



DATE: March 27, 2018

TO: Mayor and City Council

FROM: Director of Finance

SUBJECT: FY 2019 Master Fee Schedule/Fine and Bail Schedule

RECOMMENDATION

That Council approves the attached resolution amending the City's Master Fee Schedule to include changes and updates as appropriate; and accepts the Fine and Bail Schedule without modification.

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, 2018, the beginning of the 2019 fiscal year. While staff is presenting Council with necessary updates and changes to the Master Fee Schedule, the Fine and Bail Schedule has no changes and staff is requesting that Council accepts the current schedule for FY 2019.

A complete and detailed listing of fees is reflected in the proposed FY 2019 Master Fee Schedule and can be found at: http://www.hayward-ca.gov/sites/default/files/documents/FY2019_Master_Fee.pdf along with the FY 2019 Fine and Bail Schedule: www.hayward-ca.gov/sites/default/files/FY_19_Fine_and_Bail_Schedule.pdf, and can also be reviewed at the Office of the City Clerk, and on the City's website at www.hayward-ca.gov.

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.

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. The City completed smaller adjustments and modifications to the fee schedule (mostly cost of living adjustments and modifications to support Council policies) as part of the FY 2018 annual budget process.

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. Increase in the Passport Execution Fee: This fee is being increased from \$25.00 to \$35.00 per Passport Execution as set by U.S. Department of State which becomes effective April 2, 2018.
2. Change in Express Mail Fees for Passport Services Express Mail from City of Hayward to the U.S. Department of State is being changed from \$23.75 to \$24.70, due to a fee increase by the USPS. The Express Mail from the State Department to the customer has been increased from \$15.45 to \$15.89; this is a rate which is set by the U.S. Department of State.

City Manager's Office

1. Rent Stabilization Administrative Fees. Increases the annual fee per Residential Unit from \$2.77 to \$3.59 and the annual fee per Mobile Home Space from \$1.32 to \$1.62. The Residential Rent Stabilization Ordinance's annual program fee ("rental unit fee") is imposed annually on each residential rental unit that is subject to the Residential Rent Stabilization Ordinance. The Mobile Home Space Rent Stabilization Ordinance's annual program fee ("mobile home space fee") is imposed on mobile home spaces that are subject to the Mobile Home Space Rent Stabilization Ordinance. Both residential and mobile home fees are based on rent stabilization program administration costs incurred during previous calendar year. They are service fees that are not subject to the voter or property owner approval procedures contained in Proposition 218. Costs that can be attributed exclusively to one ordinance or the other are so attributed. Costs common to the administration of both ordinances are divided proportionately based on the number of residential units or mobile home spaces in the City, which are subject to the ordinances. At this time, only some of the rent program costs are recovered through the imposition of these fees.

Development Services

Following are the recommended changes to fees for the Development Services Department for Fiscal Year 2019.

I. Building

- a) Overtime Rate for plan check or Inspection Services: Clarification of fee for overtime services to \$220.50 (1.5 x hourly rate of \$147.00).
- b) Building Division Plot Plan Review and Processing: This is a new fee of \$294.00 per plot added to cover costs associated with the time required by Permit Technicians to coordinate and process production homes (includes customer correspondence, stamping, routing and review). This is based on an average of 2 hours of staff time per plot plan totaling \$294.00 (\$147 x 2hrs).
- c) Electrical Permits – Residential – Service Upgrade: The cost for a residential service change was reduced from \$147.00 to \$73.50. This is based on the estimation that the inspections will take ½ hour to complete.
- d) Electrical Permits – Commercial + Multi-Family – Service Upgrade: Fee of \$147.00 is added to clarify that it is a 1-hour inspection and that a General Electrical permit should not be used for this scope of work.

