



DATE: June 18, 2024

TO: Mayor and City Council

FROM: Interim City Manager

SUBJECT: Adoption of a Resolution Establishing November 5, 2024, as the Date for an Election on a Proposed Ballot Measure Asking Hayward Voters to Extend Without Increasing the City of Hayward Half-Cent Sales Tax for an Additional Twenty Years

RECOMMENDATION

That Council takes the following actions to place a ballot measure to extend without increasing the City of Hayward half-cent sales tax for an additional twenty years at the November 5, 2024, election:

1. Adopts the attached Resolution (Attachment II) approving the proposed ballot question as it will appear on the ballot, and the underlying ordinance to be enacted, and requesting the Alameda County Board of Supervisors authorize the Registrar of Voters to provide election services and canvass the returns; and
2. Directs the City Attorney to develop an impartial analysis of the proposed measure.

SUMMARY

The Hayward half-cent sales tax was enacted on June 3, 2014, by passage of Measure C. Having reached the halfway point in the 20-year authorization of the sales tax, Council directed staff to consider how to use the sales tax dollars for the remaining 10 years as well as the potential for addressing emerging needs through an extension of the tax beyond 2034. At the May 21 Council meeting, Staff presented the results of community listening and polling which showed that 66% of sampled voters reported support for a 30-year extension and 72% for a 20-year extension. At that meeting, Council directed staff to return with a resolution to add a ballot measure to the November ballot extending the half-cent sales tax by an additional 20 years to 2054. The attached resolution (Attachment II) is the mechanism by which Council would place this measure on the November 5, 2024, ballot for voter consideration.

BACKGROUND

2014 Passage of Measure C

In the aftermath of the 2008 Great Recession, the City worked diligently to structurally

reset the City's General Fund and Enterprise Fund operating budgets to provide a sustainable future for City operations, protect benefits for employees, and ensure continued service delivery to the community. At the same time, the City faced significant unfunded needs, including over \$500 million in unfunded capital needs. In the summer of 2013, the City began to evaluate options for funding some of the more immediate of these capital facilities needs. Staff and the Council Budget & Finance Committee initially explored the option of placing a facility bond measure on an upcoming ballot. However, as the City embarked on community outreach efforts related to a possible ballot measure, it became clear that the community was interested in a mix of enhanced public services in addition to improvements to capital facilities. As such, the City conducted voter surveys to test the likelihood of either a bond measure or a sales tax measure being successfully approved. While a bond measure would be limited to funding specified capital facility projects, a sales tax measure would provide flexibility in funding either capital facilities or desired public services.

The Hayward half-cent sales tax was enacted on June 3, 2014, by passage of Measure C. Measure C was approved by 67% of voters who cast ballots in the election—well in excess of the simple majority necessary for authorization. Though enacted as a general tax with revenue available for use for any lawful municipal purpose, the City Council indicated when placing the measure on the ballot its intention to use the sales tax dollars to fund, finance and otherwise support certain core services and capital projects identified as community and City priorities.

Those priorities were police protection, firefighter and emergency medical services, updating and seismically reinforcing fire stations, replacing the downtown library, pothole repair and road improvements, litter and graffiti control and general maintenance of public spaces.

Use of Sales-Tax Revenue Between 2014-2024

Since enactment, the City has stuck to and delivered on the Council's intent and community expectations. The four capital projects identified as funding priorities in 2014 have all been completed. They are:

- The new Downtown Hayward Public Library and adjacent Heritage Plaza;
- Retrofits and improvements at five neighborhood fire stations;
- Six miles of street repairs amounting to the biggest annual road improvement project in City history; and
- The new Fire Station No. 6 and regional Fire and Rescue Training Center.

Additionally, as intended, Measure C revenue has and continues to be used to bolster Hayward Police, 911 emergency dispatch and Maintenance Services staffing to restore and enhance core municipal services prioritized in 2014 by the Council and the Hayward community. Today, sales-tax revenue funds fourteen Hayward Police Department positions, including three patrol officers, a police lieutenant, a crime analyst, a fingerprint analyst, plus seven communications operators and one communications supervisor in the City's 9-1-1 Dispatch Center, and nine groundskeeper and maintenance positions in the Maintenance Services Department.

Ongoing Spending Needs and Unfunded Capital Projects

Having reached the halfway point in the 20-year authorization of the sales tax and given completion of the original Measure C facility projects, Council directed staff to consider how to use the sales tax dollars for the remaining 10 years of the authorization as well as the potential for addressing remaining and emerging needs and goals through an extension of the tax beyond 2034.

To prepare, staff undertook a multi-department review of unfunded City capital projects and service needs. In addition, staff completed a two-pronged program of community listening and engagement and public opinion research to understand community priorities and voter support for a potential November 2024 ballot measure to extend without increasing the sales tax beyond its 2034 sunset date.

Staff presented the results of the community listening and polling at the [May 21, 2024 City Council meeting](#). The report for that meeting provides a detailed overview of the results. In summary, 66% of sampled voters reported they support a 30-year extension and 72% reported they support a 20-year extension. According to the survey findings, funding for pothole and street repair, fire protection, improving 911 emergency response times, enhancing transportation safety generally and providing police patrols are the highest priority for Hayward voters.

At the May 21 meeting, Council directed staff to return with a resolution to add a ballot measure to the November 5, 2024 ballot extending the half-cent sales tax by an additional 20 years to 2054.

