



AGENDA REPORT

TO: Edward D. Reiskin
City Administrator

FROM: Erin Roseman
Director of Finance

SUBJECT: Amending FY 2021-22 Master Fee
Schedule (MFS)

DATE: October 21, 2021

City Administrator Approval

Date: Dec 8, 2021

RECOMMENDATION

Staff Recommends That The City Council Conduct a Public Hearing and Upon Conclusion:

Adopt An Ordinance Amending Ordinance No. 13654 C.M.S. (Which Adopted The Fiscal Year 2021-22 Master Fee Schedule), As Amended, To Establish, Modify And Delete Fees And Penalties Assessed By Offices, Departments, Bureaus, And Agencies Of The City Of Oakland Referenced Herein.

EXECUTIVE SUMMARY

The Master Fee Schedule (MFS) documents the fees and charges accruing to the City's General-Purpose Fund (GPF) and selected fees within other funds. The cost of services provided by the City of Oakland is often recovered by charging fees to users as permitted under State law. The process for adopting the MFS requires two readings by the City Council. Major updates to the MFS are typically brought to the City Council for approval as part of the biennial or mid-cycle budget process. The Fiscal Year 2021-22 MFS was brought before Council at the June 15, 2021 City Council Meeting, for the first reading, with the City Council scheduling the second reading and final passage at the July 6, 2021 City Council meeting.

This proposed update to the FY 2021-22 MFS is necessary due to an increase in most labor costs that occurred after approval of the MFS. At the July 6, 2021 City Council meeting, the Council approved extensions to existing labor agreements with all non-sworn and unrepresented employees providing for a 3% cost of living wage increase.

Additionally, a January 2021 1% Cost of Living Adjustment (COLA) increase was not reflected in the FY 2020-21 MFS as it was offset by changes to the non-sworn and unrepresented fringe rates calculated pursuant to Administrative Instruction 1303 (Fringe Benefits and Organizational Overhead Rates) and were reduced by 1% for FY 2021-22. This resulted in a net 3% increase for FY 2021-22.

City Council
December 21, 2021

BACKGROUND / LEGISLATIVE HISTORY

On November 19, 2019, the City Council adopted Ordinances No. 13567 C.M.S. and 13568 C.M.S., amending the salary schedule to provide a 1% COLA increase to certain non-sworn represented City employees effective January 1, 2021. Additionally, as part of the Biennial Budget, changes were calculated to non-sworn and unrepresented fringe rates pursuant to Administrative Instruction 1303 (Fringe Benefits and Organizational Overhead Rates) which reduced these rates by 1% for FY 2021-22.

On July 6, 2021, the City Council adopted Ordinance No. 13688 C.M.S. amending the salary schedule to provide a 3% COLA increase to represented and unrepresented City employees, which went into effect the first full pay period of July 2021. Passage of the COLA created a need to update the recently adopted FY 2021-22 MFS to ensure costs incurred in providing services are fully recovered.

As a result of these changes to wages and fringe benefit rates in FY 2021-22, City departments were requested to increase fees by 3% to ensure cost recovery.

ANALYSIS AND POLICY ALTERNATIVES

The proposed Ordinance amends the FY 2021-22 MFS, which includes:

- A 3% increase to most fees that are based on City staff time
- New fees and deleted fees
- Fee increases
- Moved fees from the City Administrator's Office MFS to:
 - Department of Animal Services MFS
 - Department of Workplace and Employment Development (DWES) MFS
 - Economic and Workforce Development Department (EWDD) MFS

Table 1: Departments that are proposing fee changes to the MFS

City Departments
Department of Animal Services
Department of Transportation
Department of Workplace and Employment Development
Economic & Workforce Development Department
Finance Department
Fire Department
Parks, Recreation and Youth Development Department
Police Department
Public Works Department

Office of the City Attorney
Office of the City Clerk
Planning & Building Department

Fee amendments proposed by departments must meet the requirements of Proposition 26. Under Proposition 26, for certain types of fees, the City must demonstrate that the new fee or fee increase is not more than necessary to cover the reasonable costs of the government activity

The fee amendments proposed by the departments are detailed in **Exhibit A** of the Ordinance. Additions to the departments' MFS Ordinance sheets are indicated by underscoring (fees) and deletions are indicated with a strike through (~~fees~~).