- e) Electrical Permits – Commercial + Multi-Family – Meter Reset: New fee of \$73.50 is added to include commercial meter reset as a ½ hour inspection to match the same scope of work for residential.
- f) Alternate Materials and Methods Requests: Requires a 4-hour minimum commitment of staff time and a new fee of \$588 is being added to recover costs.
- g) Violation Fees – Investigation Fee for Work Done Without Permits: Updated to reflect a 5% increase in the investigation fee for work done without permits. This fee is in addition to permit fees and is also reflected in the Code Enforcement Division’s fee schedule and is based on actual staff time.
- h) Violation Fees – Stop Work Order/Red Tag: A \$147 per hour fee was added as a 1-hour inspection fee for applying a stop work order (aka – a “red tag”).

II. Planning

- a) Pre-Application Meeting: Changed from “No Charge” to “No Charge for 1st meeting; subsequent meetings will be billed at \$328 per meeting; and clarification of “Subsequent Meetings.”
 - Planning, coordinating, and routing of pre-application meetings to City staff and formulating responses to applicant, which typically consists of a minimum of one to two labor hours, in addition to the one-hour meeting. Pre-application meetings are a valuable service to potential developers; therefore, the first pre-application meeting will remain a no-cost service. However, due to the cost and time commitment by the City, subsequent requests for pre-application meetings related to the same project and/or project site by a developer will be billed at flat rate of \$328 per meeting (equivalent to two hours of staff time \$164 x 2) as part of the City’s cost recovery effort.
- b) Review of Business License: Restore fee and increase to \$82.00, half of the current Planning hourly flat rate of \$164. This fee was included in the adopted FY 2013 Master Fee Schedule, but was inadvertently left out of the final document. On average, it takes approximately thirty minutes of staff time to review a business license application.
- c) Tier Three: Accessory Dwelling Unit with a fee of \$328 Per Unit: This Accessory Dwelling Unit fee is being added to reflect recent City Council adopted Ordinance No. 17-16 (Attachment III) and Resolution No. 17-162 (Attachment IV). These fees were effective November 7, 2017.

- d) New Fee for Landscape Lighting Assessment District Benefit Zone Annexation & Formation: a \$15,000 Initial Deposit for Staff Time & Materials and Consultant Fees. The proposed initial deposit of \$15,000 covers the average costs of staff time, consultant time, and materials required to process Landscape Lighting Assessment District Benefit Zone Annexation & Formation applications.

The last LLD Annexation performed was in 2016 for Cadence Park in South Hayward (LLD Zone 15). The consultant contract for the associated work included a not-to-exceed amount of \$13,250. Staff time spent on the annexation was 24 hrs (project management & two Council meetings) which is about \$4,000.

- e) New Tree Permit fee: Investigation and Violation Fee for work done without Permits. Cost of 200% of Tree Permit Fee (in addition to the regular permit fees). This penalty fee will recover costs associated with staff time related to the investigation of, and potential actions taken towards, tree pruning or tree removal permits not yet obtained, or for illegal projects. Note: In FY 2017, Code Enforcement received over 425 tree-related complaints. These violation types have increased by approximately 10% each year for the past three years. This fee is also consistent with the City's illegal "construction without permit" fee.
- f) Affordable Housing Impact Fees: The Affordable Housing Impact Fees are updated to reflect Ordinance No. 17-20 (Attachment V) and Resolution No. 17-167 (Attachment VI) adopted by City Council on November 7, 2017. Resolution No. 17-167 rescinded the existing Resolution No. 16-189 and established Affordable Housing In-Lieu Fees reflected in Attachment VII.

III. Code Enforcement – Community Preservation Program

- a) Tobacco Licensing Program License Renewal, Inspection, Penalties Fees. These fees are being included within the Code Enforcement Community Preservation section. The fees themselves remain unchanged except for the re-inspection fee, which has increased from \$117.00 per visit to \$164.00 per visit, to reflect the planning and building hourly rates.
- b) Cannabis Licensing Program, License Renewal, Inspection, Penalties Fees were adopted by City Council on March 6, 2018 via Ordinance No.18-03 and are reflected in Attachment VIII.

