

**CITY COUNCIL
MEETING**

APRIL 7, 2026

PRESENTATIONS

Item #13

WS-010

**Potential Ballot
Measure to
Modernize the City
of Hayward
Business License
Tax Ordinance**



Business License Tax Modernization



2/28 Council Budget Work Session Recap

Introduced the need to modernize the Business License tax structure (unchanged since 1978)


Presented two conceptual proposals:

- Match Neighbors
- 7x Revenue Scenario

Discussed potential elements for a new structure:

- Gross receipts-based structure
- Alternative Payroll Tax
- Minimum tax concept
- Progressive structure with higher rates for larger businesses

What We Heard from Council

- Interest in exploring the “Match Neighbors” scenario to align with surrounding jurisdictions and maximize revenue potential within this scenario
 - Interest in adding an additional gross receipts bracket (\$5M-\$10M) to create a more gradual progression
 - Direction to conduct public opinion polling and business engagement to inform next steps
- 

Summary of Updated Proposal

- Based on additional council feedback and staff analysis, a revised Match Neighbors proposal was developed
- Generates approximately \$14.4M in total BLT revenue; an increase of \$2M from the prior proposal
- Addition of new gross receipts brackets as suggested by Council:
 - \$5M-10M
 - \$10M-\$25M
- Includes rate adjustments in certain categories (e.g., utilities, trucking/transportation, and rental properties)
- Maintains a \$60 minimum tax and \$0.70 per \$1,000 alternative payroll tax

Updated Proposal

TAX CATEGORY	Payers	Gross Receipts (2026 \$)*	Tax Rates by Bracket						Tax Revenue (2026 \$)		Avg Tax Rate (per \$1,000)	
			Min tax	Alt Payroll Tax	\$0 mil - \$5 mil	\$5 mil - \$10 mil	\$10 mil - \$25 mil	\$25 mil +	Current Law	Proposal	Current Law	Proposal
Retail Sales/Restaurants	1,341	\$2,917,255,148	\$60	\$0.70	\$0.30	\$0.40	\$0.50	\$0.60	\$694,021	\$1,377,962	\$0.24	\$0.47
Grocers	58	\$311,466,346	\$60	\$0.70	\$0.30	\$0.40	\$0.50	\$0.60	\$36,695	\$132,638	\$0.12	\$0.43
Automobile Sales	103	\$671,723,379	\$60	\$0.70	\$0.30	\$0.40	\$0.50	\$0.60	\$71,859	\$346,169	\$0.11	\$0.52
Wholesale Trade/Warehouse	701	\$4,646,990,288	\$60	\$0.70	\$0.50	\$0.60	\$0.70	\$0.80	\$549,313	\$3,100,484	\$0.12	\$0.67
Manufacturing (Value Add)	365	\$1,474,924,344	\$60	\$0.70	\$0.60	\$0.80	\$0.90	\$1.00	\$390,021	\$1,299,352	\$0.26	\$0.88
Business/Personal Svcs	1,537	\$920,476,690	\$60	\$0.70	\$0.50	\$1.00	\$1.25	\$1.50	\$169,286	\$704,892	\$0.18	\$0.77
Professional Svcs	1,376	\$1,419,045,992	\$60	\$0.70	\$1.50	\$1.50	\$1.50	\$1.50	\$1,027,473	\$2,246,783	\$0.72	\$1.58
Contractors	2,107	\$700,214,941	\$60	\$0.70	\$0.50	\$0.90	\$1.15	\$1.25	\$191,275	\$400,589	\$0.27	\$0.57
Hotel/Motel	19	\$28,944,004	\$60	\$0.70	\$0.30	\$0.40	\$0.45	\$0.50	\$8,282	\$9,215	\$0.29	\$0.32
Utility Companies	8	\$145,564,178	\$60	\$0.70	\$2.50	\$2.50	\$2.50	\$2.50	\$1,075	\$365,827	\$0.01	\$2.51
Trucking/Transportation	320	\$576,448,601	\$60	\$0.70	\$0.50	\$0.60	\$0.70	\$0.80	\$111,582	\$364,440	\$0.19	\$0.63
Data Centers	6	\$34,574,216	\$60	\$0.70	\$2.50	\$2.50	\$2.50	\$2.50	\$2,359	\$86,491	\$0.07	\$2.50
Miscellaneous	44	\$17,208,925	\$60	\$0.70	\$2.50	\$2.50	\$2.50	\$2.50	\$3,481	\$45,296	\$0.20	\$2.63
Commercial Rental	1,107	\$740,542,575	\$60	\$0.70	\$3.00	\$3.00	\$3.00	\$3.00	\$221,232	\$2,238,437	\$0.30	\$3.02
Residential Rental (4+ Units)	515	\$282,637,889	\$60	\$0.70	\$3.00	\$3.00	\$3.00	\$3.00	\$86,982	\$852,077	\$0.31	\$3.01
Residential Rental (1-3 Units)	4,858	\$154,719,415	\$60	\$0.70	\$3.00	\$3.00	\$3.00	\$3.00	\$0	\$464,158	\$0.00	\$3.00
Total	14,466	\$15,042,736,931	Total Estimated Base Taxes (excluding penalties)						\$3,564,937	\$14,034,809	\$0.24	\$0.93
			Estimated Penalties						\$95,866	\$377,417		
			Total Estimated Business Tax Revenue						\$3,660,804	\$14,412,226		

* Represents estimated gross receipts for payers not currently reporting gross receipts

