

**DATE:** January 25, 2021  
**TO:** Council Budget and Finance Committee  
**FROM:** Director of Finance  
**SUBJECT:** Review of the Police Department Budget

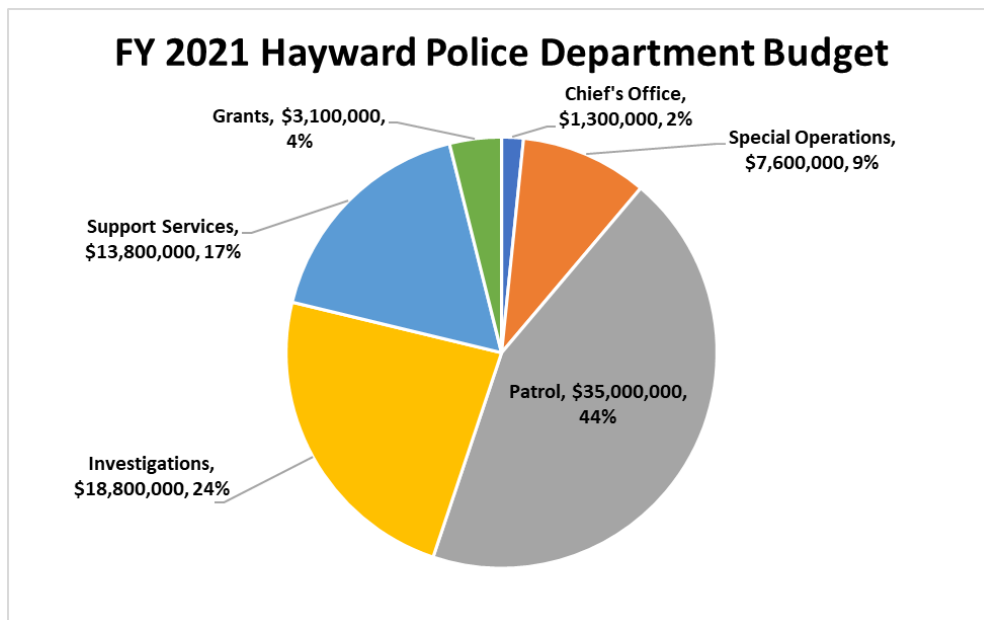
**RECOMMENDATION**

That the Council Budget and Finance Committee reviews the adopted FY 2021 Hayward Police Department Budget as summarized in this report.

**SUMMARY**

The FY 2021 Adopted Budget for the Hayward Police Department includes approximately \$79.6 million in General Fund expenditures. This represents an increase of 1.1%, or \$837,604 over prior year budgeted expenditures of \$78.7 million. The FY 2021 Adopted Budget includes hiring freezes for vacant positions, including 12 sworn positions, and other personnel concessions.

The \$79.6 million FY 2021 Adopted Budget for the Hayward Police Department is divided into funding for the Chief's Office, the Police Department's four divisions and grant funds. The funding is broken out as:



During the FY 2021 budget process, the City of Hayward was impacted by unprecedented events: COVID-19 pandemic, and the national and local dialogue around police reform. The City Council considered several strategies to help close the projected budget gap resulting from the projected impacts of the pandemic on several of the City’s key revenue sources. While working to balance the FY 2021 Operating Budget, the City Council committed to working with the community to understand and address concerns surrounding service provisions by the Hayward Police Department, while ensuring that public safety needs of the community are still being met.

This report provides an overview of the Hayward Police Department, including a review of each division budget and implemented cost savings strategies.

**BACKGROUND**

On June 23, 2020, the City Council adopted the FY 2021 Operating Budget. As part of the City Council’s continued commitment regarding ongoing dialogue around police reform, the Council Budget and Finance Committee has expressed an interest in a more detailed analysis and review of the Hayward Police Department budget and its major expenditures.