Finance

I. Operating Permits

- a) Increase to Preferential Parking Permits: to recover costs associated with administering the program. This increase brings fees comparable to where they were prior to FY 2017. A fee study was done for the FY 2017 Master Fee Update, and very conservative projections were made in the amount of staff time spent processing the applications and permits; however, tracking staff time spent over the past two years, reexamining the employee costs associated with processing parking permits, and then factoring in increased supply costs (parking permits, hanging tags, renewal forms and mailings) has made it necessary to realign fees with past fiscal year's fees.

| PREFERENTIAL PARKING PERMIT FEE | FY 2016 | FY 2017 CURRENT FEE | PROPOSED FEE |
|---|----------------|--------------------------------|-------------------------|
| Initial Fee and Biennial Renewal Fee (for up to two residential or visitor permits) | \$50.00 | \$18.00 | \$47.00 |
| Each additional residential permit | \$25.00 | \$ 6.00 | \$23.00 |
| Each additional visitor permit | \$25.00 | \$ 6.00 | \$23.00 |
| Permit Replacement fee | \$10.00 | \$11.00 | \$23.00 |

Also, as part of the "Hayward Downtown and Bart Station Area Parking Management Plan," a survey was completed comparing some Bay Areas agencies and their residential parking permit cost. As shown below, even with the proposed increase, Hayward would still be amongst the lowest of surveyed jurisdictions. These fees may further change depending on the final approval of the Downtown Parking Management Plan.

| RESIDENTIAL PARKING PROGRAM | HAYWARD | OAKLAND | SAN FRANCISCO | BERKELEY | EMERYVILLE | SAN JOSE | PALO ALTO | SACRAMENTO |
|--|------------------------------------|----------------|----------------------|-----------------|-------------------|-----------------|----------------------|-------------------|
| Fee Per Permit | \$47 first two; \$23 additional | \$82 | \$111 | \$55 | \$20 | \$35 | \$50 | Free |

Police

I. Administration

- a) Decrease to False Alarm – First False Alarm: Removing \$185.00 fee to reflect policy already in effect regarding no charge for first false alarm.
- b) Decrease for Clearance Letters - Records: Costs for staff time is \$43.00; therefore, fee is being decreased from \$143.00.

c) New Fees for Cannabis Business Employee Applicants:

- i. New Applications or renewals with Live Scan cost: \$26 fingerprints + \$32 Live Scan + \$241 badge = \$299. Applications for employment must be renewed every year.
- ii. Renewals without Live Scan are \$160 only. Renewals without a Live Scan are done every other year.

| NEW FEES FOR CANNABIS BUSINESS EMPLOYEE PERMIT | |
|--|----------|
| Initial permit / Renewal with Live scan | \$299.00 |
| Annual renewal (without Live scan) | \$160.00 |
| Lost permit replacement | \$80.00 |

Public Works - Engineering & Transportation

I. Engineering Services

- a) Encroachment Permit Application - Minor Work: to include existing application fee of \$327 and verbiage added to advise that any required encroachment permit fees will be applied in addition to the application fee to accommodate necessary inspections.
- b) Temporary Lane Closure Only (No Construction) First Week Only: This new fee is intended to easily differentiate the fees between temporary obstruction of the public right-of-way and temporary street lane closures. To remove confusion, as well as add a specific mechanism for charging of temporary lane closures. This fee is distinguished from the obstruction fee by clearly identifying it is for “temporary lane closure.”
- c) Temporary Lane Closure Only (Construction): New fee of \$115.00 for each additional week or fraction thereof. This fee clearly identifies, similar to temporary obstruction of right-of way, that additional fees will be applied for each week, or fraction thereof, to which temporary lane closure needs to be extended beyond the first week.
- d) Permit Amendment Fee: New fee of \$147.00 to charge for extension of expired permit, and for additional permits not originally obtained, etc. Requests are frequently received to extend expired permits, or add additional permits not originally obtained during the initial application process. These requests result in uncompensated staff time to perform reassessments, as well as for administrative processing. This fee is being added as part of the City’s cost recovery effort.