FY 2021-22 MFS Amendments Proposed by the Departments are as follows:

Department of Animal Services

On July 14, 2021, the Department of Animal Services was created as a standalone department by Ordinance No.13655 C.M.S., due to that change, the fees that were listed in the MFS under the City Administrator's Office were moved to the Department of Animal Services.

The following three new fees are proposed by the department to cover the cost of providing the following services:

- Surrender Fees: Animal Intake or Animals surrendered by their owner. Surrender fees apply when an Oakland resident brings an animal to Oakland Animal Services (OAS) for rehoming or euthanasia. The fee may also be applied when an individual brings in more than five stray animals in a single year, including to an emergency veterinary hospital under contract with OAS.
- Labor Fees: Staff costs for pick-up of deceased or surrendered animals. Labor fees apply when an Animal Control Officer is asked to pick up a deceased animal on private property, including wildlife, or when an Oakland resident needs to surrender an animal but cannot transport the animal to OAS. Labor fees are charged per officer, per hour.
- Deceased Animal Disposal Fee: Pick-up of deceased or surrendered animals. Deceased animal Disposal Fees cover the actual cost for disposal provided to the Animal Services Department through a third-party vendor.

Where appropriate, the department is also proposing to increase certain fees by 3% to fully cover the cost of providing services, (see MFS exhibit A-1).

Department of Transportation

The Department of Transportation is proposing to increase the following fees for materials and labor above 3% to fully recover the cost of services:

- Installation of Quiet Zone signs as allowed by Oakland Municipal Code Section 12.56.090
- Public motor vehicle stand (installation of sign post and painting of street curb adjacent to public motor vehicle stand) as allowed by Oakland Municipal Code Section 5.30.200
- Installation of sign to indicate loading zone regulations as allowed by Oakland Municipal Code Section 10.40.030

Where appropriate, the department is also proposing to increase certain fees by 3% to fully cover the cost of providing services, (see MFS exhibit A-2).

Department of Workplace and Employment Development (DWES)

On July 31, 2020, Ordinance No. 13600 C.M.S., was approved by the Oakland City Council to create the Department of Workforce and Employment Standards (DWES) to implement Measure Z (Hotel Minimum Wage and Working Conditions Ordinance).

Prior to the creation of the DWES, the Contracts and Compliance Division of the City Administrator's Office was managing enforcement of Measure FF, the City's Minimum Wage, Sick Leave, and Other Employment Standards Ordinance since 2014, and Measure Z, the Hotel Minimum Wage and Working Conditions Ordinance since 2018.

The fees that were listed in the MFS under the City Administrator – Contract and Compliance Department are being moved to the newly created department MFS section.

The DWES is proposing a new \$2.00 per room per night Hotel workplace regulatory fee, to recover ongoing costs incurred by Measure Z- Hotel Workers Protection and Employment Standards.

The department is also proposing to increase the "LCP Tracker Subscription Processing Fee" by 3% to fully cover the cost of providing services for this program, (see MFS exhibit A-3).

Economic and Workforce Development Department (EWDD)

As part of shifting some responsibilities from the City Administrator's Office to EWDD during the fiscal year 2021-23 biennial budget, the following Special Activity Fees from the City Administrator were moved to EWDD:

- Application Filing Fee for a Special Activity Permit as Required by Oakland Municipal Code
- Nuisance Enforcement Unit Fees

Where appropriate, the department is also proposing to increase certain fees by 3% to fully cover the cost of providing services, (see MFS exhibit A-4).

Finance Department

The Finance Department is proposing to increase certain fees, where appropriate, by 3% to fully cover the cost of providing services.

