



DATE: June 1, 2021

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

FROM: Director of Finance

SUBJECT: FY 2022 Budget/CIP Public Hearing and Adoption: Public Hearing for the Proposed FY 2022 Operating Budgets for the City of Hayward, Hayward Redevelopment Successor Agency, and Hayward Housing Authority; FY 2022 Capital Improvement Program Budget; Adoption of the FY 2022 Operating Budgets and Appropriations for FY 2022; Adoption of the FY 2022 Capital Improvement Program Budget and Appropriations for FY 2022; Adoption of the Hayward Redevelopment Successor Agency Budget; and Adoption of the Hayward Housing Authority Budget

RECOMMENDATION

That the Council: considers the Proposed FY 2022 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 2022 Operating Budgets and FY 2022 Capital Improvement Program Budget. Should there be no needed actions following public testimony or Council direction, Council will consider adoption of the FY 2022 Operating Budgets, and FY 2022 Capital Improvement Program Budget.

BACKGROUND

The Proposed FY 2022 Operating Budget was delivered to Council on Wednesday, April 28, 2021 in advance of the May 15, 2021 Saturday 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 2022 Annual Budget as provided to Council on April 28, 2021, was \$348.8 million, with a General Fund budget of \$184.7 million.

Since April 28, Council held a budget work session on May 15 to further discuss the proposed budget¹. These work sessions included presentations, Council discussions, and a time for public input on the following:

- The City's FY 2022 overall operating budget
- Department/Program budgets and operations

Additionally, a work session on the CIP budget was held on May 18². Following these work sessions, changes to the FY 2022 Proposed Operating and CIP Budgets are recommended as detailed in this report. This meeting has been noticed as a public hearing on the FY 2022 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 2022 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 2022 Operating or CIP budgets, the public hearing will be closed, and the FY 2022 Proposed Operating and CIP budgets will be presented for adoption on June 15, 2021.

DISCUSSION

The Proposed FY 2022 Operating Budget and CIP documents provide the foundation for the budget discussions. Through discussions at the various budget work sessions/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 FY 2022 Operating Budget provided to Council on April 28, 2021 projected a use of \$6 million in General Fund reserves; this amount does not include any American Rescue Plan Act or federal stimulus funds that may be used to restore reserves used to provide services during the pandemic. The FY 2022 Operating Budget presented for adoption is a balanced budget with the use of General Fund reserves. The City continues to forecast structural budget gaps in future years, as the City continues to recover from the impacts of the pandemic while continuing to balance rising operational costs. The City is committed to continuing to persevere through the pandemic while rebuilding reserves. On Saturday, May 15, 2021, Council discussed the proposed FY 2022 Operating Budget at an all-day work session. Revisions made after the May 15 budget work session are detailed below. The incorporated changes to the proposed FY 2022 Operating Budget will result in a projected use of \$6.2 million in General Fund reserves.

On April 21, 2021, the Council Budget and Finance Committee discussed the new CIP online platform. On April 22, 2021, the Planning Commission held a public hearing and found the

¹ [CITY OF HAYWARD - Meeting of City Council on 5/15/2021 at 9:00 AM \(legistar.com\)](#)

² [CITY OF HAYWARD - File #: WS 21-025 \(legistar.com\)](#)

proposed FY 2022-2031 CIP document in conformance with the General Plan. On April 28, 2021, the Council Infrastructure Committee (CIC) discussed the proposed CIP budget and new CIP online platform. On May 18, 2021, Council reviewed and discussed the proposed FY 2022-2031 CIP budget during a work session.

The tables below illustrate the proposed FY 2022 Operating Budget expenditure and revenue projections as presented to Council on April 28, 2021.

Table 1 – Citywide Expenditure Budget

<i>in 1,000's</i>	FY 2021 Adopted	FY 2022 Proposed 4/28/2021	FY 2022 Proposed 6/1/2021	Change from 4/28/2020	\$ Change from FY 2021	% Change from FY 2021
General Fund	\$ 169,567	\$ 184,659	\$ 184,787	\$ 128	\$ 15,220	9.0%
All Other Funds	\$ 157,132	\$ 164,171	\$ 164,701	\$ 530	\$ 7,569	4.8%
Total City Budget	\$ 326,699	\$ 348,830	\$ 349,488	\$ 658	\$ 22,789	7.0%

The changes for General Fund and All Other Funds from the time that the proposed budget was provided to Council on April 28^h include the following:

General Fund Expenses:

1. Restore previously frozen 1.0 FTE Economic Development Specialist – Increase of \$133,309 in personnel expenses.
2. Transfer-Out to Risk Management Fund for projected increase in insurance premium expense – Increase of \$225,564.
3. Transfer Out to Capital Funds (General Fund Capital Fund and Information Technology Fund) – Decrease of \$231,000

All Other Funds Expenses:

1. Administrative Correction from prior fiscal year. Transfer-Out from Local Grant to Information Technology Capital Fund for Highspeed Hayward project – Increase of \$40,000.
2. CDBG Entitlement Award for program income – Increase of \$90,706.
3. Reallocation of personnel expenses to align with project program and fund revenue. Housing Authority Fund decrease of \$24,629; Affordable Housing Fund decrease of \$159,506; Inclusionary Housing Fund increase of \$48,876; and Rent Review Program Fund increase of \$135,260.
4. Projected increase in General Liability Insurance Premium expense – Increase of \$270,400 to the Risk Management Fund.
5. Transfer-Out from Information Technology Operating Fund to Information Technology Capital Fund – Increase of \$51,000.
6. Transfer-Out across several operating funds to Risk Management Fund for projected increase in insurance premium expense – Increase of \$77,751.

