



DATE: September 17, 2025

TO: Council Budget and Finance Committee

FROM: Interim Director of Finance

SUBJECT: Annual Review of City Issued Debt

RECOMMENDATION

That the Committee accepts this report on the status of City Issued Debt.

SUMMARY

This report provides an update of the City's issued debt and includes the City's most recent credit rating issued by Standard & Poor's (S&P) Global in September 2023.

BACKGROUND

The City of Hayward, like most cities and municipal agencies, incurs and manages debt as part of the normal course of business, leveraging different financing instruments to provide immediate access to funding for significant capital projects, equipment, and other specific projects. City staff prepares informational sections included in the City's annual budget document and the annual financial statements that include sections summarizing the City's debt. Throughout the year, this information comes in various forms to the Council and the Committee; however, this report is meant to provide a comprehensive summary of the entire portfolio.

DISCUSSION

The City uses debt to finance the cost of capital improvements through various debt instruments (see list below). Debt service payments are generally made on an installment basis, typically annually or semiannually. This document contains debt service information for the General Fund and all other funds, including anticipated debt issuances that will be issued prior to the end of the fiscal year as have been approved by Council during the FY 2025-26 budget process or separate resolution. Debt service payments of previously issued debt, as well as planned issuances, are budgeted and approved annually by the Council – these obligations are funded through identified tax and/or fee supported revenues that include the General Fund, Enterprise Funds, and Internal Service Funds.

Debt Instruments – The City and Successor Agency of the Hayward Redevelopment Agency currently maintain the following types of debt. Attachment II shows further detail.

City-Issued Long-Term Debt	Debt as of 6/30/2025
Certificate of Participation	\$38,296,020
Private Placement Bonds	\$1,900,379
Special Tax Bonds (CFDs only) & Limited Obligation Improvement Bonds (LID only)	\$3,488,701
Internal Fund to Fund Loans	\$2,695,776
Tax Allocation Bonds (Successor Agency Only)	\$17,615,000
Total Government Activity Debt	\$63,995,876
State Water Resources Control Board Loan	\$10,910,004
Loans Payable (Energy Efficient Loan)	\$1,596,443
Wastewater Revenue Bonds	\$124,885,000
Total Business-Type Activity Debt	\$137,391,447
Total City-Issued Long-Term Debt	\$201,387,323

New Debt

On February 25, 2025, City Council adopted a resolution authorizing the issuance and sale of Wastewater Revenue Bonds to finance capital improvements to the Wastewater System, including the Water Resources Recovery Facility (WRRF) improvements, and approving related agreements and actions¹. The maximum principal amount authorized was \$133,000,000 and the City sold \$124,885,000 in 2025 Wastewater Revenue Bonds at a true interest cost of 3.96%². The amount due for FY 2025-26 is debt interest, with the first principal payment due in FY 2029-30.

City-Issued Debt

Attachment II provides a basic summary of the debt the City currently maintains. The City's Annual Comprehensive Financial Report (ACFR) and annual budget document both contain further detail on the various debt issuances with explanations of uses and sources of funds. Hayward is a charter city and, as such, legally does not have a debt limit. A useful tool for comparison to peer agencies, who are subject to this limit, is to calculate what the legal debt limit and margin would be if Hayward were a general law city. This calculation and information are described below.

¹ [CITY OF HAYWARD - File #: LB 25-003](#)

² [CITY OF HAYWARD - File #: LB 25-010](#)

Debt Limit & Margin

- The legal bonded debt limit for the City is \$4.69 billion. The City does not have any bonded debt that is subject to this limitation – resulting in a legal bonded debt margin of the entire \$4.7 billion. However, if the City’s debts were subject to this limit, the City has issued \$42.9 million of outstanding debt, which is approximately \$4.65 billion below the limit.
- The City’s projected General Bonded Debt Outstanding as of June 30, 2025, will total \$42.9 million and represents 0.15% of taxable property value or \$265 per capita.

Debt Limit Computation (projected June 30, 2025) –

Total FY 2025 projected assessed valuation (less exemptions)	\$31,310,005,674
Debt limit (15% of assessed value)	\$4,696,500,851
Amount of legal debt applicable to the debt limit	\$42,892,174
Legal debt margin (if Hayward were a general law city)	\$4,696,500,851
Amount above or (below) Legal Debt Margin	(\$4,653,608,677)

Credit Ratings

Credit ratings are opinions about credit risk; they are published by a rating agency that has analyzed the City’s ability and willingness to meet its financial obligations in accordance with the terms of the debt obligations. Credit ratings have a significant impact on the interest rate the City will pay when issuing debt. In August 2023, Fitch Ratings issued a rating of AA assigning a positive outlook primarily attributed to the City’s strong revenue growth prospects, moderate long-term liability burden, moderately-elevated fixed costs, and consistently strong reserves relative to expected revenue volatility and budget flexibility. A critical component of the rating agency review is the City’s financial management status - i.e., appropriate reserve levels, plans to reduce liabilities, fiscal policies, etc. If the City fails to maintain these areas of fiscal control, the City could see a reduction in future ratings.

In September 2023, as part of the City’s 2023 Refunding COPs, Standard & Poor’s (S&P) Global issued a rating of AA with a stable outlook included that there should be no change to the existing rating or rating outlook. In February 2025, Standard & Poor’s (S&P) Global issued a long-term rating of AA+ with a stable outlook to the Wastewater Revenue Bonds.

FISCAL IMPACT

There is no fiscal impact associated with this report as it is informational only.

STRATEGIC INITIATIVES

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

NEXT STEPS

Staff will continue to actively monitor the City's debt levels and report annually to the Committee and City Council the funding status.

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Approved by:



Jayanti Addleman, Interim City Manager