**DISCUSSION**

**Budget Overview**

The FY 2021 Adopted Budget for the Hayward Police Department includes approximately \$79.6 million in General Fund expenditures. This represents an increase of 1.1%, or \$837,604 over prior year budgeted expenditures of \$78.7 million. However, this increase is mostly due to a 7.0% increase in benefits expenditures over FY 2020.

As a result of Council direction in response to the COVID-19 pandemic and community sentiment, all other major categories of expenditures were reduced relative to the FY 2020 Adopted Budget. Salary expenditures fell by 0.8% as a result of employee concessions. Operating expenditures, including Maintenance & Utilities; Supplies & Services; and Internal Service Fees were reduced by a total of 10.6% across the Department. Table 1 below, presents an overview of the Hayward Police Department Budget by major expenditure category.

The revenues received by the Police Department are derived from grants, contracts for services, and fees for services. Revenues received by the Police Department offsets General Fund expenditures. Under the Investigations Division, the School Resource Officer (SRO) program has been placed on hold as the Hayward Unified School District evaluates the continuation of the program. Revenues normally received from the Hayward Unified School District for the SRO program total \$450,000 annually and the officers, who were serving as SROs, are being utilized in Patrol to fill existing vacancies.

**Table 1: Hayward Police Department Budget Overview**

	<b>FY 2020 Adopted Budget</b>	<b>FY 2021 Adopted Budget</b>	<b>Change over FY 2020 Adopted</b>	<b>Percent Change</b>
<b>REVENUES</b>				

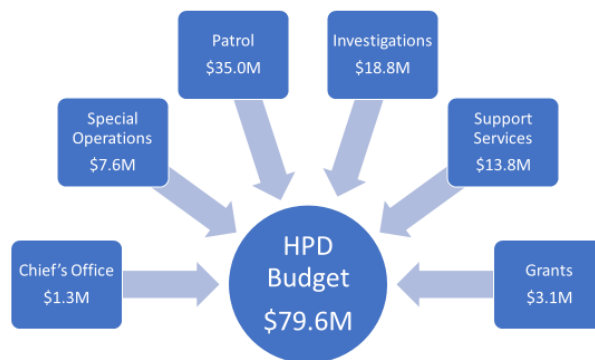
	FY 2020 Adopted Budget	FY 2021 Adopted Budget	Change over FY 2020 Adopted	Percent Change
Total Revenues	\$3,625,840	\$3,625,840	\$-	0.0%
<b>EXPENDITURES</b>				
Salary	\$38,362,627	\$38,042,761	\$(319,866)	-0.8%
Benefits	\$30,902,754	\$33,063,703	\$2,160,950	7.0%
<b>Net Staffing Expense</b>	<b>\$69,265,380</b>	<b>\$71,106,464</b>	<b>\$1,841,084</b>	<b>2.7%</b>
Maintenance & Utilities	\$483,963	\$460,960	\$(23,003)	-4.8%
Supplies & Services	\$2,101,590	\$1,866,036	\$(235,554)	-11.2%
Internal Service Charges	\$6,874,515	\$6,129,593	\$(744,922)	-10.8%
<b>Net Operating Expense</b>	<b>\$9,460,068</b>	<b>\$8,456,589</b>	<b>\$(1,003,479)</b>	<b>-10.6%</b>
<b>Total Expenditures</b>	<b>\$78,725,448</b>	<b>\$79,563,053</b>	<b>\$837,604</b>	<b>1.1%</b>

In 2014, 67.36% of the voters of the City of Hayward approved a ½ cent district Sales Tax (Measure C), which is a general tax that can pay for any services within the City’s General Fund. However, when Council placed the measure on the ballot, they identified police and public safety services as one of the priorities for the use of these funds. The FY 2021 Adopted Budget for the Hayward Police Department includes \$2.97 million in Measure C funding, or approximately 3.6% of the Police Department budget across all funds. This aligns with Measure C expenditures for FY 2019 (\$2.96 million or 3.8% of total) and FY 2020 (\$2.82 million or 3.5% of total).

