



SPECIAL CITY COUNCIL MEETING
777 B Street, Hayward, CA 94541
Conference Room 2A
<https://hayward.zoom.us/j/89200754102?pwd=kCcwobgVX5laTJQM3G3QVhLRA7QraA.1>
Tuesday, May 12, 2026, 4:30 p.m.

The Special City Council meeting was called to order by Mayor Salinas at 4:30 p.m. in Conference Room 2A.

Pursuant to Government Code section 54953(b), the meeting included a teleconference location at the Hyatt Place Chicago Downtown Hotel, 28 N. Franklin Street, Chicago, Illinois, 60606. Council Member Bonilla Jr. participated via teleconference from this location. The agenda was posted at the teleconference site, and the public had an opportunity to address the City Council. Council Member Roche had initially planned to participate remotely but ultimately attended in person, and therefore the agenda was not posted at the Sheraton Grand Sacramento Hotel.

Pledge of Allegiance: Council Member Goldstein

ROLL CALL

Present: COUNCIL MEMBERS Andrews, Goldstein, Roche, Syrop, Zermeño
MAYOR Salinas
Absent: None
Remote COUNCIL MEMBER Bonilla Jr.

PRESENTATIONS

Mayor Salinas read a proclamation recognizing May 10 to 16, 2026, as National Police Week honoring officers who have died in the line of duty. Police Chief Matthews accepted the proclamation on behalf of the department.

Mayor Salinas read a commendation recognizing 11-year-old Pharaoh Brown-Farlow for his heroic actions during a Burger King drive-thru incident on October 8, 2025, where he noticed a man with a gun and provided detailed information to police, helping officers apprehend the suspect. Police Chief Matthews presented Pharaoh with a plaque from the Hayward Police Department Investigations Division in recognition of his courage and situational awareness.

PUBLIC COMMENTS

Nora Huntley, SEIU 1021 Union representative, expressed support for the Business License Tax (BLT) modernization, favoring a model that fosters economic activity while generating revenue for essential City services.

David Padilla, SEIU 1021 Union representative, noted that their union researchers had identified a potential \$7 million gap in revenue that the City's current BLT model was leaving

uncollected and expressed support for a BLT model that incentivizes economic activity and generates maximum revenue.

Theresa Rezendes, Hayward resident, noted that Fremont's total compensation budget was \$155.5 million versus Hayward's \$148.7 million; pointed out that Fremont has a significantly higher property tax base due to higher home values; and raised concern when the City focuses on competitive compensation without accounting for the actual tax revenue.

Emily Wallace, Local 1021 representative, urged the City Council to add a tax bracket for companies earning \$50 million or more in gross receipts; noted that capturing this additional revenue would allow the city to hire more employees, reopen the library fully, and fund City services; and recommended the Council to adopt the union's recommendations on the BLT model to capture the additional estimated \$7.7 million in annual revenue.

WORK SESSION

1. City Council Budget Work Session: Review Proposed Fiscal Year 2026-27 Operating Budget (Report from City Manager Ott) WS 26-013

Staff report submitted by City Manager Ott, dated May 12, 2026, was filed.

City Manager Ott, Finance Director Hilbrants, Assistant City Manager Thomas, Management Analyst Mullins and Acting Deputy Finance Director Barnes presented an overview and fiscal context of the proposed Fiscal Year 2026-2027 Operating Budget, highlighting key information: a structural deficit of approximately \$30 million, driven by stagnant revenues while salary and benefit costs rose roughly 40% over the same period; heavy reliance on one-time funding sources, including Measure C transfers (~\$10M), workers' compensation fund balances (~\$4.9M), and grant fund cash balances (~\$5.5M), to balance the \$249 million proposed General Fund budget; salary and benefits currently consume approximately 92% of ongoing revenues, far above the 80% benchmark; sales tax revenue is highly volatile, partly due to one-time events such as large BART railcar purchases; the City has held 90 positions vacant (~15% vacancy rate) and secured labor concessions worth \$7.5 million from bargaining units, including COLA deferrals and overtime reductions; a Business License Tax (BLT) modernization measure is proposed for the November 2026 ballot, projected to generate approximately \$11 million annually if passed; ongoing risks include a state ballot initiative that could reduce the local real estate transfer tax by up to \$11 million, proposed pension legislation that could increase costs, and potential property tax exemptions for homeowners over 60.

Department heads reported on service impacts and key goals for Fiscal Year 2026-2027, emphasizing the strain of reduced staffing.

