



DATE: March 21, 2023

TO: Mayor and City Council

FROM: Director of Finance

SUBJECT: Master Fee Schedule: Adopt a Resolution Approving the FY 2024 Master Fee Schedule, and Finding the Action is Exempt from CEQA Review

RECOMMENDATION

That the City Council adopts a resolution approving the Fiscal Year 2024 Master Fee Schedule (Attachment II) and finds the action exempt from CEQA review.

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, 2023.

A complete and detailed listing of fees is reflected in the proposed FY 2024 Master Fee Schedule and can be found on the Master Fee website link found 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 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 that do not recapture full costs.

¹ Master Fee Schedule: <https://www.hayward-ca.gov/your-government/documents/master-fee-schedule>

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 (See Attachment III)

1. Updated language in the Reproduction of City Council and Planning Commission Meetings- Reproduction of DVDs replaced with USB flash drive.
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.
3. New Passport Card Fee for those under age 16 and those age 16 and over-Fees set by the US Department of State as of February 2023.

City Manager (See Attachment IV)

In FY 2024, the Housing Division is proposed to move to the Development Services Department. The transition of the Housing Division to the Development Services Department will streamline customer care and delivery of services to the Hayward community as it relates to work on projects and programs related to housing and development. The Housing Division section in the Master Fee Schedule will move to the Development Services Department section, and all Housing Division related fees will be removed from City Manager's Office section. This includes the Rent Stabilization Administration Fees and the Loan Servicing Fees.

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

1. Create a Housing section under the Development Services Department and move Housing Division related fees under this new section (See Attachment IV).

- Add new fee

New Fee	Amount
Tenant Relocation Assistance Ordinance Hearings	
a. Hearing Fee: Administrative, Special Assessment, Administrative Citation, and Lien Hearings	\$946/per hearing

- Update hourly rate for Housing staff under Affordable Rental Housing section from \$95.00 to \$122.00 based on the 2016 User Fee Study.

- Affordable Housing In-Lieu Fees

Residential Development Projects Ten Units or More	Current Fee	Proposed Fee
High Density Condominiums (35 units per acre or more)	\$17.85	\$19.35
All Other Dwelling Unit Types	\$21.64	\$23.46

Fees paid at occupancy	Current Fee	Proposed Fee
High Density Condominiums	\$19.64	\$21.29
All Other Dwelling Unit Types	\$23.80	\$25.81

2. Building (See Attachment V and Va Exhibit A)

The current Building Permit Fees, section A. (p.10) of the Building Permit Fees Calculated by Valuation matrix based on International Code Council (ICC) Building Valuation Data is based on data from 2015 and are not reflective of current construction costs. Exhibit A displays the current values and all values increased by 68% based on the 2022 ICC Building Valuation Data.

3. Cannabis Licensing Program, License Renewal, Inspection, Penalties, & Fees (Code Enforcement)

There are no changes to the fees and penalties. The reorganization of the section is necessary for consistency with an amendment to City’s Cannabis Ordinance.

4. 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.	\$3,453	\$3,815
Studio/0 bedroom Unit	\$3,453	\$3,815
1 Bedroom Unit	\$5,407	\$5,973
2 Bedroom Unit	\$9,753	\$10,774
3 Bedroom Unit	\$17,034	\$18,817
4+ Bedroom Unit	\$23,694	\$26,175
Industrial Development	Old Fee	New Fee
Gross Floor Area	\$.87 per sq. ft.	\$0.96

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

Fire

1. Format changes in order to present updated code section numbers and language.
2. New items in the Adopted California Fire Code

Fire Code	Fee
Additive Manufacturing (3D Printing) (105.5.1)	\$885/per year
Energy Storage Systems (105.5.14)	\$885/per year
Mobile Fueling of Hydrogen-Fueled Vehicles (105.5.32)	\$885/per year
Lithium Batteries (105.5.53)	\$885/per year
Additional Permits (105.5.54)	\$885/per year

Information Technology

Increase the amount for GIS Map Printing to align with the cost of staff (Systems Analyst) who perform this task.

	Old Fee	New Fee
GIS Map Printing	\$76/per hour	\$98/per hour

Library (See Attachment VII)

1. New Makerspace Materials Fees (21st Century Library and Learning Center): The proposed fees cover the cost of materials used in the Makerspace at the 21st Century Library and Learning Center.

Maintenance Services

1. Administrative Correction: On June 25, 2019, Resolution 19-141 amended the Adopted FY 2020 Master Fee Schedule to update new fees and charges in the Maintenance Services section specific to facility rentals at City Hall and in the 21st Century Library and Learning Center.² This update was not incorporated into the Master Fee Schedule; the Proposed FY 2024 Master Fee Schedule incorporates the previously approved changes from Resolution 19-141 and updates the fees.

Police

1. Reformatted the Police Administration section to streamline language and location of fees.
2. Increase Firearms Range Maintenance Fees: Proposed fee increase from \$1,250 to \$2,000 due to maintenance costs increasing for outside agencies to use the firing range.

Utilities & Environmental Services (See Attachment VIII)

Updates were made in the following sections of the Proposed FY 2024 Master Fee Schedule for Engineering and Transportation, and Utilities and Environmental Services. Due to the numerous updates, the memos for the updates in each section are provided in Attachment VIII.

- Airport Services
- Water Service Charges and Installation Fees
- New Fee: Annual Lease Charge for Use of City Pole for Wireless Communication Facilities
- Stormwater Inspection Fees
- Miscellaneous Wastewater Fees

Environmental Review

Section 15273 of the California Environmental Quality Act (CEQA) Guidelines states that CEQA does not apply to the establishment, modification, structuring, restructuring, or approval of rates, tolls, fares, and other charges by public agencies which the public agency finds are for the purposes of:

1. Meeting operating expenses, including employee wage rates and fringe benefits;
2. Purchasing or leasing supplies, equipment, or materials;
3. Meeting financial reserve needs and requirements;
4. Obtaining funds necessary for capital projects necessary to maintain service within existing service areas; or

² Resolution 19-141 [CITY OF HAYWARD - File #: PH 19-058 \(legistar.com\)](#)

5. Obtaining funds necessary to maintain intra-city transfers as are authorized by City Charter; and

Consequently, this action is exempt from CEQA review based on the foregoing provisions.

ECONOMIC IMPACT

Approval of the attached resolution will have a minor economic impact on the 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 March 10, 2023 and March 17, 2023. 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, 2023, to allow for the required sixty-day notice period.

Prepared by: Nicholas Mullins, Management Analyst

Recommended by: Nicole Gonzales, Director of Finance

Approved by:



Kelly McAdoo, City Manager