**Budget by Division**

For budget purposes, the Hayward Police Department is grouped into six divisions: 1) Office of the Chief (also known as Administration); 2) Special Operations; 3) Patrol; 4) Investigations; 5) Operations Support; and 6) Special Programs (Grants). The following section will include a brief description of each division’s duties and responsibilities, as well as a high-level overview of personnel and non-personnel expenditures.

Hayward Police Department Budget - Divisions



## Office of the Chief

The Office of the Chief provides for overall management and administration of the Department. The four Division Commanders of Patrol, Special Operations, Investigations, and Support Services report directly to the Chief. The Office of the Chief also includes Internal Affairs, which provides investigation of alleged misconduct, and CALEA Administration/Research and Development, which ensures compliance with national standards and leads policy creation and analysis. The FY 2021 Budget includes \$1.25 million in General Fund expenditures for the Office of the Chief, or approximately 1.6% of total Hayward Police Department General Fund expenditures. This represents a decrease of 25.3% over the FY 2020 Adopted Budget, largely due to reductions in personnel expenses.

**Table 2: Office of the Chief Division Overview**

	<b>FY 2020 Adopted Budget</b>	<b>FY 2021 Adopted Budget</b>	<b>Change over FY 2020 Adopted</b>	<b>Percent Change</b>
<b>Expenditures</b>				
Personnel	\$ 1,518,595	\$ 1,083,879	\$ (434,716)	-28.6%
Non-Personnel	\$ 160,142	\$ 170,417	\$ 10,275	6.4%
Transfers	\$ -	\$ -	\$ -	
<b>TOTAL</b>	<b>\$ 1,678,737</b>	<b>\$ 1,254,297</b>	<b>\$ (424,441)</b>	<b>-25.3%</b>

## Special Operations

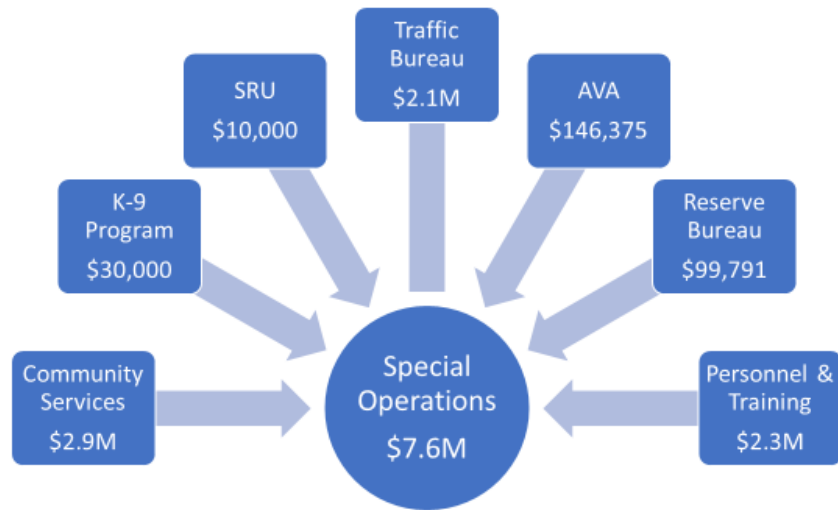
The Special Operations Division encompasses several specialized units dedicated to community relations or requiring special training. These units include the Personnel and Training Unit, the District Command Unit, the Traffic Bureau, the Reserve Bureau, the K-9 Unit, the Special Response Unit (SRU), Abandoned Vehicle Abatement (AVA), and Community Engagement/Public Information Unit. As shown in Table 3, below, the Special Operations Division accounts for \$7.63 million or approximately 9.6% of the total General Fund expenditures for the Hayward Police Department in the FY 2021 Adopted Budget. The Special Operations Division budget for FY 2021 decreased by \$1.84 million or 19.4% relative to FY 2020 and experienced the largest year over year budgetary decrease among all Departmental Divisions. The decrease is primarily attributed to a capital vehicle replacement purchase in FY 2020. FY 2021 does not include a capital fleet replacement, representing a line item decrease of \$950k over FY 2020.

