

DATE: April 27, 2010
TO: Mayor and City Council
FROM: Interim Director of Finance
SUBJECT: Master Fee Schedule Update

RECOMMENDATION

That Council approves the attached resolution authorizing changes to the City's Master Fee Schedule.

SUMMARY

City staff completed the annual review of the Master Fee Schedule to determine what adjustments, if any, are necessary for the fees charged for services provided. User fees are charged for special services provided by the City that are not fully funded by general tax revenue. Some of these services include but are not limited to: copies of documents; development services including building and fire inspection services; animal control services; false alarm fees; and rental of City property. The City also charges for the use of the City water, sewer, and storm drain systems, which are reviewed bi-annually, and are not discussed in this report.

A complete and detailed listing of fees are reflected in the Fiscal Year 2011 Master Fee Schedule, which can be reviewed at the Office of the City Clerk; on the City of Hayward's website at www.hayward-ca.gov; or, by request to the Office of the City Clerk, it can be provided in cd-rom format.

BACKGROUND

As part of the FY 2009 and FY 2010 Budget Process, staff identified the need to perform a comprehensive user-fee study. The fee study was completed and presented to Council on July 22, 2008. In general, the result of that study showed that in order to recover the total cost of providing services, fee increases were necessary. However, many of the fees in the City's fee schedule had not been reviewed for a number of years and it became obvious that implementing a full-cost recovery would create significant increases in fees. Therefore certain fees were scheduled for a phase-in process. Other fees were and still are highly subsidized either because of the public benefit that is received by charging a reduced fee, or by government regulations. Such fees are adjusted by

reasonable estimates made by staff to support City policy, practices of other jurisdictions, and market values.

A component of the City's fee setting policy requires that fees be reviewed and adjusted annually as part of the budget process in order to avoid large increases in a single year. Annual adjustments, if necessary, ensure that General Fund subsidy of services remains consistent with Council policy.

DISCUSSION

Fee Setting Methodology:

The aforementioned comprehensive fee study was designed to calculate the full cost of providing City services. In order to establish flat fees for certain types of services, averages were established.

Example: Assume an average lot line adjustment takes 20.5 hours of staff time.
Assume an average productive fully loaded hourly rate is \$122.67.
Assume the average overhead cost is \$1,688.00.

The calculation would be:

20.5 hours x \$122.67 =	\$2,515
Add the overhead	<u>1,688</u>
Total	\$4,303
Average Cost of a Lot Line Adj.	

When the average cost is not possible to estimate, such as for a General Plan Amendment, staff collects a cash deposit and charges the customer against the deposit based on actual time and materials.

Where a fee increase is based on "CPI" that percentage increase is taken from the San Francisco-Oakland-San Jose Consumer Price Index, All Urban Consumers. The CPI schedule used for the proposed Fiscal Year 2011 update is the December 2009 report reflecting a 2.6% increase over the prior year.

Summary of Changes In Fees for FY 2011:

All City Departments:

- A 2.6% CPI increase is proposed for administrative hearing fees, cd-rom copies, and staff time for research and analysis of records. For example, fees to produce cd-rom copies of this Master Fee Schedule would go from \$5.00 in FY 2010 to \$5.15 in FY 2011.

City Attorney:

- Staff proposes increasing the rent stabilization administration fee to equal 40% of full cost recovery. Currently, it is set at a level to recover approximately 30% of the actual costs of this program.

City Clerk:

- Staff proposes to increase all fees by CPI except those fees mandated by government regulations or those fees deliberately held low in the best interest of public benefit such as passports, election publications, and photocopy of public records.

City Manager:

- Staff proposes to increase by CPI those fees related to Economic Development Committee information and GIS printing.
- Staff proposes CPI increase to Community Preservation fees for staff time on missed inspections and violations.

Development Services Department:

- Staff proposes to increase most building fees by CPI.
- Staff proposes adding a new fee specifically to cover administrative costs to allow developers to defer Park In-Lieu Fees and Supplemental Building Construction & Development Taxes either to close of escrow or within one year of issuance of certificate of occupancy, whichever occurs first.
- Staff proposes bundling some miscellaneous item fees for common homeowner remodeling projects to expedite and ease the permit issuance process and adjusting the window and sliding door fees in an attempt to fairly apply the fees to both large and small projects. Specifically, staff is recommending two new permits: one for residential bathrooms and the other for residential kitchens. Consistent with those two new permits, staff is recommending combining the building, mechanical, electrical, and plumbing permit fees into a single inclusive miscellaneous permit fee. Having a combined miscellaneous permit and fee saves counter staff the labor of processing four separate permits and saves customers the time it takes to fill out four separate applications, as well as having to pay for four separate building, mechanical, electrical and plumbing permit fees.

In regards to the window and sliding glass door fees, staff discovered that the existing fees unfairly charged clients replacing multiple windows on a single parcel. Staff sought to standardize the fee for both single-family and multi-family projects to cover the majority of the projects inspected and to charge a very reasonable additional unit fee for projects that exceed these standard types.