Proposal Comparison to Other Jurisdictions

Estimated Business Taxes by City:

	Large Retail	Small Retail	Restaurant	Professional Services Firm	Large Professional Services Firm	Small Contractor	Large Contractor	Manufacturer	Auto Dealer	Residential Rental (50 Units)	Grocery	Hotel/ Motel (84 rooms)
Employees	200	5	25	20	150	5	55	90	30	N/A	60	15
Gross Receipts	\$400,000,000	\$1,500,000	\$1,900,000	\$10,000,000	\$70,000,000	\$2,000,000	\$18,000,000	\$30,000,000	\$20,000,000	\$1,700,000	\$10,000,000	\$2,500,000
Estimated Business Taxes by City:												
Hayward:												
Current Law	\$107,999	\$404	\$512	\$13,267	\$93,067	\$80	\$167	\$133	\$2,243	\$566	\$1,143	\$674
Old Match Neighbors	\$197,000	\$450	\$570	\$15,000	\$105,000	\$1,000	\$13,940	\$8,690	\$7,500	\$3,400	\$3,500	\$750
New Match Neighbors	\$236,000	\$450	\$570	\$15,000	\$105,000	\$1,000	\$16,200	\$8,902	\$8,500	\$5,100	\$3,500	\$750
San Leandro	\$10,711	\$435	\$1,489	\$2,811	\$19,971	\$699	\$5,979	\$4,914	\$1,752	\$961	\$3,333	\$962
Fremont	\$100,030	\$405	\$505	\$13,030	\$91,030	\$295	\$1,895	\$9,030	\$5,030	\$2,240	\$2,530	\$2,530
Pleasanton	\$120,000	\$450	\$570	\$3,000	\$21,000	\$600	\$5,400	\$9,000	\$6,000	\$510	\$3,000	\$750
Alameda	\$160,000	\$600	\$760	\$4,000	\$28,000	\$800	\$7,200	\$4,845	\$8,000	\$1,000	\$4,000	\$420
Emeryville	\$400,000	\$1,500	\$1,900	\$10,000	\$70,000	\$2,000	\$18,000	\$30,000	\$20,000	\$1,700	\$10,000	NA *
Berkeley	\$480,000	\$1,800	\$2,280	\$36,000	\$252,000	\$3,600	\$32,400	\$14,536	\$24,000	\$48,960	\$6,000	\$27,025
Oakland	\$969,050	\$1,450	\$1,890	\$45,600	\$343,100	\$3,900	\$48,350	\$17,599	\$34,875	\$23,715	\$8,825	\$4,950
Richmond	\$1,228,600	\$2,000	\$2,640	\$43,500	\$372,000	\$4,500	\$61,650	\$34,300	\$58,750	\$48,960	\$11,850	\$6,000

* Emeryville requires hotels to pay \$1.00 per thousand dollars of gross receipts only for revenue not subject to its 12% transient occupancy tax. Industry sources indicate 95% of self-service hotel revenues are room revenues. (<https://wolfgramm.com/education/understanding-the-economics-of-hotels/>)

Key Takeaways

- Aligns Hayward more closely with neighboring jurisdictions across most categories
- Small businesses remain relatively low-taxed
- Restaurants and small retail see minimal changes
- Increases are focused on higher-revenue businesses



BUSINESS ENGAGEMENT SURVEY RESULTS

What We Heard from Businesses

Who we heard from?

- 154 businesses participated in the survey
- 68% have 1-5 employees; representing small businesses
- 85% have operated in Hayward for 4+ years, with 30% operating 20+ yrs
- Respondents represent a range of industries, including;
 - Business/Professional Services (26%)
 - Retail Sales/Restaurants (17%)

What We Heard from Businesses

Question Asked:

To what extent do you agree with the following statement: "Hayward's business license tax structure should be updated to reflect today's business environment"

Majority Response

- Businesses expressed mixed views on modernizing the BLT structure:
 - 34.8% neutral
 - 32.2% agree
 - 32.8% disagree

Businesses expressed concerns about rising costs and impacts of added taxes, regardless of whether they supported modernization

What We Heard from Businesses

Question Asked:

How sensitive would your business be to increases in the Business License Tax?

Majority Response

- Over 75% reported moderate to extreme sensitivity to tax increases
- Businesses emphasized :
 - Inflation and rising operating costs
 - Cumulative financial pressures (labor, rent, insurance, etc.)

What We Heard from Businesses

Question Asked:

How would you rate your experience applying for or renewing your business license in Hayward?

Majority Response

- Over 60% reported a positive experience (easy or very easy)
- Positive feedback included:
 - Online system is easy to use
 - Process is generally efficient and simple
 - Opportunity for improvement with response times



HAYWARD VOTER POLL RESULTS








Hayward Voter Views of a Business License Tax Modernization Measure

Key Findings of a Survey of Voters Conducted March 10-19, 2026



OPINION
RESEARCH
& STRATEGY

Survey Methodology

Dates	March 10-19, 2026
Survey Type	Dual-mode Voter Survey
Research Population	Likely November 2026 in Hayward
Total Interviews	625
Margin of Sampling Error	(Full Sample) $\pm 4.0\%$ at the 95% Confidence Level (Half Sample) $\pm 5.8\%$ at the 95% Confidence Level
Contact Methods	 Telephone Calls  Email Invitations  Text Invitations
Data Collection Modes	 Telephone Interviews  Online Interviews
Survey Tracking	Surveys Dating Back to 2008