The department is proposing to increase the Recordation & Technology fee from \$3.00 to \$4.50 to be more fully cost recovery and to ensure proper funding is available for ongoing maintenance and enhancements to the Local Tax Software System (LTSS), (see MFS exhibit A-5).

Fire Department

The Fire Department is proposing to increase its existing relevant fees by 3% to fully cover the cost of providing services, (see MFS exhibit A-6).

Parks, Recreation and Youth Development Department

The department is proposing to:

1. Increase certain fees, where appropriate, by 3% to cover the cost of providing services
2. Delete two aquatic related fees
3. Update the descriptions of several fees to better align the description of the fees to the services provided, (see MFS exhibit A-7).

Police Department

During the May 18, 2021 Council meeting, the City Council directed the Police Department to investigate a vehicle release fee applicable to cars involved in sideshows to fully recover the cost associated with the impound services. The department is currently working with the City Attorney's office to evaluate this proposal.

The department is proposing to increase some of its relevant fees by 3% to fully recover the cost of services provided, (see MFS exhibit A-8).

Public Works

The Public Works Department is proposing to increase certain relevant fees, including the Special Activities fees by 3% to fully recover the cost of services provided, (see MFS exhibit A-9).

Office of the City Attorney

The Office of the City Attorney is proposing to increase all its fees by 3% to fully recover the cost of services provided, (see MFS exhibit A-10).

Office of the City Clerk

The Office of the City Clerk is proposing to increase certain relevant fees by 3% to fully recover the cost of services provided, (see MFS exhibit A-11).

Planning and Building Department (PBD)

The PBD is proposing to increase certain relevant fees by 3% to fully recover the cost of services provided. Additionally, the proposed ordinance reflects increases to the Affordable Housing, Transportation and Capital Improvement Impact Fees for FY 2021-22. Pursuant to Oakland Municipal Code (OMC), Sections 15.72.050 and 15.74.050, the impact fee amount shall automatically be adjusted upward annually for inflation on July 1st beginning on July 1, 2021 by the City Administrator. Pursuant to the OMC, the adjustments shall be automatically effective whether or not the Master Fee Schedule has been amended to reflect the adjustment. See Memorandum re Inflationary Adjustments to the Affordable Housing, Transportation and Capital Improvement Impact Fees for FY 2021-22, attached hereto as Attachment A, (see MFS exhibit A1-12).

The departments' proposed fees will become effective immediately after adoption of the Ordinance.

FISCAL IMPACT

There is no anticipated financial impact to the City's Budget because the expected revenues will offset increased costs, which is no net gain to the City's overall budget.

PUBLIC OUTREACH / INTEREST

No public outreach was required other than the notice of a public hearing.

COORDINATION

This report was prepared in coordination with the Budget Bureau, the City Administrator's Office, and other City departments.

SUSTAINABLE OPPORTUNITIES

Economic: Revenues generated from the fees listed in the MFS are essential to fund City services.

Environmental: There are no direct environmental impacts associated with the City Council action requested in this report.

Race & Equity: There are no direct race or equity impacts associated with the City Council action requested in this report.

ACTION REQUESTED OF THE CITY COUNCIL

Staff Recommends Amending An Ordinance Amending Ordinance No. 13654 C.M.S. (Which Adopted The Fiscal Year 2021-22 Master Fee Schedule), As Amended, To Establish, Modify And Delete Fees And Penalties Assessed By Offices, Departments, Bureaus, And Agencies of The City Of Oakland Referenced Herein.

For questions regarding this report, please contact Shahla Azimi, Revenue Analyst, at sazimi@Oaklandca.gov or (510) 238-2972.

