



DATE: March 22, 2022
TO: Mayor and City Council
FROM: Director of Finance
SUBJECT: Master Fee Schedule: Adopt a Resolution Amending the Fiscal Year 2023 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, 2022.

A complete and detailed listing of fees is reflected in the proposed FY 2023 Master Fee Schedule (Attachment VII) 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 the 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. Change in Express Mail Fees for Passport Services – Express Mail from State to Customer rate is set by and payable to the US Department of State.
2. Changes in Express Mail from the 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. Change in Photocopy of FPPC Forms/Statements per Government Code Section 81008-Fee set by California Government Code Section 81008.

City Manager (See Attachment IV)

The Housing Division is requesting the addition of Loan Servicing Fees to the City Manager Section of the Master Fee Schedule. These fees are intended to:

- Recover costs related to the administration and servicing of the City's loan and BMR portfolios
- Standardize fees across programs
- Provide transparency to the public about fees already existing in the affordable housing agreements

- Enable the City to increase fees included in long-term affordable housing agreements and mitigate cost increases

Development Services (See Attachment V)

1. Technology Fee under Administrative Fees (Building) – This 3% increase reflects the anticipated future shortfall of EnerGov funding due to annual Software as a Service (SaaS) maintenance and support fees that are expected to increase over time.
2. Park Impact Fees – This increase reflects Resolution 19-245 to adopt updated Park Impact Fees annually 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.	\$3,162	\$3,453
Studio/0 bedroom Unit	\$3,162	\$3,453
1 Bedroom Unit	\$4,952	\$5,407
2 Bedroom Unit	\$8,932	\$9,753
3 Bedroom Unit	\$15,599	\$17,034
4+ Bedroom Unit	\$21,698	\$23,694
Industrial Development	Old Fee	Proposed Fee
Gross Floor Area	\$.80 per sq. ft.	\$.87 per sq. ft.

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.

3. 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)	\$16.35/Square Foot of Habitable Space	\$17.85/Square Foot of Habitable Space
All other Dwelling Unit Types	\$19.82/Square Foot of Habitable Space	\$21.64/Square Foot of Habitable Space

4. Format changes to present updated and additional language in Park Impact Fees and Affordable Housing In-Lieu Fees sections.

Fire

Format changes to present updated code section numbers and language.

Utilities & Environmental Services (See Attachment VI)

Adjust the bi-monthly low-income meter service charge

Meter Service Charge	Effective as of Oct 1, 2021	Proposed Effective as of Oct 1, 2022
5/8"	\$10.95	\$11.28
3/4"	N/A	\$15.74
1"	N/A	\$24.66

The following fees are recommended for adjustment based on changes to the Consumer Price Index (CPI):

Finance

Update residential parking permit fees for consistency with Downtown Area permits and the increase of employee and service costs

Preferential Parking Permit	Old Fee	Proposed Fee
Initial Fee and Biennial Renewal	\$47.00	\$50.00
Each additional residential permit	\$23.00	\$25.00
Each additional visitor permit	\$23.00	\$25.00
Permit Replacement fee	\$23.00	\$25.00

FISCAL IMPACT

Adopting these fee changes will minimally impact overall City revenues but will offset the expenses related to staff time spent performing the various activities supported by the fees.

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.

PUBLIC CONTACT

A public notice was published in The Daily Review on March 11, 2022, and March 18, 2022. 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, 2022. The effective date complies with 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