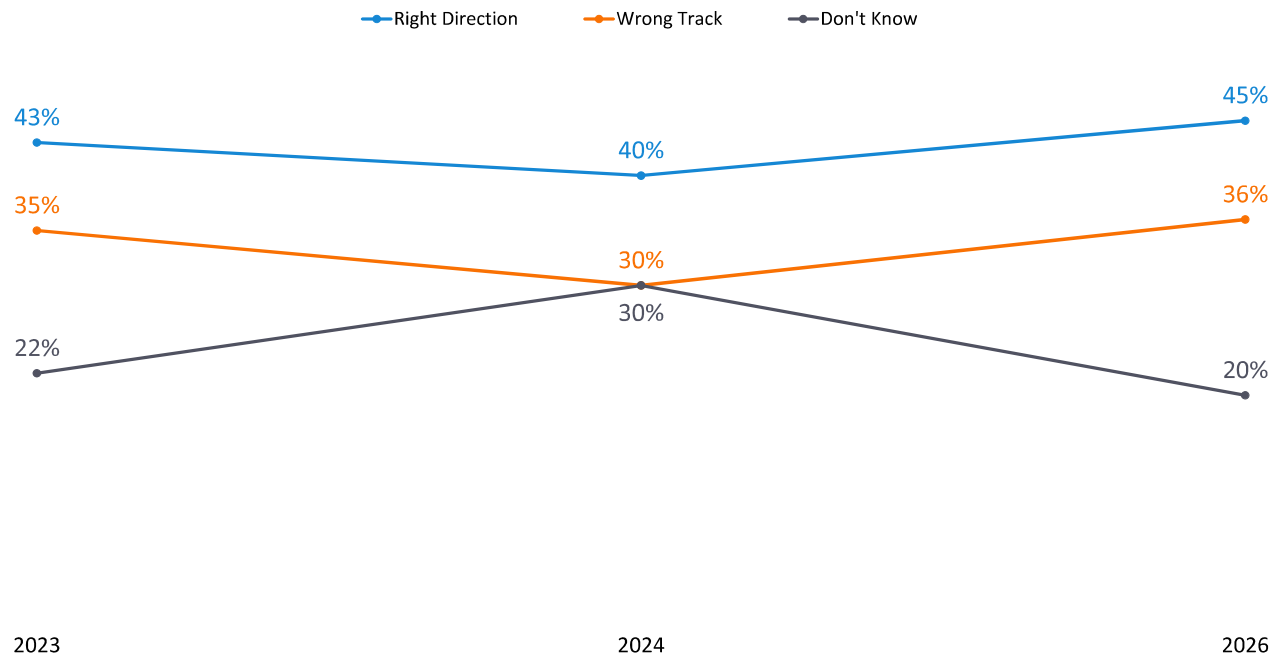
(Note: Not All Results Will Sum to 100% Due to Rounding)



Community Context

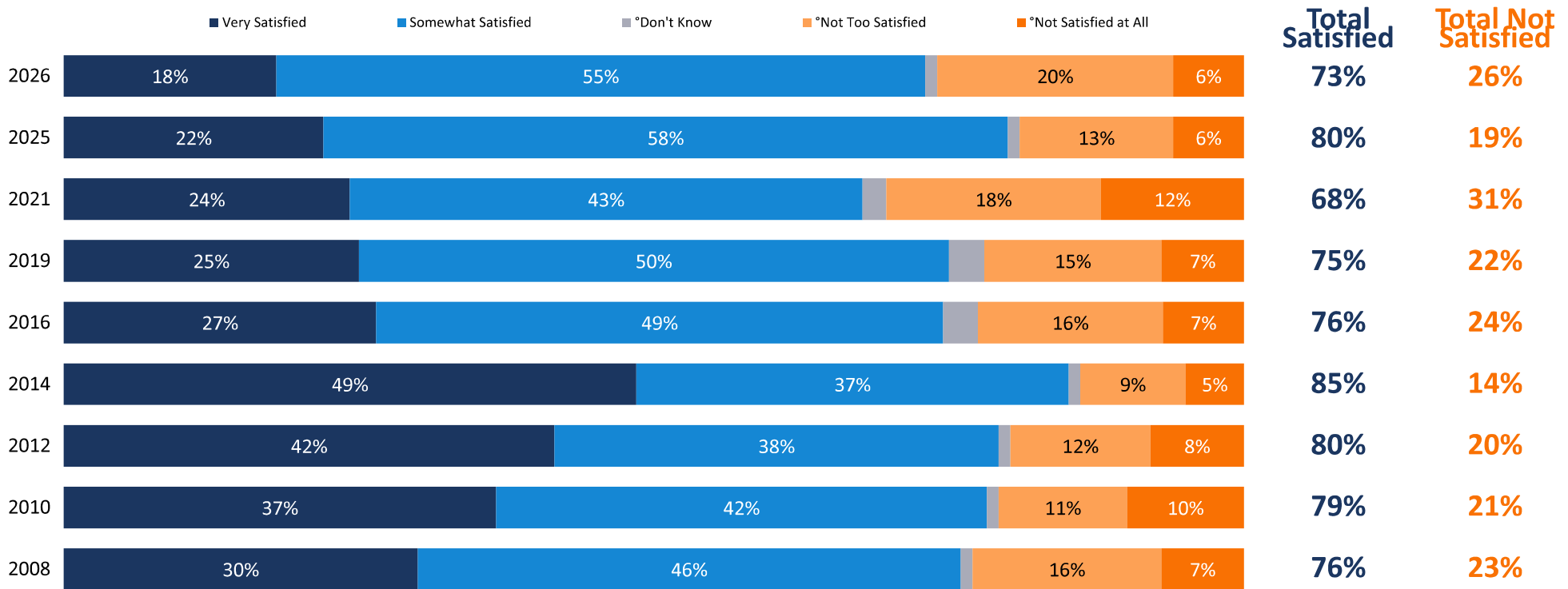
Most voters feel that things in Hayward are headed in the right direction.

