



**DATE:** June 17, 2025

**TO:** Mayor and City Council  
Redevelopment Successor Agency Board of Directors  
Housing Authority Board of Directors

**FROM:** Acting City Manager  
Interim Director of Finance

**SUBJECT:** FY 2025-26 Budget/CIP Public Hearing and Adoption: Public Hearing for the Proposed FY 2025-26 Operating Budgets for the City of Hayward, Hayward Redevelopment Successor Agency, and Hayward Housing Authority; FY 2025-26 Capital Improvement Program Budget; Adoption of the FY 2025-26 Operating Budgets and Appropriations for FY 2025-26; Adoption of the FY 2025-26 Capital Improvement Program Budget and Appropriations for FY 2025-26; Adoption of the Hayward Redevelopment Successor Agency Budget; and Adoption of the Hayward Housing Authority Budget

## **RECOMMENDATION**

That the Council: considers the Proposed FY 2025-26 Operating Budgets of the City, Redevelopment Successor Agency, Housing Authority and Capital Improvement Program (CIP); conducts a Public Hearing on each; and adopts each of the above-mentioned documents should there be no further action needed based on public testimony or at Council's request.

## **SUMMARY**

The Council will conduct a public hearing for the adoption of the Proposed FY 2025-26 Operating Budgets and FY 2025-26 Capital Improvement Program Budget. Should there be no needed actions following public testimony or Council direction, Council will consider adoption of the FY 2025-26 Operating Budgets, and FY 2025-26 Capital Improvement Program Budget.

## **BACKGROUND**

The Proposed FY 2025-26 Operating Budget was delivered to Council on Thursday, May 1, 2025, in advance of the May 13, 2025, work session. The operating budget is comprised of different funding sources, with the General Fund representing the largest single fund for which the Council has the most discretion. The total City expenditure budget for the Proposed FY 2025-26 Annual Budget as provided to Council on May 1, 2025, was \$445.3 million, with a General Fund budget of \$232.2 million.

Since May 1, Council held a budget work session on May 13 to further discuss the proposed budget<sup>1</sup>. These work sessions included Council discussions and a time for public input on the City's FY 2025-26 overall operating budget.

The CIP budget work session was held on May 6<sup>2</sup>. No changes were recommended following the work session to the FY 2025-26 Proposed Operating and CIP Budgets. This meeting has been noticed as a public hearing on the FY 2025-26 Proposed Operating and CIP budgets and is another opportunity to receive public input. Upon closure of the public hearing, Council will provide any additional comments and direction to staff and, should there be no public testimony or Council directed changes to the FY 2025-26 Proposed Operating and CIP budgets, both documents will be considered for adoption upon the closing of the Public Hearing. Should there be public testimony and/or direction from the Council that requires changes to either the FY 2025-26 Operating or CIP budgets, the public hearing will be closed, and the Proposed FY 2025-26 Operating and CIP budgets will be presented for adoption on June 17, 2025.

## **DISCUSSION**

The Proposed FY 2025-26 Operating Budget and CIP documents provide the foundation for the budget discussions. Through discussions at the various budget work sessions and meetings, recommended adjustments to the proposed budget are incorporated in this report, which contains a summary of the changes to date, and the impacts to the General Fund and all other operating funds.

The Proposed FY 2025-26 Operating Budget provided to Council on May 1, 2025, reflected a projected deficit of \$12.6 million use of reserves. The City continues to forecast structural budget gaps in future years due to increase in operating costs. On Tuesday, May 13, 2025, Council discussed the Proposed FY 2025-26 Operating Budget during a work session.

During the May 13, 2025 Budget Work Session with City Council, City Council requested staff present additional short-term strategies to reduce the anticipated use of \$12.6 million in General Fund Reserves for FY 2025-26 and long-term budget balancing strategies to regain the City's fiscal solvency. Since the May 13 Budget Work Session, further analysis of the FY 2025-26 proposed budget was completed and staff identified an increase in the use of reserves for FY 2025-26 due to an incorrect assumption regarding reduction in overtime (\$3.5 million) in Hayward Fire Department's budget, bringing the total anticipated use of General Fund reserves for next fiscal year to \$16.1 million.

