

# **CITY COUNCIL MEETING**

**FEBRUARY 25,  
2025**

**PRESENTATIONS**

**Item #6**

**LB 25-003**

**2025**

**Wastewater  
Revenue Bonds**



# CITY OF HAYWARD

## 2025 WASTEWATER REVENUE BONDS

*PRESENTATION TO CITY COUNCIL*

**NHA | ADVISORS**  
Financial & Policy Strategies.  
Delivered.

February 25, 2025

## Financing Team for the 2025 Bonds

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### NHA Advisors

- Municipal Advisor to the City

### Jones Hall

- Bond and Disclosure Counsel to the City

### BNY Mellon

- Trustee for the 2025 Bonds

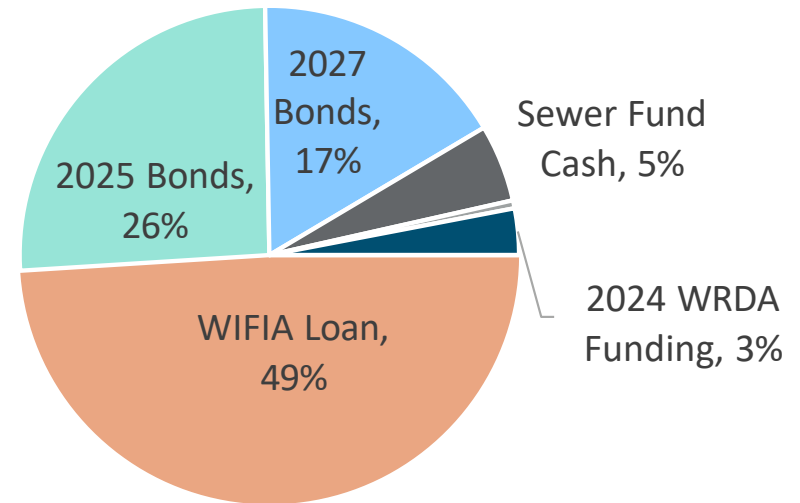
### Underwriter – TBD

- Winning underwriter will not be known until the day of bond sale

## Background

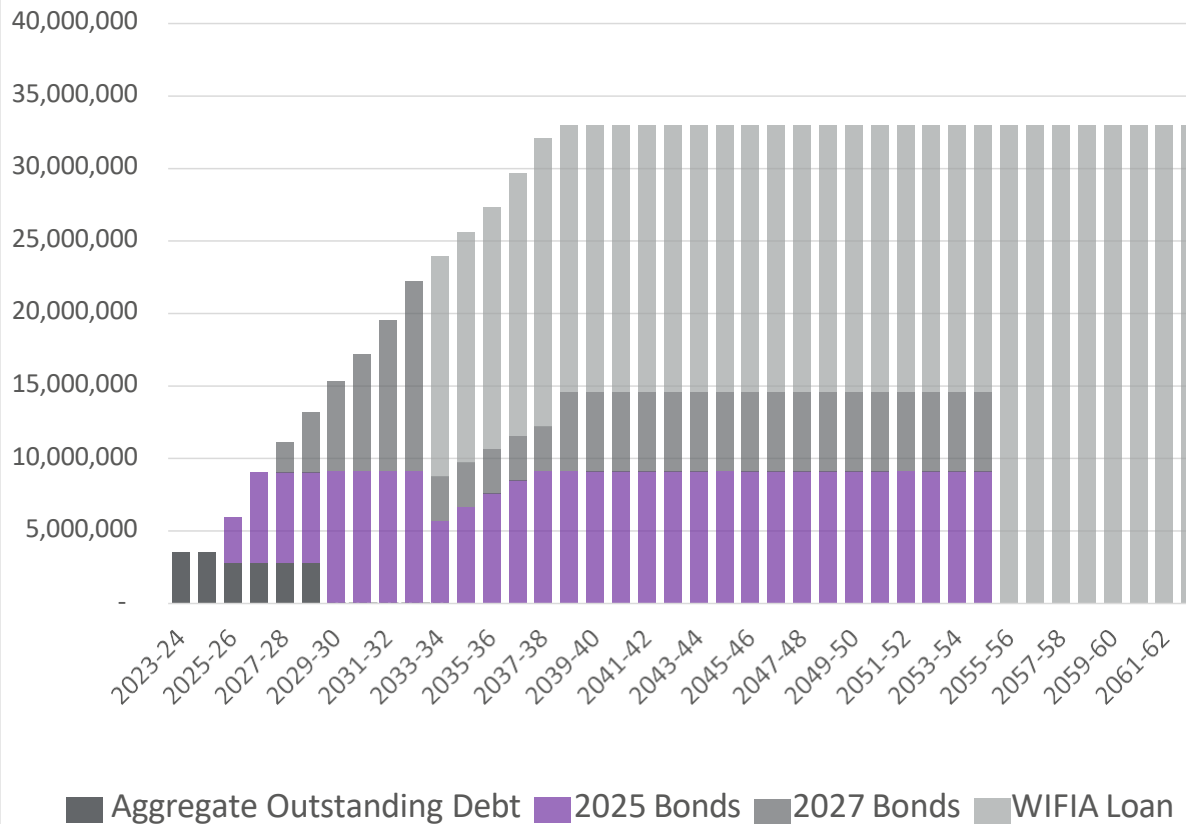
- ▶ City WRRF's Administration and Lab Building Project and WRRF Phase II Projects are expected to have a combined cost of \$498 million including all capital costs, contingencies, and financing costs
- ▶ 2025 Bonds will provide approximately 26% of the funding for the project and fund construction through September 2026
  - ▶ 2025 Bonds will also reimburse Sewer Fund reserves for \$12 million in Project costs paid to date
- ▶ Financing plan incorporates a combination of a 2025 WIFIA Loan, 2027 Bond financing, reserves, and grants

***Expected Sources of Project Funding***



# Anticipated Structure of the 2025 Bonds

**City of Hayward Wastewater Fund**  
***Aggregate Outstanding and Anticipated Debt Service***



- ▶ Standard sewer revenue pledge
- ▶ 30-year final maturity, fixed interest rate, optional prepayment after 10 years
- ▶ Structured for level aggregate debt service at approximately \$9.1M annually