First, would you say things in Hayward are headed in the right direction, or do you feel they are off on the wrong track?



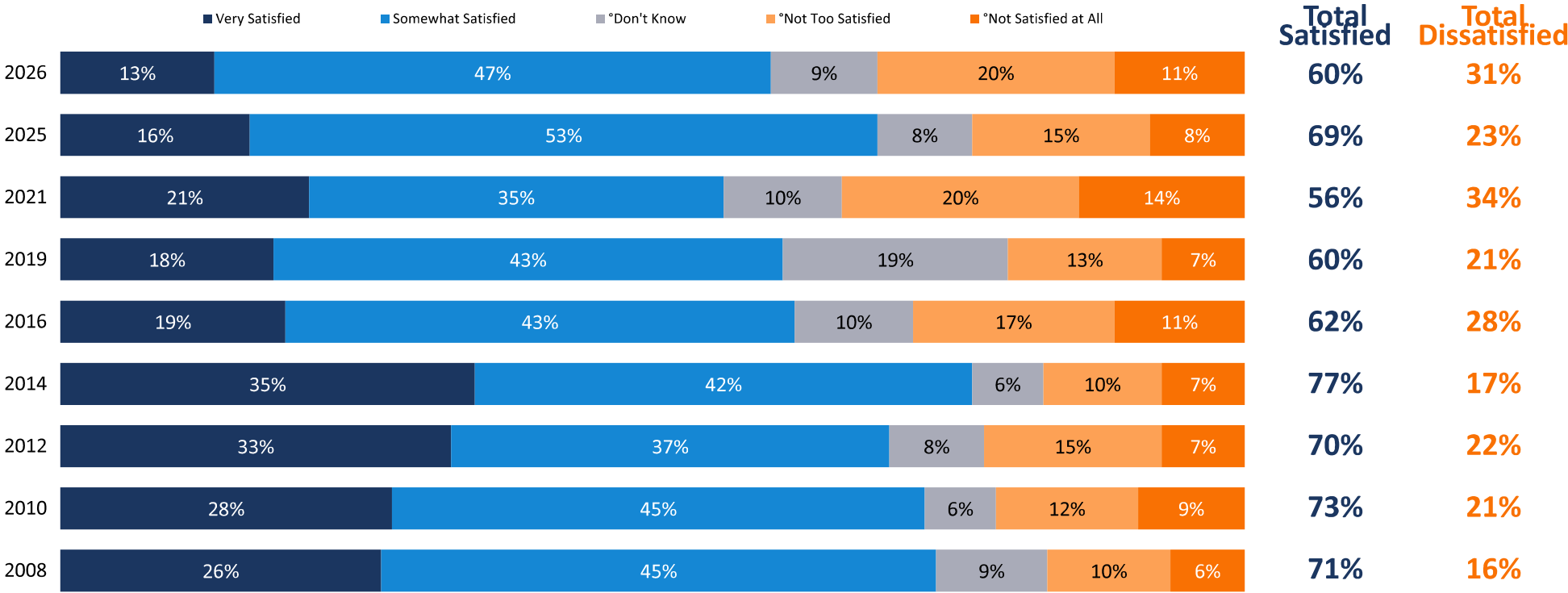
More than seven in ten are satisfied with the quality of life in Hayward – down a bit compared to 2025’s community survey.

Next, I'd like to get your overall opinion of living in the City of Hayward. Generally speaking, are you very satisfied, somewhat satisfied, not too satisfied, or not satisfied at all with the overall quality of life in Hayward?



Three in five are satisfied with the job the City is doing to provide services – slightly lower than the 2025 community survey.

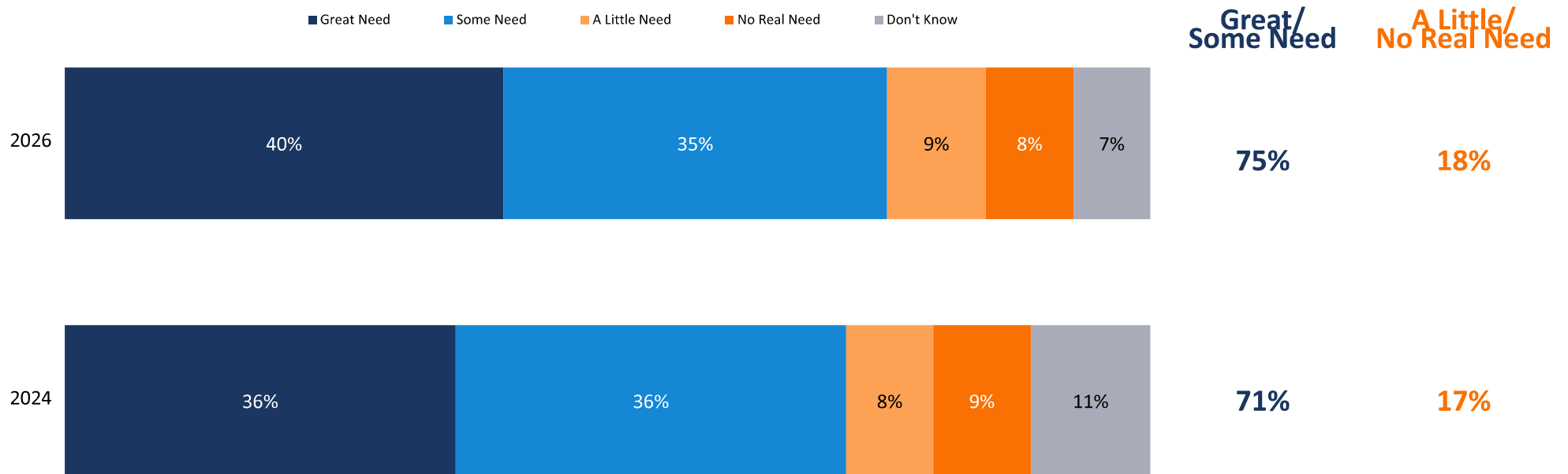
And, overall, are you very satisfied, somewhat satisfied, not too satisfied, or not satisfied at all with the job the City of Hayward is doing to provide resident services?



