



Memorandum

DATE: September 10, 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 traffic deficiencies. TIFs help ensure that developers pay their fair share toward transportation improvements in order to minimize future traffic impacts. Improvements include addition of bicycle and pedestrian facilities, installation of traffic signals, efficient re-timing of signals and increase in capacity for all modes of transportation.

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 City Council also adopted a maximum TIF rate for multi-family residential, retail and office land uses; however, the rate for those land uses is currently set at \$0.

Per the adopted TIF Resolution #22-134 and Ordinance #22-05, “the TIF shall be automatically adjusted annually on the first of the fiscal year based on the preceding calendar year average California Construction Cost Index (CCI) for the San Francisco Bay Area published by the Engineering News Record (ENR)” and “In no event shall the annual adjustment result in a fee that exceeds the maximum fee rate previously adopted by the City Council.”

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 previously incorporated into the FY2024 Master Fee Schedule. The proposed increases do not exceed the maximum fee rates adopted by the City Council.

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%
Non-Residential	Per KSF	Per KSF	Per KSF	Per KSF
(1) Retail/KSF	\$ 19,460	\$ 0	\$ 0	\$ 0
(2) Office/KSF	\$ 16,449	\$ 0	\$ 0	\$ 0
(3) General Industrial/KSF	\$ 4,633	\$ 3,243	\$ 3,583	\$ 3,679
(4) Distribution or e-commerce/KSF	\$ 8,224	\$ 5,757	\$ 6,360	\$ 6,531

In addition, staff is proposing an update to the Appeal Fee associated with the TIF. The Appeal Fee may be charged to a developer of a project who wishes to appeal the imposition and/or calculation of the TIF. Any development applicant aggrieved by any decision of the Public Works – Transportation Division with respect to the amount of such fee, interest, and imposition, if any, may appeal to the City Manager.

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

Fee Type	Current	Calculation for FY24 CCI Adjustment at 10.47%	Proposed MFS FY25 CCI Adjustment at 2.69%
Appeal Fee	\$400	\$442	\$454