- ▶ Expected par of approximately \$125 million, but requesting authorization for up to \$135 million to provide flexibility to bidders

# Summary of Financing Documents

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## Authorizing Resolution

- Authorize City Manager to issue the Bonds, provided final bond pricing meets not to exceed parameters therein (not to exceed principal of \$135 million, true interest cost of 5.25%)

## Indenture of Trust

- Formalizes relationship between the City and BNY Mellon; describes key terms for the Bonds, including payment, prepayment, rate covenant, and other obligations

## Notice of Intention

- Published in a local & national municipal bond publication

## Notice of Sale

- Outlines terms and conditions for the competitive sale of the 2025 Bonds

## Preliminary Official Statement

- Provides material information related to terms and security for the 2025 Bonds
- Securities law requires the City to disclose all material facts pertinent to a bond investor's decision to buy the bonds

## Continuing Disclosure Certificate

- Appended to the POS
- City agrees to provide annual disclosures and certain significant events disclosures to bond investors


## Financing Schedule\*

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Tonight	City Council Approval of 2025 Bonds
Mid-March	2025 Bond Sale
Late March	2025 Bond Closing
Early April	City Council Approval of 2025 WIFIA
Mid April	2025 WIFIA Closing

*\*Subject to change based on market conditions or other factors*



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- City Council Questions
  - Public Comments
  - City Council Comments and Action