Q3. *Wording Slightly Different in Previous Survey

Three-quarters see “a great need” or “some need” for additional funding, slightly higher than in 2024.

First, in general, would you say that the City of Hayward has a great need for funding, some need, a little need, or no real need for additional funding to maintain essential City services and facilities?



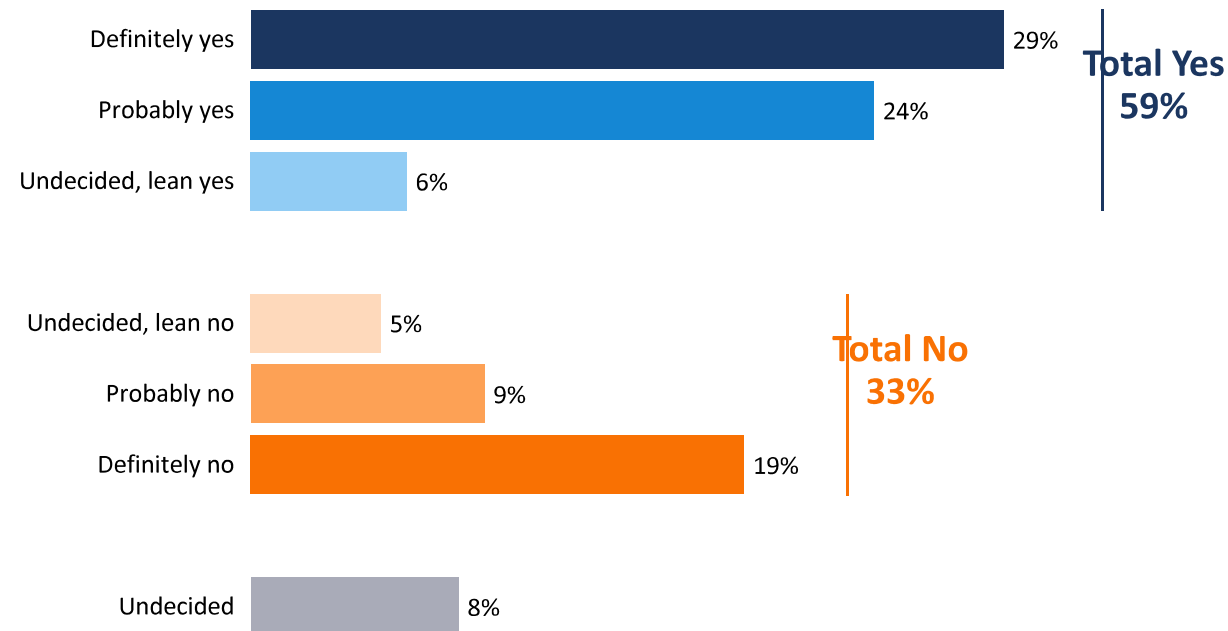


Views of a Business License Tax Modernization Ballot Measure

Hypothetical 75-Word Ballot Measure Tested

Hayward Business License Tax Modernization. Shall the measure updating the Hayward Business License Tax for the first time since 1978 to support core city services, including neighborhood police protection, firefighting, 911 response, libraries and pothole repair, generating an additional \$10.5 million annually, with a minimum annual tax of \$60 and rates ranging from \$0.30 to \$3.00 per \$1,000 of annual gross receipts, with higher rates for higher-grossing businesses, as stated in the ordinance, be adopted?

The measure begins with support from nearly three in five, though much of that is soft support.