- e) Geologic Investigation and Report Peer Review: A Time and Material Deposit of \$4,000. This fee will require Public Works staff to review and hire a consultant to peer review a privately initiated Geologic Investigation and Report by an Engineering Geologist, which is required for proposed developments within the Alquist-Priolo Special Study Area.

Maintenance Services

I. Facilities Division

- a) Rotunda Rental Fee: The proposed increase from \$675 to \$880 in Rotunda Rental Fee reflects the increased cost in utility rates (both water and PG&E) and internal maintenance rates. PG&E's typical rate increase is 3% and the City's utility rate was increased by 9% last year; both directly affect the cost to operate the facility. The cost for the cleaning and polishing of the marble floor has increased 10% over the last three years. As presented below, a study was done in surrounding areas of rental fees for comparable venues:

| LOCATION | RATE PER HOUR | AVERAGE RENTAL | TOTAL |
|---------------------------------------|----------------|----------------|---------------|
| Hayward (current) | \$84.38 | 8 Hrs. | \$675 |
| <i>Dublin Civic Center</i> | <i>\$120</i> | <i>8 Hrs.</i> | <i>\$960</i> |
| <i>San Jose Park & Recreation</i> | <i>\$155</i> | <i>8 Hrs.</i> | <i>\$1240</i> |
| <i>San Jose Rotunda</i> | <i>\$375</i> | <i>8 Hrs.</i> | <i>\$3000</i> |
| Hayward (proposed) | \$110 | 8 Hrs. | \$880 |

II. Library – Room Rental Fees

In preparation for the 21st Century Library opening in 2018, the Library Commission conducted reviews of Library policies with the intention of updating or revising policies as needed for the new facility. As part of this process, the Library Commission initiated a review of the Library Meeting Room Policy. In multiple meetings during 2016 and 2017, the Library Commission reviewed the meeting room policies and fee schedules of other nearby libraries. At the October 16, 2017 meeting, the Library Commission provided staff direction and recommendations for changes to the Meeting Room Policy, with the goal of finalizing recommendations for Policy changes that were adopted at the November Commission meeting. The proposed new fees for the 21st Century Library can be found on Attachment IX. A summary comparison of library meeting room policies and fees is provided (Attachment X). These fees are listed under Maintenance Services because they pertain to cost recovery for City facility rentals, i.e. the new Library meeting rooms. Revenues from these fees will be deposited to the existing Facility Maintenance fund used for revenues from City Hall Rotunda and other facility rentals.

FINE AND BAIL SCHEDULE

The Hayward Police Department is not recommending modifications to the Fine and Bail Schedule (Attachment XI).

STRATEGIC INITIATIVES

This agenda item is a routine operational item and does not relate to one of the Council's Strategic Initiatives.

ECONOMIC IMPACT

Approval of the attached resolution will have a minor economic impact on our community in that only certain fees will be increased while some fees are being decreased. This action simply incorporates the fees associated with the prior policy direction into the Master Fee Schedule (Attachment XII).

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 9, 2018 and March 16, 2018. The public notice contained the meeting date announcing the time, location, and subject matter of this public hearing. Staff also notified interested parties by letter and email pursuant to Government Code Section 66016, and information was made available on the City's website ten days prior to the hearing. Additionally, an email update will go out to the interested parties on Friday, March 23, 2018.

NEXT STEPS

Upon approval of the attached resolution, the Schedules will be updated and the fees will be effective as of July 1, 2018, to allow for the required sixty-day notice period.

Prepared and Recommended by: Dustin Claussen, Director of Finance

Approved by:



Kelly McAadoo, City Manager