**ANY QUESTIONS?**

**Item #7**

**LB 25-004**

**FY 24-25 Mid-  
Year Budget  
Review**

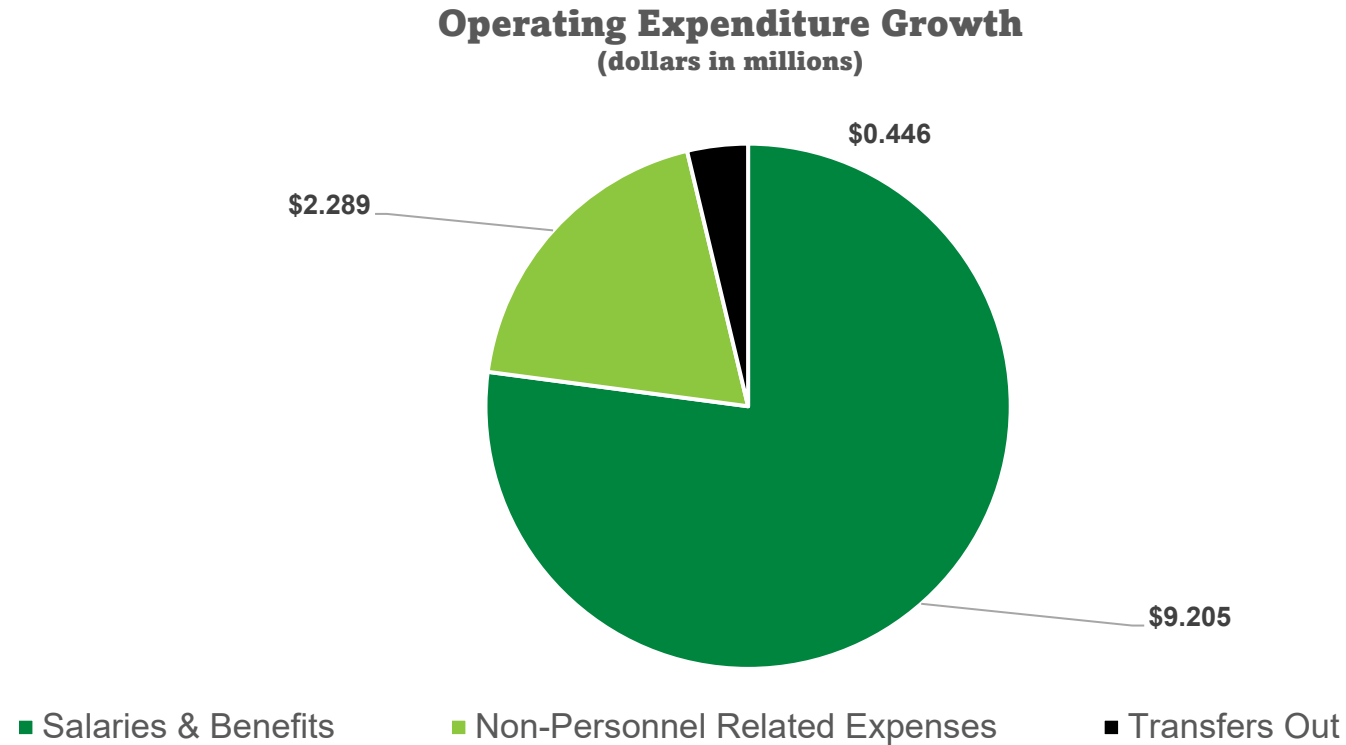
# FY 2024-25 Mid-Year Budget Adoption and Review of Five- Year General Fund Forecast

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Dustin Claussen, Assistant City Manager

# FY 2024-2025 General Fund Highlights

- Revenue (including transfers in) increase of \$10.4 million (4.81%)
- Operating Expenditures Growth by \$11.9 million (5.47%)