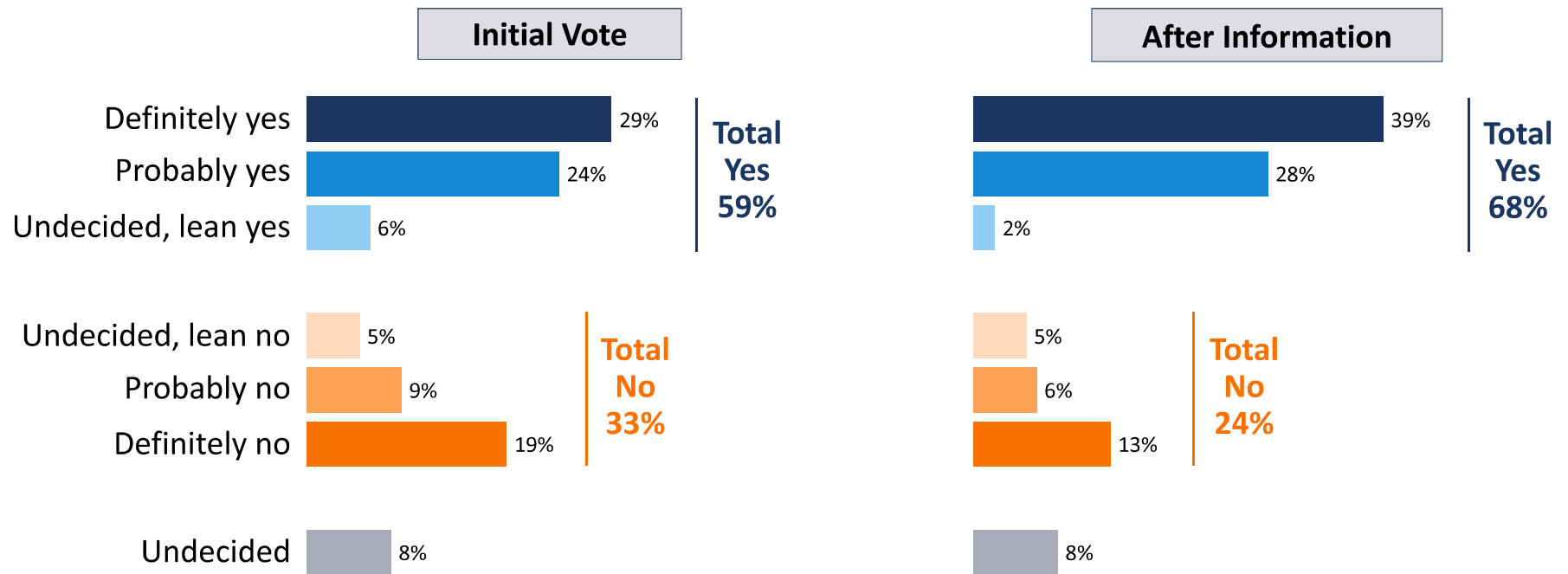
Voters next received some additional information about the current business licensing tax and the measure.

More than 90% of California cities charge businesses a licensing fee or tax for operating within their city. For the last 48 years, Hayward has charged as little as \$1.35 annually for some businesses. The current fee collects \$3.9 million per year for the City — paid only by businesses, not residents.

This measure would change that so that small businesses pay a flat rate and larger businesses pay rates ranging from \$0.30 to \$3.00 per \$1,000 of annual gross receipts, depending on the type of business. This ensures that the smallest businesses pay less than larger ones.

The revenue raised by the measure would generate \$14 million to fund core city services, including neighborhood police protection, firefighting, 911 response, libraries and pothole repair. It would require public disclosure and independent audits.

This information lifts support to more than two-thirds, with nearly two in five saying they would “definitely” vote yes.





Miranda Everitt
Miranda@FM3research.com

Feedback & Next Steps

- Does Council support the overall proposed framework:
 - Gross receipts-based structure
 - Alternative payroll tax
 - Minimum tax
 - Progressive rate structure
- Does Council have any direction on the proposed rate structure or brackets?

Next Steps

- Incorporate Council feedback into ordinance language
- Return to Council in May 2026 with:
 - Final proposed BLT structure
 - Ballot measure for November 2026 election

