,796
3 Bedroom Unit	\$18,817	\$18,855
4+ Bedroom Unit	\$26,175	\$26,227

Based on the nexus study completed by Community Attributes, Inc (CAI) IN 2018, the fees remain below the maximum allowable amount, they align with current economic and development activities within Hayward and competition for new developments with neighboring jurisdictions.

Fire Services

1. New fee and section for Fire Station 6 Regional Training Center Rental Fees.

Rental Type	New Fee
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Classroom – EMS (Capacity 40)	\$350/per day
Classroom – Fire2 (Capacity 24)	\$350/per day
Classroom – Fire Simulator (Capacity 30)	\$350/per day
HazMat Simulator	\$480/per day
Pump Pit	\$250/per day
Class A Victorian	\$480/per day
Outdoor Classroom	\$350/per day
BART Rescue Prop	\$500/per day
Fire Tower (Full Building)	\$1,500/per day
Full Facility Rental	\$1,800/per day
Transportation Training Prop	\$500/per day
Vehicle Extrication	\$480/per day

Police Services

1. New fee and section for Concealed Carry Weapons Permit. Previously fees were collected by Alameda County, which has shifted to city jurisdictions. The new fee is consistent across all Alameda County cities.

New Permit Fee	New Fee
Standard - 2 Years	\$167.00
Judicial - 3 Years	\$165.00
Reserve - 4 Years	\$165.00
Employment - 90 Days	\$165.00

Renewal Permit Fee	New Fee
Standard - 2 Years	\$25.00
Judicial - 3 Years	\$25.00
Reserve - 4 Years	\$25.00
Employment - 90 Days	\$25.00

Engineering & Transportation Services (See Attachment VII)

Updates were made in the Traffic Impact Fees as outlined in the Proposed FY 2025 Master Fee Schedule. The proposed change reflects the California Cost Index (CCI) for the San Francisco Bay Area. The proposed increase in fee is 2.69%.

Residential	Old Fee	Proposed Fee
Single-Family Residential/Unit	\$3,475	\$3,942
Townhome/Unity	\$3,475	\$3,942

Utilities & Environmental Services (See Attachment VII)

Updates were made in the following sections of the Proposed FY 2025 Master Fee Schedule for Utilities and Environmental Services. Due to the numerous updates, the memos for the updates in each section are provided in Attachment VII.

- Sewer Connection Fees/Interest Rates on Sewer Connection Fee Payment Agreements
- Sanitary Sewer Service Charges and Fees Language
- Minimum Charges for Water Meter Hydrant Usage
- Monthly Meter Service Charges for Water Hydrant Meters

ECONOMIC IMPACT

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

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.

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 June 14, 2024, and June 21, 2024. 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 September 1, 2024, to allow for the required sixty-day notice period. Staff will return to Council in early fall 2024 to present the completed user fee and cost allocation plan for Council's consideration and adoption.

Prepared by: Nicholas Mullins, Senior Management Analyst

Recommended by: Nicole Gonzales, Director of Finance

Approved by:



Dustin Claussen, Interim City Manager