The Personnel and Training Unit is responsible for recruitment, background investigations, and training for all Hayward Police Department employees. Of the Police Department's \$2.6 million in funds for supplies and services, almost \$1.0 million, or 38.5%, are utilized to recruit high quality candidates and to train Police Department Staff.

**Table 3: Special Operations Division Overview**

	<b>FY 2020 Adopted Budget</b>	<b>FY 2021 Adopted Budget</b>	<b>Change over FY 2020 Adopted</b>	<b>Percent Change</b>
<b>Expenditures</b>				
Personnel	\$ 6,848,209	\$ 6,094,027	\$ (754,182)	-11.0%
Non-Personnel	\$ 2,616,079	\$ 1,535,085	\$ (1,080,994)	-41.3%
Transfers	\$ -	\$ -	\$ -	
<b>TOTAL</b>	<b>\$9,464,288</b>	<b>\$ 7,629,112</b>	<b>\$ (1,835,176)</b>	<b>-19.4%</b>

**Special Operations Division – Budget by Program**



**Patrol**

The Patrol Division is the largest division of the Hayward Police Department and includes the 92 uniformed officers that respond to emergency and non-emergency calls throughout the City, as well as their commanding officers. The Patrol Division is also responsible for administering the Field Training Program for new recruits. Table 4, below, compares the Patrol Division’s General Fund expenditures from the FY 2020 and FY 2021 Adopted Budgets. The Patrol Division is also the single largest Division in terms of General Fund expenditures, at approximately \$35.0 million for FY 2021. Total General Fund expenditures for the Patrol Division increased by \$2.3 million, or 7.1%, over prior year. As the largest division, the Patrol Division accounts for approximately 43.9% of the Department’s General Fund expenditures in the FY 2021 Adopted Budget.

**Table 4: Patrol Division Overview**

	<b>FY 2020 Adopted Budget</b>	<b>FY 2021 Adopted Budget</b>	<b>Change over FY 2020 Adopted</b>	<b>Percent Change</b>
<b>Expenditures</b>				

Personnel	\$ 29,978,922	\$ 32,086,388	\$ 2,107,466	7.0%
Non-Personnel	\$ 2,676,858	\$ 2,871,977	\$ 195,119	7.3%
Transfers	\$ -	\$ -	\$ -	
<b>TOTAL</b>	<b>\$ 32,655,780</b>	<b>\$ 34,958,365</b>	<b>\$ 2,302,585</b>	<b>7.1%</b>

## Investigations

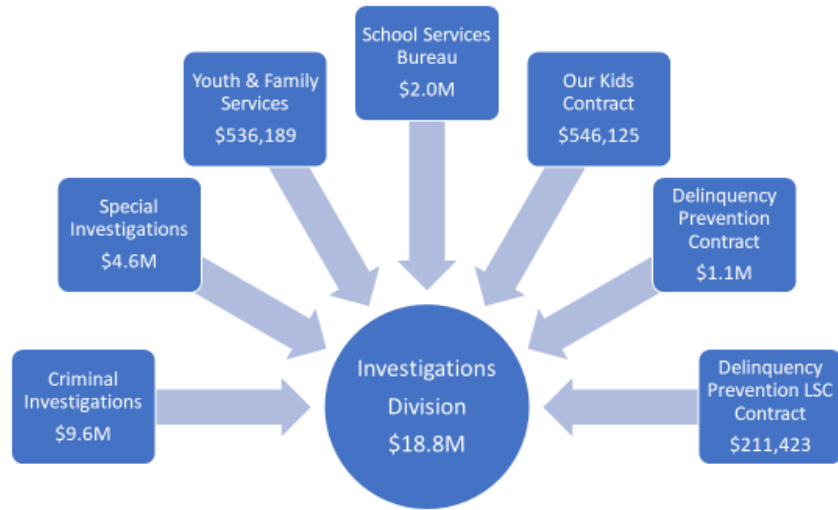
The Investigations Division is comprised of the Criminal Investigations Bureau, the Special Investigations Bureau, and the Youth and Family Services Bureau. These bureaus are organized into nine distinct investigation units: the Crime and Intelligence Analysis Unit; the Special Victims Unit; the Robbery and Property Crimes Unit; the Homicide and Assault Unit; the Special Duty and Special Duty Investigations Unit; the Narcotics Unit; the Vice-Intelligence-ABC Unit; the School Resource Officer Unit; and the Youth and Family Services Bureau. Each unit is staffed by a combination of sworn positions, and analytical support staff specialized in their respective fields of investigation. For FY 2021, the Investigations Division accounts for \$18.8 million or 23.6% of total General Fund expenditures for the Department. Due to primarily being staffed by sworn personnel, reductions to the Investigations Division's budget were mainly in non-personnel expenditures. These expenditures are summarized in Table 5, below.