Staff recommend various strategies to reduce the project deficit, found in Attachment IX, to incorporate after the FY 2025-26 budget adoption and prior to the FY 2025-26 Fall Revision. Based on the strategies listed below, the City will realize approximately \$7.2 million in savings, reducing the anticipated use of reserves to \$8.9 million. These strategies are one-time

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<sup>1</sup> [CITY OF HAYWARD - Meeting of City Council on 5/13/2025 \(legistar.com\)](#)

<sup>2</sup> [CITY OF HAYWARD - Meeting of City Council on 5/06/2025 \(legistar.com\)](#)

in nature and additional discussions and analysis are required for long-term strategies to reduce the City's expenditures and rebuild General Fund reserves. These long-term strategies will be presented during the FY 2025-26 Fall Revision.

### **Vacancy Management**

As we work to close the General Fund structural deficit, the City has taken a disciplined approach to managing vacancies as one of several tools for containing costs. We are prioritizing positions that directly support Council-adopted priorities and provide the most critical services to the community.

This approach will continue into the new fiscal year, allowing for a more selective, case-by-case evaluation of staffing needs. By more closely examining hiring decisions without implementing across-the-board reductions, the City can remain responsive to community needs while exercising greater financial discipline during this period of fiscal constraint.

### **Property Sales or Leases**

While the City may consider selling public assets like land or infrastructure to generate cash during a budget deficit, this may have detrimental long-term consequences. This approach only addresses one fiscal year and does not solve the underlying structural deficit moving forward.

Once sold, the City loses the ability to control any public benefit to the community resource like a park or other recreational use. There is also the loss of potential future revenue that the asset may gain. Trying to sell quickly, the City may also lose out by selling the property for less than its actual value.

An alternative to selling these assets could be exploring other alternatives like leasing the land or assisting non-government entities who partner with the City in serving the community.

### **County's Financial Contribution to Homeless Services**

The City is also committed to addressing emerging priorities—particularly the increasing demand to support the unhoused population and respond to the regional housing crisis. In 2024, the City saw a four percent increase in the number of unsheltered individuals living in Hayward since 2022, which represents about four and a half percent of the total population of unsheltered individuals in Alameda County.

An earlier iteration of this budget message stated that “in FY 2023-24, the City of Hayward received less than one percent of Alameda County's total investment in homelessness services and programs.” That statement was inaccurate. The confusion stemmed from a misreading of regional data that reflected Hayward's share of overall spending on homelessness—not the amount invested in Hayward by the County. In fact, the City of Hayward contributed approximately \$3 million, or 0.7%, toward the collective investment in homelessness services across Alameda County last fiscal year.

As more residents face housing instability, Hayward remains committed to addressing this crisis through both prevention and response. We value our partnerships with Alameda County and neighboring jurisdictions and look forward to deepening collaboration through the Home Together plan and other shared efforts in FY 2025-26 and beyond.

## Strategic Roadmap

The City Council held strategic planning sessions on March 8 and April 15 to set priorities for FY 2025-26. At these sessions, Council Members confirmed that the existing vision and priority areas of the Strategic Roadmap continue to be the right fit for Hayward. Council Members also participated in a dot voting exercise to rank 127 projects and metrics. Based on the dot voting results, staff are actively working on or planning to work on 98 items over the coming year. In addition, staff are analyzing the feasibility of twelve items that were raised by Council and will report back in September to finalize the work plan for FY 2025-26.

## Summary of Proposed FY 2025-26 Operating Budget

The tables below illustrate the proposed FY 2025-26 Operating Budget expenditure and revenue projections as presented to Council on June 17, 2025.

**Table 1 – Citywide Expenditure Budget**

<i>in 1,000's</i>	<b>FY 2024-25 Adopted</b>	<b>FY 2025-26 Proposed 5/1/25</b>	<b>FY 2025-26 Proposed 6/17/2025</b>	<b>Change from 5/1/2025</b>	<b>\$ Change from FY 2024-25</b>	<b>% Change from FY 2024-25</b>
General Fund	\$ 218,168	\$ 232,230	\$ 232,065	\$ 165	\$ 14,062	6.4%
All Other Funds	\$ 199,059	\$ 213,021	\$ 213,414	\$ (393)	\$ 13,962	7.0%
<b>Total City Budget</b>	<b>\$ 417,228</b>	<b>\$ 445,251</b>	<b>\$ 445,479</b>	<b>\$ (228)</b>	<b>\$ 28,024</b>	<b>6.7%</b>

Unanticipated additional grant revenue was received for Fund 225, which reduced the level of General Fund subsidy required to support the program. As a result, the overall expenditures in General Fund and All Other Funds have decreased.