Table 2 – Citywide Revenue Projections

<i>in 1,000's</i>	FY 2021 Adopted	FY 2022 Proposed 4/28/2021	FY 2022 Proposed 6/1/2021	Change from 4/28/2020	\$ Change from FY 2021	% Change from FY 2021
General Fund	\$ 166,315	\$ 178,634	\$ 178,634	\$ -	\$ 12,319	7.4%
All Other Funds	\$ 164,459	\$ 177,960	\$ 178,553	\$ 592	\$ 14,094	8.6%
Total City Budget	\$ 330,774	\$ 356,595	\$ 357,187	\$ 592	\$ 26,413	8.0%

There are no changes to the General Fund revenue projections from the proposed budget. Proposed changes to revenue projections for All Other Funds are as follows:

All Other Funds Revenues:

1. Increase in CDBG entitlement award, resulting in an increase of \$290,086.
2. Transfer-In to Risk Management Fund (General Liability Insurance) from operating funds related to the correction and projected increase in insurance premium expense - increase of \$302,342.

Table 3 - Citywide Staffing

	FY 2021 Adopted	FY 2022 Proposed
General Fund	671.1	671.8
All Other Funds	236.2	238.0
Total City Budget	907.3	909.8

On April 28, 2021, Council received the proposed FY 2022 Operating Budget, which summarized proposed position changes. Table 4 is the summary of proposed position changes presented on April 28, 2021. The increase of 2.5 FTE over FY 2021 Adopted is related to previously approved positions within the Public Works-Utilities Department. The additional 2.5 FTE were approved by Council in September 2020 to address changes in departmental business needs. The proposed position changes presented on April 28, 2021 result in net-zero changes.

Table 4 – Proposed General Fund Staffing Changes (April 28, 2021)

Department	Position	FTE
General Fund		
City Manager’s Office		
	<i>Deleted</i> Administrative Clerk	-1.0
	<i>Reallocation</i> Community Program Specialist	+0.5
	<i>Delete</i> Deputy City Manager	-0.73
	<i>Add</i> Assistant City Manager	+1.0

Department	Position	FTE
	<i>Reallocation</i> Assistant City Manager	-1.0
	<i>Reallocation</i> Assistant City Manager	+0.78
Library		
	<i>Add</i> Lead Library Assistant	+1.0
Public Works & Utilities		
	<i>Delete</i> Transportation Manager	-1.0
	<i>Add</i> Deputy Director of PW	+1.0
	<i>Add</i> Real Property Asset Manager	+0.2
	<i>General Fund Total</i>	+0.75 FTE
Special Revenue Funds		
City Manager's Office		
	<i>Delete</i> Deputy City Manager	-0.27
	<i>Reallocation</i> Assistant City Manager	+0.22
	<i>Special Revenue Funds Total</i>	-0.05 FTE
Successor Agency Fund		
City Manager's Office		
	<i>Delete</i> Administrative Clerk	-1.0
	<i>Add</i> Real Property Asset Manager	+0.4
	<i>Reallocation</i> Community Program Specialist	-0.5
	<i>Successor Agency Fund Total</i>	-1.1 FTE
Internal Service Funds		
Information Technology		
	<i>Delete</i> Network Systems Specialist	-1.0
	<i>Add</i> Deputy Director of IT	+1.0
	<i>Internal Funds Total</i>	0.0 FTE
Enterprise Funds		
Public Works-Utilities		
	<i>Add</i> Real Property Asset Manager	+0.4
	<i>Enterprise Funds</i>	+0.4 FTE
	ALL FUNDS TOTAL	0.0 FTE

Capital Improvement Program (CIP) FY 2022 – FY 2031

The FY 2022 CIP appropriations total approximately \$157 million, and a projected total programming of \$562 million for the period of FY 2022 through FY 2031. Detail of the FY 2022 CIP is included as Attachment VI. There are no additional changes to the proposed CIP.

FISCAL IMPACT

Table 5 below summarizes the FY 2022 Citywide Operating & CIP expenditure budgets.

Table 5 – Summary of Citywide Operating & CIP Budgets

City of Hayward Budget	FY 2022
City Funds	
General Fund	184,787,214
Measure C Fund	10,297,697
Special Revenue Funds	11,000,074
Debt Service Funds	9,210,528
Enterprise Funds	92,045,553
Internal Service Funds	37,426,269
	344,767,334
Agency Funds	
Hayward Successor Redevelopment Agency Operating Fund	4,385,845
Housing Authority Fund	218,613
Hayward Shoreline JPA	116,333
	4,720,792
Total City Operating Budget	349,488,126
Total CIP Budget	157,155,390

PUBLIC CONTACT

The Proposed FY 2022 Operating Budget was reviewed in public meetings by Council on May 15, 2021 and May 18, 2021. The FY 2022 Operating Budget was discussed at the monthly Council Budget and Finance Committee starting in January 2021 through April 2021. A public notice was published in The Daily Review on May 14 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 FY 2022 Proposed Operating Budget is currently available to the public by contacting the City Clerk’s Office at cityclerk@hayward-ca.gov or (510) 583-4400, and on the City’s website at: <https://www.hayward-ca.gov/your-government/documents/budget-documents>

The FY 2022 Capital Improvement Program Budget is currently available to the public by contacting the City Clerk’s Office at 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

If Council adopts the FY 2022 Operating Budget and Capital Improvement Program Budget this evening, staff will take the appropriate steps to effectuate the adoption.

Prepared by: Nicholas Mullins, Management Analyst
Nicole Gonzales, Deputy Director of Finance

Recommended by: Dustin Claussen, Director of Finance

Approved by:

A handwritten signature in black ink, appearing to read 'Kelly McAdoo', written in a cursive style.

Kelly McAdoo, City Manager