The Youth and Family Services Bureau (YFSB) is within the Investigations Division. Historically, the division had juvenile investigators that originally worked within the Bureau, allowing the groups to work closely together. These investigators have since been combined with other positions within investigations and no longer work within YFSB. YFSB provides counseling services and family support to victims of crime and the community at large in collaboration with the Hayward Unified School District and partner agencies at the County. YFSB receives outside funding through contracts for services that support operational expenses. YFSB primarily receives funds from a contract with the Alameda County Delinquency Prevention Network, Our Kids Our Families (also through Alameda County), the Hayward Unified School District (for counseling services at school sites and historically partnering with the Police Department for School Resource Officers), and Medical Administrative Activities reimbursements.

**Table 5: Investigation Division Overview**

	<b>FY 2020 Adopted Budget</b>	<b>FY 2021 Adopted Budget</b>	<b>Change over FY 2020 Adopted</b>	<b>Percent Change</b>
<b>Expenditures</b>				
Personnel	\$ 16,787,783	\$ 17,203,824	\$ 416,042	2.5%
Non-Personnel	\$ 1,613,353	\$ 1,570,211	\$ (43,142)	-2.7%
Transfers	\$ -	\$ -	\$ -	
<b>TOTAL</b>	<b>\$ 18,401,136</b>	<b>\$ 18,774,035</b>	<b>\$ 372,899</b>	<b>2.0%</b>