# Summary of Proposed General Fund Mid-Year Request (New)

	FY 2024-25 Impact (\$)
<b>Mid-Year Request (NEW)</b>	
Retired Annuitant for District-based election development	\$14,470
<b>Personnel Expenses</b>	<b>\$14,470</b>
Print cost and notices for the transition to District-based elections and the 2024 Presidential Election	\$50,001
Consulting services for the transition to District-based election	\$54,985
Registrar of Voter's invoice for the 2024 Presidential Election	\$331,487
Reduction of Cost Allocation from Special Revenue to the General Fund	\$167,575
Additional consulting services inspection fees and plan check for services	\$500,000
Vehicle procurement for new Development Services staff	\$46,000
Repair and replace a ladder on a ladder truck through Seagrave	\$400,000
<b>Non-Personnel Expenses</b>	<b>\$1,550,048</b>
<b>Mid-Year Requests (NEW) Subtotal</b>	<b>\$1,564,518</b>
<b>TOTAL GENERAL FUND EXPENSES</b>	<b>\$1,564,518</b>

Proposed  
FY 2024-25  
Mid-Year  
Changes –  
General  
Fund

<i>(in thousands)</i>	FY 2024-25 Adopted	FY 2024-25 Amended Budget	FY 2024-25 Recommended Changes	FY 2024-25 Mid-Year Revised
<b>Revenue</b>				
Property Tax	\$72,938	\$72,938	\$1,250	\$74,188
Sales Tax	\$47,619	\$47,619	\$1,796	\$49,415
Utility User Tax (UUT)	\$24,000	\$24,000	\$3,000	\$27,000
Franchise Fees	\$12,928	\$12,928	\$1,156	\$14,084
Real Property Transfer Tax	\$17,600	\$17,600	\$(2,000)	\$15,600
Transient Occupancy Tax	\$3,125	\$3,125	\$0	\$3,125
Cannabis Tax	\$1,100	\$1,100	\$0	\$1,100
Other Taxes	\$5,228	\$5,228	\$300	\$5,528
Charges for Services	\$15,049	\$15,049	\$0	\$15,049
Inter-Governmental	\$8,251	\$8,251	\$0	\$8,251
Fines & Forfeitures	\$2,723	\$2,723	\$0	\$2,723
Other Revenues	\$467	\$467	\$570	\$1,037
Interest & Rents	\$650	\$650	\$325	\$975
Transfer-In	\$4,681	\$8,699		\$8,669
<b>Total Revenue</b>	<b>\$216,360</b>	<b>\$220,378</b>	<b>\$6,397</b>	<b>\$226,775</b>
<b>Operating Expenditures</b>				
Salaries & Benefits	\$171,630	\$180,821	\$14	\$180,835
Non-Personnel	\$32,020	\$33,205	\$1,104	\$34,309
Transfers Out	\$14,518	\$14,518	\$446	\$14,964
<b>Total Operating Expenditures</b>	<b>\$218,168</b>	<b>\$228,544</b>	<b>\$1,564</b>	<b>\$230,108</b>
<i>Salary Savings from Hiring Deferrals</i>			\$(3,400)	\$226,708
<i>Encumbrances/carryforwards from FY 2023-24</i>		\$3,640		\$230,348