Q & A

Item# 14

WS 26-011

**Tree Mitigation In-
Lieu Fees**

Tree In-Lieu Fee Work Session

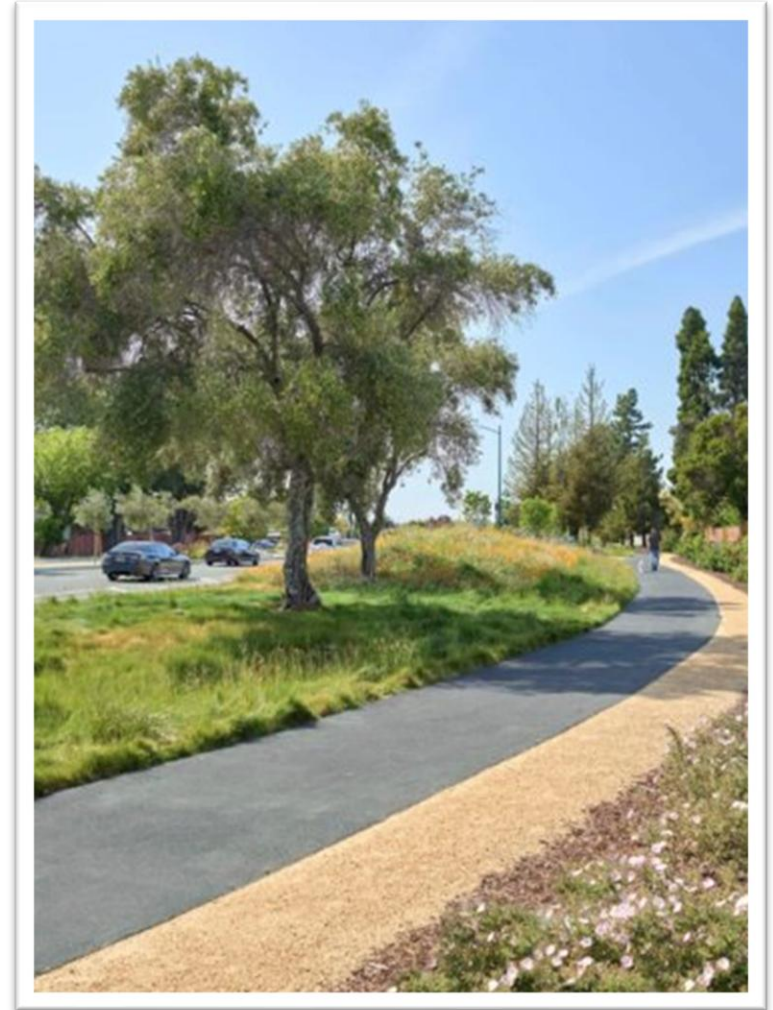


Theo Spores, Landscape Architect



Background

- **Tree Preservation Ordinance was updated in Fall 2025**
 - **Provided option for on- or off-site mitigation for tree removals**
- **Any funds collected are held in an account for tree related programs to enhance the City's tree canopy**
- **Since Ordinance adoption, staff has been working to develop a balanced approach that helps meet tree enhancement goals in the City, while providing funding support for homeowners and program administration**
- **Currently, there is approx. \$289,000 in the In-Lieu Fund**
- **Staff expects that future program funding to average \$250,000 per year**



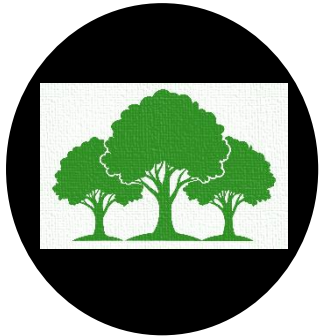
Proposed In-Lieu Fee Program Categories



Administrative Support and Program Management



Social Equity and Community Partnership Work Projects



Environmental Resiliency and Sustainability Planning



Proposed Program Funding

ADMINISTRATIVE SUPPORT AND PROGRAM MANAGEMENT	Approx. Annual Cost / Est. Percentage	
• PlanIt Geo Software	\$20,000	8.0%
• Street Tree Planting Program (COH)	\$46,000	18.4%
• Street Tree Maintenance Program (COH)	\$46,000	18.4%
• Program Administration and Management (COH) (15% of program costs, based on \$250,000 annually)	\$37,500	15.0%
SOCIAL EQUITY & COMMUNITY PARTNERSHIPS		
• Grant Assistance Program	\$8,000	3.2%
• Non-Profit Planting and Outreach Programs	\$75,000	30.0%
ENVIRONMENTAL RESILIENCY AND SUSTAINABILITY PLANNING		
• Future Tree Canopy Study	\$8,000	3.2%
• Urban Forest Master Plan	\$50,000	20.0%
• Defensible Space Planning	\$20,000	8.0%
TOTAL ESTIMATED COST		\$285,000

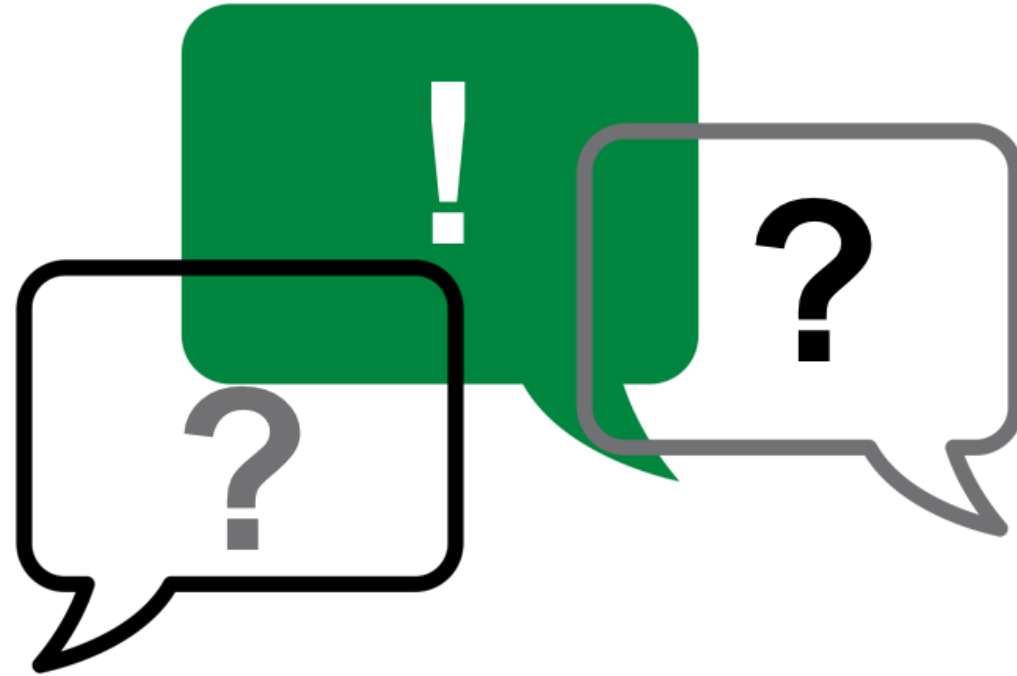
Feedback Requested

Staff is requesting feedback from Council on the proposed allocation in-lieu fee monies, including the following:

- 1** Does Council support staff's recommendation to fund program administration, planning and programming at 15%?
- 2** Does Council support the funding of community projects, partnerships, and programs, as recommended by staff?
- 3** Are there other programs or initiatives that Council would like staff to focus on?

