



DATE: February 17, 2026

TO: Mayor and City Council

FROM: City Attorney
Director of Finance

SUBJECT: Hayward Municipal Code Update: Introduction of an Ordinance Amending Sections 8-18.20 to 8-18.40, 8-18.120 to 8-18.170, and 8-18.190 to 8-18.200, of Article 18, Chapter 8 of the Hayward Municipal Code Primarily Related to the Utility User Tax

RECOMMENDATION

That the City Council introduces the attached ordinance (Attachment II) amending Sections 8-18.20 to 8-18.40, 8-18.120 to 8-18.170, and 8-18.190 to 8-18.200, of Article 18, Chapter 8 of the Hayward Municipal Code to revise the procedural aspects of the previously adopted Utility User Tax ordinance.

SUMMARY

This ordinance amendment does not change the Utility Users Tax (hereinafter, "UUT") rate, tax base, or voter-approved duration. Instead, it makes procedural and non-substantive updates to clarify collection, remittance, enforcement, and appeal provisions, and corrects minor drafting issues identified during implementation.

FISCAL IMPACT

The UUT currently generates over \$25 million in revenue per year and is the City's third largest revenue source behind property and sales taxes. As the City identifies additional service providers subject to UUT, the City may be able to collect an additional \$1.5-2 million in utility user taxes annually in the future.

BACKGROUND

The UUT is a 5.5% general tax levied on services provided by utilities within the City of Hayward for such services as electricity, gas and communications. In 2009, Hayward voters approved a 5.5 percent UUT for a ten-year period. In June 2016, voters approved a continuation of the tax at the same rate for an additional 20 years. The UUT is currently set to expire on June 30, 2039, unless further extended by the voters.

About 75% of the UUT revenue or approximately \$19 million, is directly allocated to the City's public safety operations. The remaining amount (at least \$6 million) generated funds other City programs such as street maintenance, library services, and economic development programs.

DISCUSSION

During the course of the implementation of the UUT ordinance, staff identified provisions that would benefit from clarification to better reflect existing administrative practices. The proposed amendments make procedural and non-substantive revisions, including correcting typographical errors, specifying existing duties of service suppliers, restating previously adopted enforcement provisions, and clarifying internal administrative and appeal procedures.

The proposed amendments to the UUT ordinance do not impact the 5.5% general tax rate nor do they impact the duration of the tax, which is set to expire on June 30, 2039, unless further extended by the voters.

NEXT STEPS

If the Council introduces the attached ordinance, staff will return to the City Council for adoption during the February 24, 2026, City Council meeting. The ordinance will take effect 30 days after adoption.

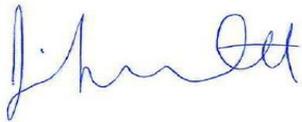
STRATEGIC INITIATIVES

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

Prepared and recommended by:

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Approved by:



Jennifer Ott, City Manager