# General Fund

## Updated Five-Year Forecast

<b>GENERAL FUND FORECAST</b> <i>in thousands</i>	<b>Adopted FY 24/25 Year 1</b>	<b>Revised FY 24/25 Year 1</b>	<b>Forecast FY 25/26 Year 2</b>	<b>Forecast FY 26/27 Year 3</b>	<b>Forecast FY 27/28 Year 4</b>	<b>Forecast FY 28/29 Year 5</b>
Revenues	\$216,360	\$226,775	\$226,668	\$229,769	\$235,701	\$241,546
Expenditures	\$218,168	\$230,108	\$232,876	\$238,696	\$242,595	\$248,643
Proposed Salary Savings from Deferred Recruitments		\$3,400				
<b><i>Net Change in Reserve - Surplus / (Shortfall)</i></b>	<b>(\$1,808)</b>	<b>\$67</b>	<b>(\$6,208)</b>	<b>(\$8,927)</b>	<b>(\$6,894)</b>	<b>(\$7,097)</b>
<b>Beginning Balance</b>	<b>\$42,723</b>	<b>\$42,723</b>	<b>\$42,790</b>	<b>\$36,582</b>	<b>\$27,655</b>	<b>\$20,761</b>
<b><i>Net Change in Reserve - Surplus / (Shortfall)</i></b>	<b>(\$1,808)</b>	<b>\$67</b>	<b>(\$6,208)</b>	<b>(\$8,927)</b>	<b>(\$6,894)</b>	<b>(\$7,097)</b>
<b>Ending Balance</b>	<b>\$40,915</b>	<b>\$42,790</b>	<b>\$36,582</b>	<b>\$27,655</b>	<b>\$20,761</b>	<b>\$13,664</b>
Target to maintain 20% GF Reserves of Expenditures	\$43,634	\$45,342	\$46,575	\$47,739	\$48,519	\$49,729
General Fund Reserve Level as % of Total Expenditures	18.8%	18.6%	15.7%	11.6%	8.6%	-(5.5%)
Amount Above or (Below) Target 20%	(\$2,719)	(\$2,552)	(\$9,993)	(\$20,084)	(\$27,758)	(\$36,065)
Percentage Above or (Below) Target 20%	(6.2%)	(5.6%)	(21.5%)	(42.1%)	(57.2%)	(72.5%)

Summary of Proposed  
FY 2024-25 Mid-Year Changes for **Other and CIP Funds**  
(Expenditures)

Mid-Year CIP Net Change	(\$ 584,779)
Mid-Year Other Fund Net Change	\$ 2,192,345

**Measure C/K-1 Fund \$4.2 mil**

- Fire Station 6 and Fire Training Center Project \$3.2 mil
- St. Rose Hospital \$1 mil

**Other Funds**

Increase of \$2.2 mil

**Capital Improvement Funds**

Increase of \$584,779

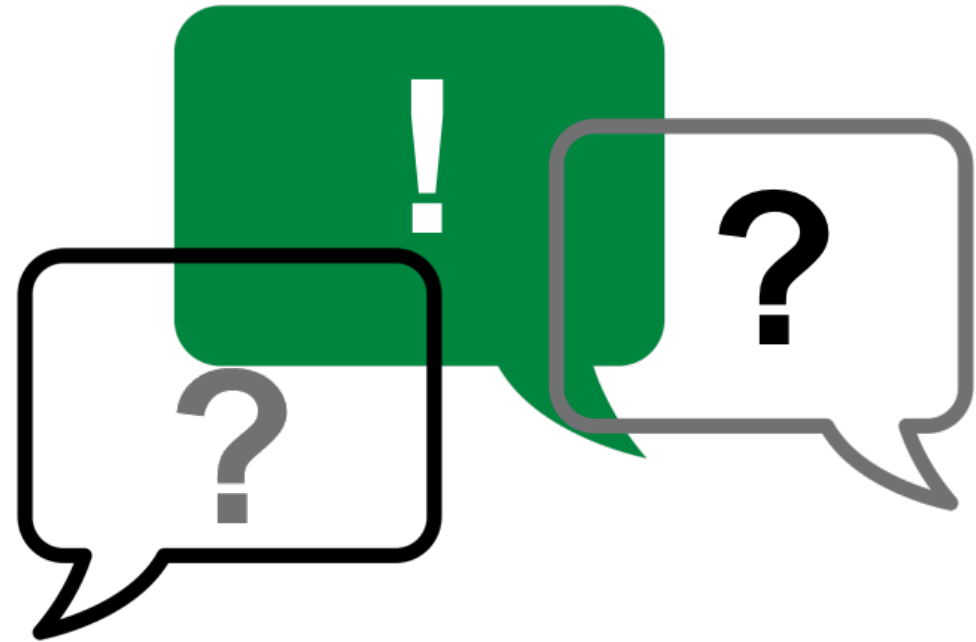


# Recommendations

## **That Council:**

- adopts a resolution providing amendments to the previously adopted City of Hayward FY 24-25 Operating Budget
- adopts a resolution providing amendments to the previously adopted City of Hayward FY 24-25 Capital Improvement Program Budget