**Table 2 – Citywide Revenue Projections**

<i>in 1,000's</i>	<b>FY 2024-25 Adopted</b>	<b>FY 2025-26 Proposed 5/1/25</b>	<b>FY 2025-26 Proposed 6/17/2025</b>	<b>Change from 5/1/2025</b>	<b>\$ Change from FY 2024-25</b>	<b>% Change from FY 2024-25</b>
General Fund	\$ 216,360	\$ 219,714	\$ 219,714	\$ -	\$ 3,354	1.6%
All Other Funds	\$ 198,526	\$ 208,906	\$ 209,148	\$ 242	\$ 10,380	5.2%
<b>Total City Budget</b>	<b>\$ 414,885</b>	<b>\$ 428,620</b>	<b>\$ 428,862</b>	<b>\$ 242</b>	<b>\$ 13,734</b>	<b>3.3%</b>

Proposed changes to revenue projections for All Other Funds include an increase in anticipated grant revenue received for Fund 225.

**Table 3 - Citywide Staffing**

	FY 2024-25 Adopted	FY 2025-26 Proposed 5/1/25	FY 2025-26 Proposed 6/3/2025	# Change from FY 2024-25	% Change from FY 2024-25
General Fund	700.90	700.90	700.90	0.00	0.0%
All Other Funds	255.40	255.40	255.40	0.00	0.0%
<b>Total City Budget</b>	<b>956.30</b>	<b>956.30</b>	<b>956.30</b>	<b>0.00</b>	<b>0.0%</b>

Due to the projected budget deficit demonstrated in the Proposed FY 2025-26 Operating Budget staff is recommending no change in staffing levels. Current total City staffing remains at 956.30 employees with 700.9 being funded by General Fund. Table 3 provides an overview of those proposed changes as presented to Council.

**Capital Improvement Program (CIP) FY 2026-27 – FY 2035-36**

On April 10, 2025, the Planning Commission held a public hearing and found the proposed FY 2025-26 – 2034-35 CIP document in conformance with the General Plan. On April 23, 2025, the Council Infrastructure Committee (CIC) discussed the proposed CIP budget and new CIP online platform. On May 6, 2025, Council reviewed and discussed the proposed FY 2025-26 - 2034-35 CIP budget during a work session.

The FY 2025-26 CIP appropriations total approximately \$161 million, and a projected total programming of \$1.3 billion for the period of FY 2026-27 through FY 2035-36. Detail of the FY 2025-26 CIP is included as Attachment VI.

**FISCAL IMPACT**

Table 5 below summarizes the FY 2025-26 Citywide Operating & CIP expenditure budgets.

**Table 5 – Summary of Citywide Operating & CIP Budgets**

<b>City of Hayward Budget</b>	<b>FY 2025-26</b>
<b>City Funds</b>	
General Fund	232,065,041
Measure C Fund	17,802,489
Special Revenue Funds	9,258,808
Debt Service Funds	7,963,825
Enterprise Funds	123,475,109
Internal Service Funds	50,181,358
	<b>440,746,630</b>
<b>Agency Funds</b>	
Hayward Successor Redevelopment Agency Operating Fund	4,482,790
Housing Authority Fund	217,591
Hayward Shoreline JPA	31,800
	<b>4,732,181</b>
<b>Total City Operating Budget</b>	<b>445,478,811</b>
<b>Total CIP Budget</b>	<b>160,963,632</b>

## **PUBLIC CONTACT**

The Proposed FY 2025-26 Operating Budget was reviewed and discussed in public meetings by Council on May 13, 2025. The FY 2025-26 Operating Budget was discussed at the monthly Council Budget and Finance Committee starting in January 2025 through April 2025. A public notice was published in The Daily Review on June 6 and June 13 announcing the date, time, location, and subject matter of this public hearing. A notice advising residents about the Planning Commission's public hearing on the CIP was published in The Daily Review newspaper more than the requisite ten days in advance.

The Proposed FY 2025-26 Operating Budget is currently available to the public by contacting the City Clerk's Office at [cityclerk@hayward-ca.gov](mailto:cityclerk@hayward-ca.gov) or (510) 583-4400, and on the City's website at: <https://hayward-ca.gov/your-government/documents/budget-documents>

The FY 2025-26 Capital Improvement Program Budget is currently available to the public by contacting the City Clerk's Office at [cityclerk@hayward-ca.gov](mailto:cityclerk@hayward-ca.gov) or (510) 583-4400, and on the City's website at: <https://www.hayward-ca.gov/your-government/documents/capital-improvement-program>

## **NEXT STEPS**

Upon adoption by Council of the FY 2025-26 Operating Budget and Capital Improvement Program Budget this evening, staff will take the appropriate steps to effectuate the adoption.

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Approved by:



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