Respectfully submitted,



Erin Roseman (Dec 6, 2021 15:07 PST)

Erin Roseman
Director of Finance
Finance Department

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Attachment A:

Memo Impact Fees, Planning and Building Department



CITY OF OAKLAND

INTER OFFICE MEMORANDUM

TO: Edward D. Reiskin
City Administrator

FROM: William A. Gilchrist, Director
Planning and Building Department

SUBJECT: Inflationary Adjustments to the
Affordable Housing, Transportation
and Capital Improvement Impact Fees
for FY 2021-22

DATE: September 20, 2021

City Administrator
Approval



Date
Sep 20, 2021

EXECUTIVE SUMMARY

In accordance with Sections [15.72.050](#) and [15.74.050](#) of the Oakland Municipal Code (OMC), the Oakland Planning and Building Department (PBD) has calculated increases to the Affordable Housing, Transportation and Capital Improvement impact fees for fiscal year (FY) 2021-22. Under the OMC, the City Administrator may adopt adjustments to these fees for inflation commencing July 1, 2021. In order for the fee increases to go into effect the City Administrator's authorization is required. No Council action is needed and the changes will go into upon your approval.

We would request that this be executed and returned by Monday, September 27, 2021.

ANALYSIS

The Impact Fees were phased in when adopted and had set amounts to increase through July 1 of 2020. After that, these fees must be adjusted with inflation every year. Please note that PBD is currently evaluating the Affordable Housing, Transportation and Capital Improvement impact fees as part of a 5-Year Study, which is stipulated under the California Mitigation Fee Act, and we anticipate that new fees will be adopted by the City Council as a result of the that study.

The inflation increase should be effective on July 1, 2021 as stated in the code sections attached to this memorandum and which also may be accessed through these links: [15.72.050](#) and [15.74.050](#). This new fee should be charged on all projects that have applied for their building permits on July 1, 2021 or later and is applied whether the City's Master Fee Schedule has been updated or not.

Methodology

The OMC stipulates that the Marshall and Swift (M&S) index should be used as the basis for the fee increase. These increases are summarized in the table below.

Table 1: M&S Index Analysis

Year	M&S Construction Cost Index (Jan.) For wood framed buildings in Western District in Section 98 page 7	Inflation increase for Year
2021	3509.8	$3509.8/3332.9=1.053$
2020	3332.9	$3332.9/3287.1=1.014$
2019	3287.1	

Table 2: Affordable Housing Impact Fees - Residential (Fee Per Housing Unit) The Date is Based on When the Applicant Applies for Building Permit

Housing Use Type	Zone	7/1/20 - 6/30/21	Proposed Fee (Fee as of 6/30/21 * 1.053)
Multi-family	Zone 1	\$22,000	\$23,166
	Zone 2	\$17,750	\$18,691
	Zone 3	\$12,000	\$12,636
Townhome	Zone 1	\$20,000	\$21,060
	Zone 2	\$14,250	\$15,005
	Zone 3	\$8,000	\$8,424
Single-family	Zone 1	\$23,000	\$24,219
	Zone 2	\$16,500	\$17,375
	Zone 3	\$8,000	\$8,424

Table 3: Transportation Impact Fees - Residential (Fee Per Housing Unit) The Date is Based on When the Applicant Applies for Building Permit

Housing Use Type	Zone	7/1/20 - 6/30/21	Proposed Fee (Fee as of 6/30/21 * 1.053)
Multi-family	Zone 1	\$750	\$790
	Zone 2	\$750	\$790
	Zone 3	\$750	\$790
Townhome	Zone 1	\$1,000	\$1,053
	Zone 2	\$1,000	\$1,053
	Zone 3	\$1,000	\$1,053
Single-family	Zone 1	\$1,000	\$1,053
	Zone 2	\$1,000	\$1,053
	Zone 3	\$1,000	\$1,053

Table 3a. Transportation Impact Fees - Nonresidential (Fee Per Square Foot) The Date is Based on When the Applicant Applies for Building Permit

Nonresidential Use Type	7/1/20 - 6/30/21	Proposed Fee (Fee as of 6/30/21 * 1.053)
Office	\$2.00	\$2.11
Retail, Freestanding	\$0.75	\$0.79
Retail, Ground Floor	\$0.75	\$0.79
Industrial	\$0.55	\$0.58
Warehouse	\$0.35	\$0.37
Hotel/Motel	\$0.65	\$0.68
Institutional	\$3.00	\$3.16