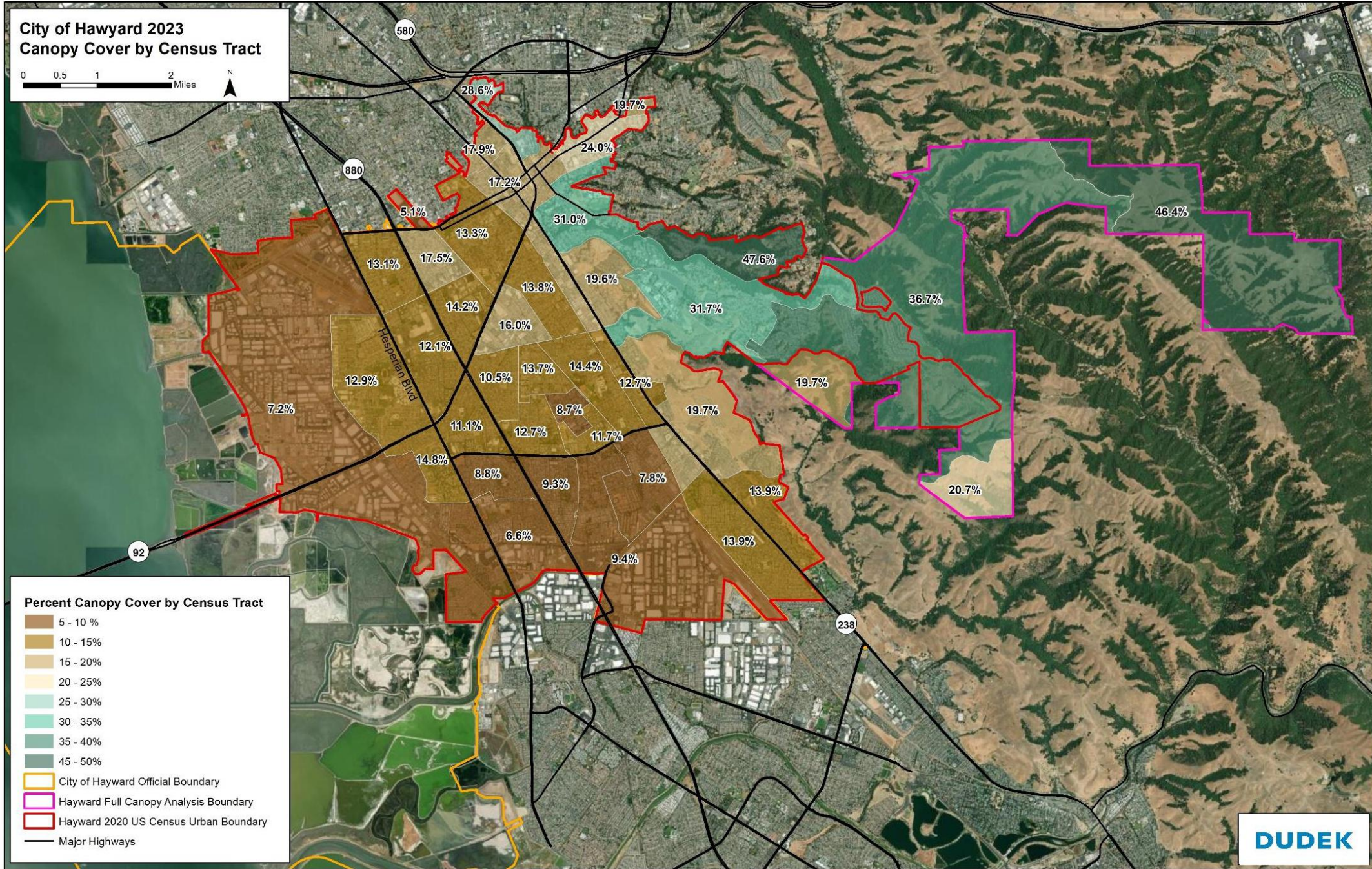


Questions



City of Hayward 2023 Canopy Cover by Census Tract

0 0.5 1 2 Miles



Item #15

LB 26-006

Fiscal Year 2026

Salary Plan

Amendment

Adopt a Resolution Approving Amendment to the City of Hayward Salary Plan for Fiscal Year 2025-26

Presenter: Ian Tecson, Human Resources Director

Amendments to the City of Hayward Salary Plan for Fiscal Year 2025-26

SEIU Maintenance

CLASSIFICATION	INCREASE	FISCAL IMPACT
Utility Leader – Water (M840) Senior Utility Leader – Water (M845)	5% effective 07/29/2024	FY2024-25: \$28,305 to the Water Enterprise Fund FY 2025-26: \$35,643 to the Water Enterprise Fund

- Utility Leader adjustment aligned with MOU agreement to maintain 10% above Equipment Operator
- Senior Utility Leader – Water adjustment aligned with MOU agreement to maintain 15% above Utility Leader – Water

Unrepresented Executive

CLASSIFICATION	INCREASE	FISCAL IMPACT
Director of Public Works (U730)	10% effective 04/06/2026	FY2025-26: \$10,284 to a combination of the Water Enterprise Fund, Sewer and Stormwater Fund, and Measure D recycling Fund.

- Change rolls a long-standing Special Assignment Pay (SAP) into base salary and duties
- Fiscal impact is cost neutral as the pay replaces a historic 10% SAP, which is cost equivalent