## Investigations Division – Budget by Program



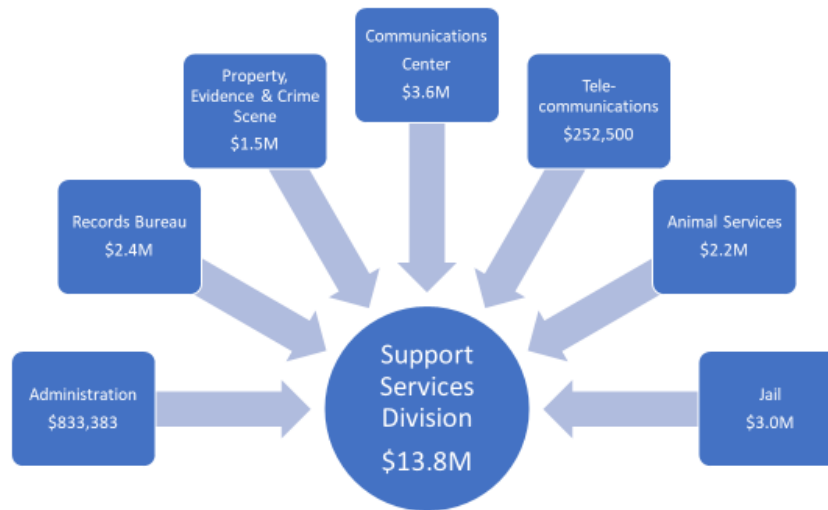
### Support Services

The Support Services Division consists mainly of professional staff that provide support through the 911 Communications Center, Jail, Records, Animal Services, Property & Evidence and Crime Scene Technicians. In addition, the Support Services Division includes the Hayward Police Department Finance and Facilities teams. The Support Services Division comprises \$13.8 or approximately 17.3% of the Department’s General Fund expenditures in the FY 2021 Adopted Budget. Support Services reduced its non-personnel budget by 3.6% compared to the FY 2020 Adopted Budget, the second-largest reduction by an individual division after Special Operations. Personnel and Non-Personnel expenditures for the Support Services Division are shown in Table 6, below.

**Table 6: Support Services Division Overview**

	FY 2020 Adopted Budget	FY 2021 Adopted Budget	Change over FY 2020 Adopted	Percent Change
<b>Expenditures</b>				
Personnel	\$ 11,192,242	\$ 11,501,249	\$ 309,007	2.8%
Non-Personnel	\$ 2,342,948	\$ 2,258,152	\$ (84,796)	-3.6%
Transfers	\$ -	\$ -	\$ -	
<b>TOTAL</b>	<b>\$ 13,535,189</b>	<b>\$ 13,759,401</b>	<b>\$ 224,211</b>	<b>1.7%</b>

## Support Services Division – Budget by Program



### Special Programs (Grants)

The Special Programs (Grants) Division is not a true Division of the Hayward Police Department. Instead, it is a budgetary division created to segregate grant-supported General Fund expenditures. Currently, the Special Programs Division encompasses expenditures that are or were initially supported by the Federal Community Oriented Policing Services (COPS) and Byrne Justice grants, as well as the Bureau of State Corrections (BSCC) grant.

The City no longer receives COPS grant funding because the City has exceeded the program time requirements. The funds included in the Grants Division for the COPS grant reflect the General Fund cost for Police Officer positions that the Police Department was able to retain through the 2008 recession by receiving a waiver from the U.S. Department of Justice that administers the COPS program. The waiver enabled the City to avoid layoffs because the COPS program paid 75% of the cost of retaining existing officer positions. To meet COPS program requirements, staff maintained the positions in this separate division. All COPS program requirements have been met and these positions are being rolled into their original divisions for FY 2022.

The Byrne Justice grant supports facilities maintenance and capital equipment for the Hayward Police Department and is expected to continue for the foreseeable future. The BSCC grant supports mental health intervention training, and its expenditures will remain under the Special Programs Division until the initial \$90,000 award is exhausted. The Selective Traffic Enforcement Grant (STEP) is approximately \$200,000 per year awarded to the Traffic Bureau to pay for officer overtime for DUI enforcement activities and equipment. General Fund expenditures for the Special Programs Division are \$3.2 million for the FY 2021 Adopted Budget. This represents 4.0% of the Department's General Fund expenditures and is an increase of \$191,950 or 6.4% over Special Programs budgeted expenditures for FY 2020. A summary of the Special Programs Division's expenditures is shown in Table 7, below.



**Table 7: Special Programs (Grants) Division Overview**

	<b>FY 2020 Adopted Budget</b>	<b>FY 2021 Adopted Budget</b>	<b>Change over FY 2020 Adopted</b>	<b>Percent Change</b>
<b>Expenditures</b>				
Personnel	\$ 2,945,205	\$ 3,137,096	\$ 191,891	6.5%
Non-Personnel	\$ 50,688	\$ 50,747	\$ 59	0.1%
Transfers	\$ -	\$ -	\$ -	
<b>TOTAL</b>	<b>\$ 2,995,893</b>	<b>\$ 3,187,843</b>	<b>\$ 191,950</b>	<b>6.4%</b>

**Cost Reduction Strategies**

Reductions to the FY 2021 Adopted Budget for the Hayward Police Department were made at Council’s Direction in response to two concurrent situations: 1) adjusting for the fiscal impacts of the COVID-19 pandemic and 2) in response to community input in the wake of both the national and local conversations surrounding police reform. Reductions were exclusive to expenditures budgeted in the General Fund and did not include expenditures budgeted to other sources (e.g. grants).