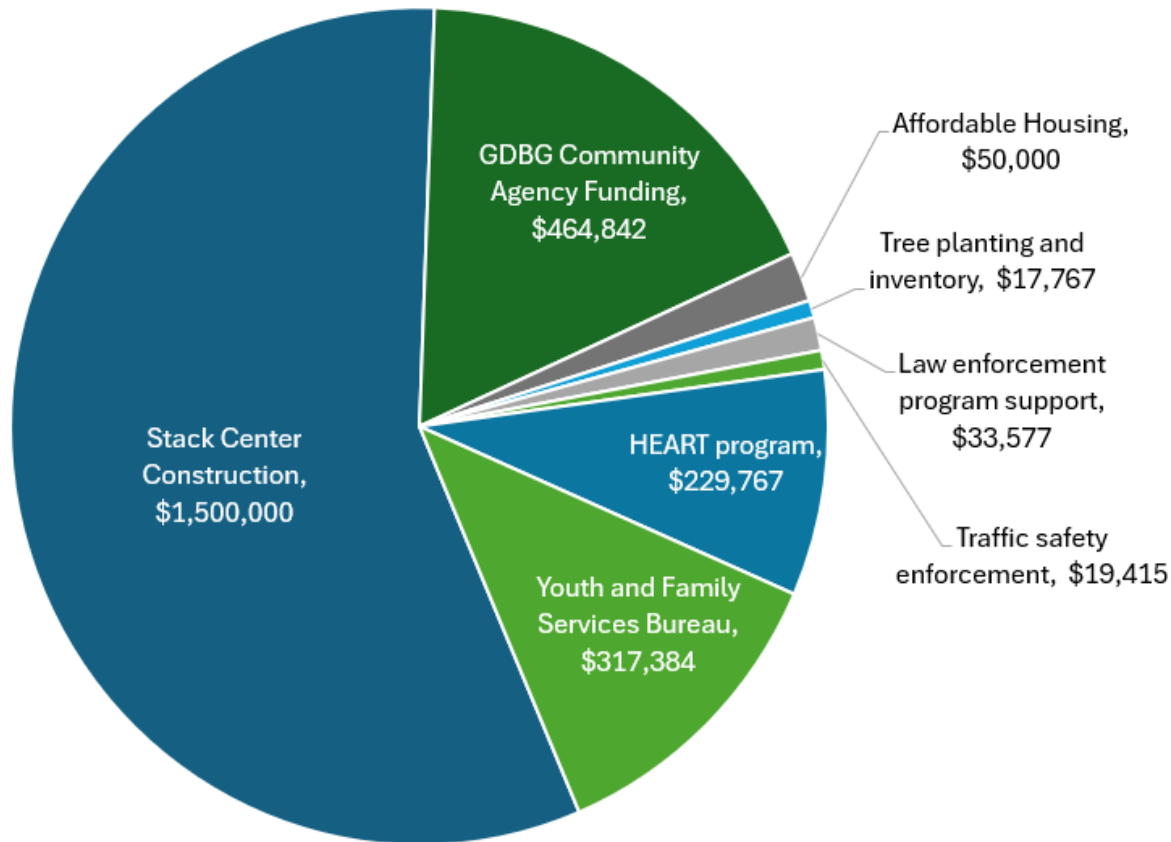
# Questions and Feedback



# Summary of the Impact of Potential Federal Funding Freeze

\$ 2.6 million

Federal Funds Pending Reimbursement



\$12.1 million

Federal Funds - Unspent as of 1/30/25