Members of the City Council expressed appreciation and recognition for each department's accomplishments during a challenging year and provided the following recommendations: requested a full review of all fund balances at a future Council Budget and Finance Committee



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meeting; supported reducing reliance on Measure C and redirecting BLT revenue, if passed, into the General Fund reserve; asked for a deeper analysis of the risk profile of drawing from the workers' compensation fund, and requested a more detailed breakdown; called for a coordinated public awareness campaign around the new parking enforcement program; urged City staff to be more intentional about career pathways within the Fire Department to better reflect the demographics of the Hayward community, partnering with Chabot College and local high schools; advocated strongly for getting Library bookmobile Curbie back in service, calling it an equity issue for the most vulnerable residents, and asked for cost estimates to do so; recommended exploring creative fundraising strategies for the library, including hiring a fundraising consultant on a performance basis; praised and emphasized the need for continued creative revenue generation beyond the BLT to close the remaining annual gap; asked for a briefing on the real estate transfer tax ballot initiative and when the City plans to mobilize opposition; emphasized the importance of understanding how the City arrived at this deficit before moving forward, to avoid repeating past mistakes; asked for clarity on whether departments were scrutinizing existing contracts and budgeted projects that may no longer be necessary or affordable; raised the need for a policy backstop to prevent future councils from making similarly unsustainable salary decisions; urged the City to review American Rescue Plan Act (ARPA) fund usage policies to ensure one-time funds are never again used for permanent staffing; suggested examining whether the County should be asked to subsidize Fire response calls generated by county-operated facilities; supported the drone-first-responder and technology investments as practical tools to manage staffing constraints; questioned whether parks and libraries should still be considered core services given the City's financial constraints, and how capital project funding would be managed long-term; raised concern that stripping the Economic Division is short-sighted, given the need to attract new businesses and sales tax revenue; recommended the Council Budget and Finance Committee review policies around ongoing costs of new programs and grant-funded initiatives, to prevent a repeat of ARPA-era commitments; advocated for stronger partnerships with the County and State to offset the cost of public safety services driven by county-placed facilities, including retroactive reimbursement; expressed concern about increasing the BLT too aggressively, particularly for small businesses, and the downstream public safety costs if businesses close; noted the need to track unfunded State and Federal mandates and engage lobbyists to oppose harmful ones; suggested the Council Budget and Finance Committee develop a formal policy requiring business case justifications before new positions are added; raised concern that comparator cities used for BLT benchmarking are also updating their own rates, meaning Hayward could end up competitively disadvantaged after its own update; suggested exploring whether adding a tax bracket for companies with \$50M+ in gross receipts could reduce the burden on small businesses while generating more total revenue; expressed worry with the ongoing use of Measure C for operations and called for maximizing BLT revenue to reduce that dependence; urged the City to consider the union's BLT proposal; supported exploring future revenue measures and asked staff to begin developing a menu of options; advocated for Firewise community development in the Hayward Hills and asked

what council members could do to help build that pipeline; cautioned the City Council against over-relying on the BLT as a solution and should be one tool among several; warned that large manufacturers and professional services businesses are not too big to leave Hayward if tax rates increase too much and rates must be balanced carefully; expressed support for not using Measure C funds if avoidable, while acknowledging it may be necessary; referenced the BART railcar sales tax spike as an illustration of how volatile and unpredictable large one-time revenues can be.

The new code enforcement position request had broad support from the City Council, with a procedural recommendation that a formal business case framework be established for future new position requests.

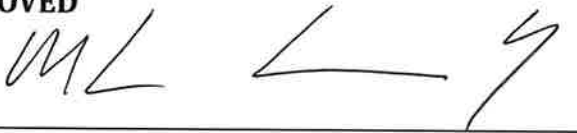
Members of the City Council thanked all labor partners across the organization for their concessions and commitment during a very difficult fiscal period.

City Manager Ott provided an overview of next steps including: June 2, 2026 for Council to consider adopting the FY 2026–2027 operating and capital budgets, and place the BLT modernization measure on the November ballot; November 2026 for voters to decide on the BLT measure; December 2026 for a mid-year budget check-in work session; and early 2027 for a strategic roadmap and priority-setting workshop.

ADJOURNMENT

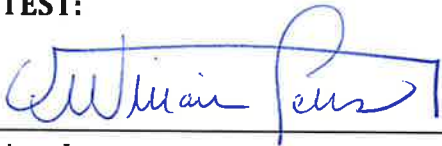
Mayor Salinas adjourned the special City Council meeting at 9:38 p.m.

APPROVED



Mark Salinas
Mayor, City of Hayward

ATTEST:



Miriam Lens
City Clerk, City of Hayward