In response to the potential fiscal impacts of COVID-19, the City froze all vacant General Fund non-sworn positions for a period of six months, with 12 vacant sworn positions being frozen for a period of one year. Further cost reduction strategies included employee concessions, reduction in supplies and services, capital expenses, internal service fund expenses, and reductions to specific programmatic services.

Cost reduction strategies to the FY 2021 baseline budget, including salary savings of vacant positions, program reduction, implementation of a mandatory furlough or COLA deferral, and a reduction in supplies and services and capital internal service fees, resulted in an estimated savings of \$5.6 million to the General Fund (Table 8 below).

**Table 8: FY 2021 Cost Reductions**

<b>Cost Reduction Strategies</b>	<b>FY 2021 Reductions</b>
Salary Savings (sworn and non-sworn)	\$ 1,927,080
Program Reduction	\$ 978,460
Furlough/COLA Deferral	\$ 363,410
Supplies & Services	\$ 2,326,996
<b>TOTAL</b>	<b>\$ 5,595,946</b>

**Ongoing Staffing and Financial Challenges**

The Hayward Police Department has experienced challenges in the wake of the COVID-19 pandemic and amid national and local conversations regarding police reform, including maintaining existing service levels, paying for compliance with newly enacted legislative mandates, and recruiting new employees to keep up with attrition rates. Due to frozen positions and other increases in staffing vacancies from retirements and/or employees leaving to work for other law enforcement agencies, specialized units have experienced closures or personnel reductions, resulting in the elimination of certain public safety services to the community.

The Hayward Police Department currently does not have the staffing capacity for illegal narcotics enforcement or follow up investigations into certain crime types, including fraud, non-violent theft (e.g. auto theft or auto burglary), identity theft, or elder financial abuse except in extreme cases. Continued staffing vacancies in other specialized units, including the District Command Unit, the Traffic Bureau, and several investigative units has limited the Police Department's ability to adequately address crime and chronic quality of life issues. Recruitment efforts that were underway prior to the COVID-19 pandemic were scaled back significantly because of the shelter in place, the inability to recruit for positions that were frozen, and a general decline in applicants.

Often, State and Federal legislative changes result in unfunded financial obligations, which must be absorbed at the local level. Compliance with newly enacted legislative and training mandates, including those created by the implementation of SB 1421 (Release of Peace Officer Records), AB 748 (Disclosure of Peace Officer Videos/Recordings), and SB 230 (Use of Deadly Force Training) resulted in unanticipated, unbudgeted expenditures to the Police Department. Most recently, based on SB 22, the Police Department is scheduled to absorb the cost of the testing of forensic evidence in sexual assault investigations, which will result in the need to spend an estimated additional \$180,000 annually. The Police Department is also working with other City staff members towards a software solution to allow for compliance with AB 953 (Racial and Identity Profiling Act - RIPA), which requires the collection and reporting of demographic stop data to the State Department of Justice by 2022.

### **STRATEGIC ROADMAP**

This agenda item supports the Strategic Priorities of Support Quality of Life and Improve Organizational Health. This item is not specifically related to a project identified in the Strategic Roadmap.

### **FISCAL IMPACT**

This item is informational and does not have fiscal impacts beyond the approved budget for the Hayward Police Department, as detailed above.

*Prepared by:* Adam Lumia, Senior Management Analyst  
Bryan Matthews, Police Captain  
Rick Rivera, Management Analyst I  
Nicole Gonzales, Deputy Director of Finance

*Recommended by:* Toney Chaplin, Chief of Police  
Dustin Claussen, Director of Finance

Approved by:



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Kelly McAadoo, City Manager