- Staff proposes to increase the penalty fee applicable to the fifth progress check from \$1,000 to \$1,600. Doing so doubles the penalty fee from the fourth to fifth progress check, consistent with the fee structure associated with previous progress checks.
- Staff proposes reductions to some time and material deposits including LAFCO utility service agreements and administrative use permits for food vendors to reflect actual costs incurred for processing such application types. For example, LAFCO fees are currently Time and Material with a \$5,000 initial deposit and will change to Time and Material with a \$3,000 initial deposit in the next fiscal year.

Finance Department:

- Staff proposes increases based on CPI to assessment district base fees, and new business listings.
- There are no increases proposed for all other operating permits as they are set by municipal code.

Fire Department:

- Staff proposes increasing most fees by CPI, eliminating duplicate plan check fees on model homes that are the same plan type as the master plan, lowering fees for Life, Safety, and subpoenaed reports to equal a reproduction of records charge, and lowering the plan check fee on other items where the volume is very minimal and the service provides a public benefit. For example, prior to the 2.6% CPI increase, the current fee for a Temporary Tent Structure is \$1,026. This fee does not take size of the structure into consideration. At this time, we created a two-tier breakdown based on size. A small tent structure (750 sq. ft. or less) is \$526 and a large tent structure (751 sq. ft. or more) is \$1,054.
- Staff also proposes reducing fees for special events and seasonal lots.

Library and Community Services:

- Staff proposes there be no change to library fees and said fees remain highly subsidized due to the public benefit.

Maintenance Services:

- Staff proposes to eliminate fees related to the discontinued operation of Centennial Hall.
- Staff proposes a CPI increase be applied to facility rental fees at City Hall and proposes adding new fees for rental of chairs and tables.

Police Department:

- Staff proposes adding fees related to and in compliance with the Social Host Ordinance and Illegal Speed Contest Ordinance. Staff proposes no fee increases and a continuance of subsidy for Animal Services fees due to public benefit.

Public Works:

Airport:

- Staff proposes adding new Airport fees for gate access cards, hanger exchange, and vacated hanger clean-up.

Utility Services:

- These fees are reviewed biannually and are not included in this report.

Engineering Services:

- Staff proposes increasing fees by CPI except sidewalk rehabilitation program fees, which were just recently increased as a separate Council policy action.

ECONOMIC IMPACT

Approval of the attached resolution will have a minor economic impact on our community in that certain fees will be increased; however others are decreased and some are held constant in keeping with Council's policy of not increasing fees deemed to provide a public benefit.

FISCAL IMPACT

Approval of the attached resolution will have a positive impact on the City's resources in that revenues will be increased by approximately \$240,000 for Fiscal Year 2011.

PUBLIC CONTACT

A public notice was published in The Daily Review on April 17 and April 22, 2010 announcing the date, time, location and subject matter of this public hearing.

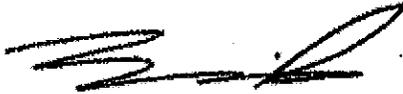
NEXT STEPS

Upon approval of the attached resolution, the Master Fee Schedule will be updated and the fees will be effective as of July 1, 2010, to allow for the required sixty-day notice period.

Prepared by: Henry Gudino, Accounting/Revenue Manager

Recommended by: Susan M. Stark, Interim Director of Finance

Approved by:



Fran David, Acting City Manager

Attachments: Attachment I: Resolution

HAYWARD CITY COUNCIL

RESOLUTION NO _____

Introduced by Council Member _____

RESOLUTION ADOPTING A REVISED MASTER FEE SCHEDULE RELATING TO FEES AND CHARGES FOR DEPARTMENTS IN THE CITY OF HAYWARD AND RESCINDING RESOLUTION NO. 09-084 AND ALL AMENDMENTS THERETO

WHEREAS, section 15273 of the California Environmental Quality Act 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
5. Obtaining funds necessary to maintain intra-city transfers as are authorized by City Charter; and

WHEREAS, the City Council finds and determines that this action is exempt from CEQA based on the foregoing provisions.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Hayward hereby adopts certain changes in the Master Fee Schedule relating to fees and charges for all departments of the City of Hayward, either on its face or as applied, the invalidity of such provision shall not affect the other provisions of this Master Fee Schedule, and the applications thereof; and to that end the provisions of this Master Fee Schedule shall be deemed severable.

BE IT FURTHER RESOLVED that Resolution No. 09-084, and all amendments thereto are hereby rescinded.

BE IT FURTHER RESOLVED that this resolution shall become effective as of July 1, 2010.

IN COUNCIL, HAYWARD, CALIFORNIA APRIL 27, 2010

ADOPTED BY THE FOLLOWING VOTE:

AYES: COUNCIL MEMBERS:

MAYOR:

NOES: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ATTEST: _____

City Clerk of the City of Hayward

APPROVED AS TO FORM:

City Attorney of the City of Hayward