DISCUSSION

Proposed Ballot Language

The following ballot language was used in the public opinion poll of registered voters. In that poll, 72% of respondents reported they would support a measure with this language.

To continue providing essential City of Hayward services, including firefighting, emergency-medical response, police protection, pothole repair, street improvements, general City maintenance, and modernization of aging City facilities, including for police, public works, and South Hayward community and library services; shall a City of Hayward measure to continue (without increasing) an existing half-cent sales tax for 20 years, providing \$20,000,000 annually that cannot be taken by the State, requiring annual audits and public disclosure, be adopted?	YES
	NO

The attached resolution (Attachment II) is the mechanism by which Council would place this measure on the November 5, 2024, ballot for voter consideration. Any final decisions made at this meeting would be incorporated into the resolution for submission to the County Registrar of Voters. The deadline to submit materials for placing the measure on the November ballot is August 9, 2024. Staff recommends that the Council take action tonight to place a measure with the above language on the November 5, 2024, ballot. If the voters approve the ballot question in November, the Ordinance included in Attachment II would be enacted automatically.

Spending Priorities

While the sales tax measure is proposed as a general tax (meaning that the funds would go into the General Fund and could not be dedicated for specific purposes), Council can identify possible uses for these additional funds to provide the voting public with assurances that the funds will be used for identified community needs and priorities.

Identifying possible funding priorities for the measure provides an important oversight function. The elected City Council is the ultimate oversight committee for the use of these revenues. The annual budget process provides an opportunity for public input and Council direction on spending and for staff to be held accountable on the use of the funds. Additional oversight of all funds would also occur throughout the year at the Council Budget & Finance Committee meetings, as part of the Mid-Year financial report to Council, and during the Council budget hearings.

In the May 21 report, staff provided a list of unfunded needs that fit within the priorities indicated through the community listening and public opinion research. Table 1 shows the estimated cost range of each of the items. If Council were to place this measure on the November ballot and voters were to approve the measure, staff is recommending that Council complete a prioritization exercise in January 2025 to determine which of these items be funded through the half-cent sales tax revenue.

Staff estimates a 20-year extension will generate approximately \$187-\$204 million in financing debt capacity to fund capital projects through 2054. This estimate assumes that the half-cent sales tax continues to support the current annual operating services (the positions listed in the background section of this report) with normal annual growth. Note that the estimated financing debt capacity would not be sufficient to cover the full list of capital projects shown in Table 1 and would be further reduced if any new services are added to the annual operating expenses.

Table 1: Potential Capital Projects and New Services with Estimated Costs

Capital Projects	Estimated Cost
Public Safety Center, including Animal Shelter & Dispatch Center	\$145 - \$200 Million
Weekes Branch Library Facility Improvements	\$20 - \$25 Million
Fire Station No. 9 Facility Replacement	\$8.6 Million
Maintenance & Utilities Corporation Yard Facility Improvement	\$25 Million
Contribution to The Stack Youth & Family Center in South Hayward	\$14 Million
A variety of roadway and transportation improvement projects, including pedestrian and bicycle overcrossings and underpasses along the Tennyson Road corridor	\$138 Million
City Operations – New Services	Cost Estimate
Hayward Public Library - Sunday hours	\$1.5-\$3.5 Million annually
Support for Hayward Evaluation and Response Teams (HEART) program	\$1.2 - \$2.3 Million annually
Creation of a Safe Parking program, as part of the City's Let's House Hayward! strategic plan to reduce homelessness	\$1.5-2 Million initial set up and \$800,000-\$1 Million annually
Sustain COVID-19 pandemic recovery initiatives supporting local business	\$100,000 annually

FISCAL IMPACT

Over the last few years, the half-cent sales tax has generated between \$20-\$23 million in annual funding to the City. All funds generated by the local sales tax are locally controlled and remain in Hayward to provide essential city services and facility improvements. By law, the State could not take this funding away.

Should Hayward voters approve the 20-year extension of the half-cent sales tax being proposed, there would be no increase on the sales tax rate in Hayward, which is currently 10.75%.

STRATEGIC ROADMAP

Measure C sales-tax funded projects and services contribute most directly to Strategic Roadmap priorities of Enhancing Community Safety & Quality of Life, Strengthening Organizational Health, and Investing in Infrastructure.

NEXT STEPS

If the Council adopts the resolution tonight placing the measure on the November 5, 2024, ballot, staff will work closely with the City Clerk and City Attorney to submit all of the required documentation to the County Registrar of Voters by the deadline. The City Attorney will also

draft the impartial analysis of the measure for submittal. Below is a schedule of other key dates related to a November 2024 election:

Table 2: Schedule of Key Dates

Date	Deadline/Task
August 9, 2024	Deadline to file with County Board of Supervisors the ballot measure question, ballot measure full text, City Attorney Impartial Analysis (Election Code 9280-9287)
August 14, 2024	Last day to withdraw a measure from the ballot (EC 9605)
August 12, 2024 (noon, 12pm)	Last day to file direct arguments with City Clerk (EC 9282, 9286)
August 12 – 22, 2024	Public review period for direct arguments (EC 9295)
August 16, 2024 (noon, 12pm)	Last day to file rebuttal arguments with City Clerk (EC 9285)
August 16 – 26, 2024	Public review period for rebuttal arguments (EC 9295)
August 26, 2024	Deadline to submit direct arguments and rebuttal arguments to the Registrar of Voters

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