Table 4. Capital Improvement Impact Fees - Residential (Fee Per Housing Unit) The Date is Based on When the Applicant Applies for Building Permit

Housing Use Type	Zone	7/1/20 - 6/30/21	Proposed Fee (Fee as of 6/30/21 * 1.053)
Multi-family	Zone 1	\$1,250	\$1,316
	Zone 2	\$750	\$790
	Zone 3	\$250	\$263
Townhome	Zone 1	\$3,000	\$3,159
	Zone 2	\$2,000	\$2,106
	Zone 3	\$1,000	\$1,053
Single-family	Zone 1	\$4,000	\$4,212
	Zone 2	\$3,000	\$3,159
	Zone 3	\$1,000	\$1,053

Table 4a. Capital Improvements Impact Fees - Nonresidential (Fee Per Square Foot) The Date is Based on When the Applicant Applies for Building Permit

Nonresidential Use Type	7/1/20 - 6/30/21	Proposed Fee (Fee as of 6/30/21 * 1.053)
Office	\$2.00	\$2.11
Retail, Freestanding	\$0.50	\$0.53
Retail, Ground Floor	\$0.00	\$0.00
Industrial	\$1.00	\$1.05
Warehouse	\$1.00	\$1.05
Hotel/Motel	\$0.60	\$0.63
Institutional	\$3.00	\$3.16

CONCLUSION

Thank you for your consideration of PBDs analysis the FY 2021-2022 Affordable Housing, Transportation and Capital Improvement Impact Fees. Please let us know if any explanation or further clarification is required either for the content of the document or the purpose and need for the update.

Respectfully submitted,



William A. Gilchrist, Director
Planning and Building Department

ATTACHMENT:

Sections 15.72.050 and 15.74.050 of the OMC

OMC CODE REFERENCES

15.72.050 - Amount of impact fees (Affordable Housing)

The impact fees shall be calculated for each development project as follows, pursuant to the impact fee amounts as stated in the Master Fee Schedule in effect at the time of a complete building permit application:

Impact Fee = Fee Per Housing Unit x Additional Housing Units

The impact fee amount shall automatically be adjusted upward annually for inflation on July 1st beginning on July 1, 2021, by the City Administrator in accordance with the percentage increase from January to January in the residential building cost index published by Marshall and Swift, or if such index ceases to be published, by an equivalent index chosen by the City Administrator, with appropriate adjustments for regional and local construction costs as necessary. The adjustment shall be automatically effective whether or not the Master Fee Schedule has been amended to reflect the adjustment.

(Ord. No. 13365, § 4, 5-3-2016)

15.74.050 - Amount of impact fees. (Transportation and Capital Improvements)

The impact fees shall be calculated for each development project as follows, pursuant to the impact fee amounts as stated in the Master Fee Schedule in effect at the time of the submittal of a complete building permit application:

A. Nonresidential Projects Involving New Construction:

Impact Fee = Fee Per Square Foot x Additional Square Feet

B. Nonresidential Projects Involving Existing Buildings:

Impact Fee = (Fee Per Square Foot of New Use Fee Category - Fee Per Square Foot of Previous Use Fee Category) x Changed and Intensified Square Feet

C. Residential Projects:

Impact Fee = Fee Per Housing Unit x Additional Housing Units

For Subsections A., B., and C., the impact fee amount shall automatically be adjusted upward annually for inflation on July 1st beginning on July 1, 2021, by the City Administrator in accordance with the percentage increase from January to January in the building cost index published by Marshall and Swift, or if such index ceases to be published, by an equivalent index chosen by the City Administrator, with appropriate adjustments for regional and local construction costs as necessary. The adjustment shall be automatically effective whether or not the Master Fee Schedule has been amended to reflect the adjustment.

