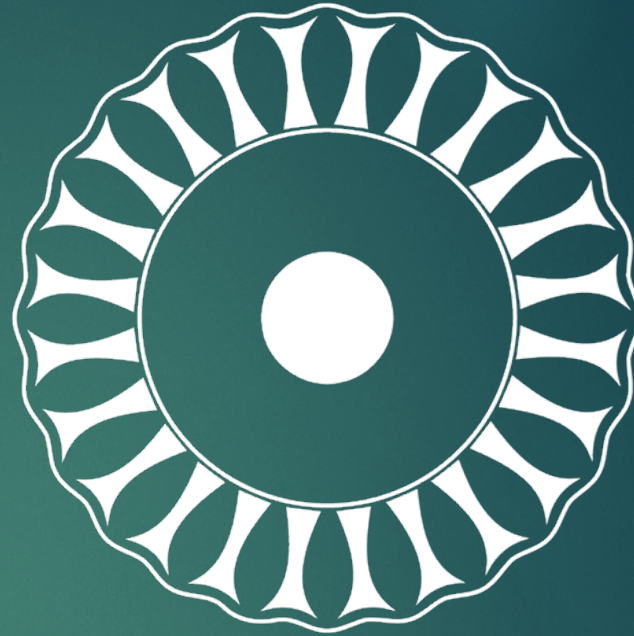


**SPECIAL JOINT CITY COUNCIL MEETING  
TUESDAY, MAY 3, 2016**

**PRESENTATIONS**



# City of Hayward

FY 2017 PROPOSED ANNUAL  
OPERATING BUDGET

Fran David, City Manager

Tracy Vesely, Director of Finance

May 3, 2016



# Presentation Topics

- ▶ No action tonight – presentation of proposed budget
- ▶ The Budget Message
- ▶ Overview FY 2017 budget
- ▶ The General Fund & forecast
- ▶ Key budget influences
- ▶ Next Steps





# The Message

- ▶ Council has taken bold action last several years
- ▶ \$30M projected gap (2011) to \$4.5M in FY 2017
- ▶ Using the Reserve to balance
- ▶ Deficit/gap grows without additional balancing measures
- ▶ Budget provides some critical staffing resources
- ▶ Maintains high service levels – Council priorities



# Budget Overview

- ▶ Economy is recovering, but expenses continue to outpace revenue
- ▶ Key revenues improved: Property & Sales Tax, building-related fees
- ▶ Employee benefit costs rising (CalPERS, medical)
- ▶ Can not use Reserve to balance future budgets
- ▶ Continuation of Utility Users Tax revenue critical
- ▶ Continue to work toward fiscal stability





# Total City Budget

(expenditures)

<i>in 1,000's</i>	FY 2016 Adopted	FY 2017 Proposed	\$ Change	% Change
General Fund	\$140,422	\$149,187	\$8,765	6.2%
Other Funds	\$138,913	\$136,911	-\$2,002	-1.4%
<b>Total</b>	<b>\$279,335</b>	<b>\$268,099</b>	<b>\$6,764</b>	<b>2.4%</b>

- ▶ General Fund Increase of \$8.8M over FY 2016 Adopted
- ▶ Total City budget growth of 2.4%
  - ▶ Includes Measure C

# Total City Staffing – 874.8 FTE

6

	FY 2016 Adopted	FY 2017 Proposed	# Change	% Change
General Fund	646.7	649.9	3.2	0.5%
Other Funds	218.5	224.9	7.4	3.4%
<b>Total</b>	<b>865.2</b>	<b>874.8</b>	<b>10.6</b>	<b>1.2%</b>

- ▶ FY 2003: high of 773 General Fund and 937 all funds FTE (123 GF FTE less in 2017 than in 2003)
- ▶ Limited General Fund staffing additions
- ▶ Most additions in Enterprise Funds staffing
- ▶ Does not come close to full resource needs

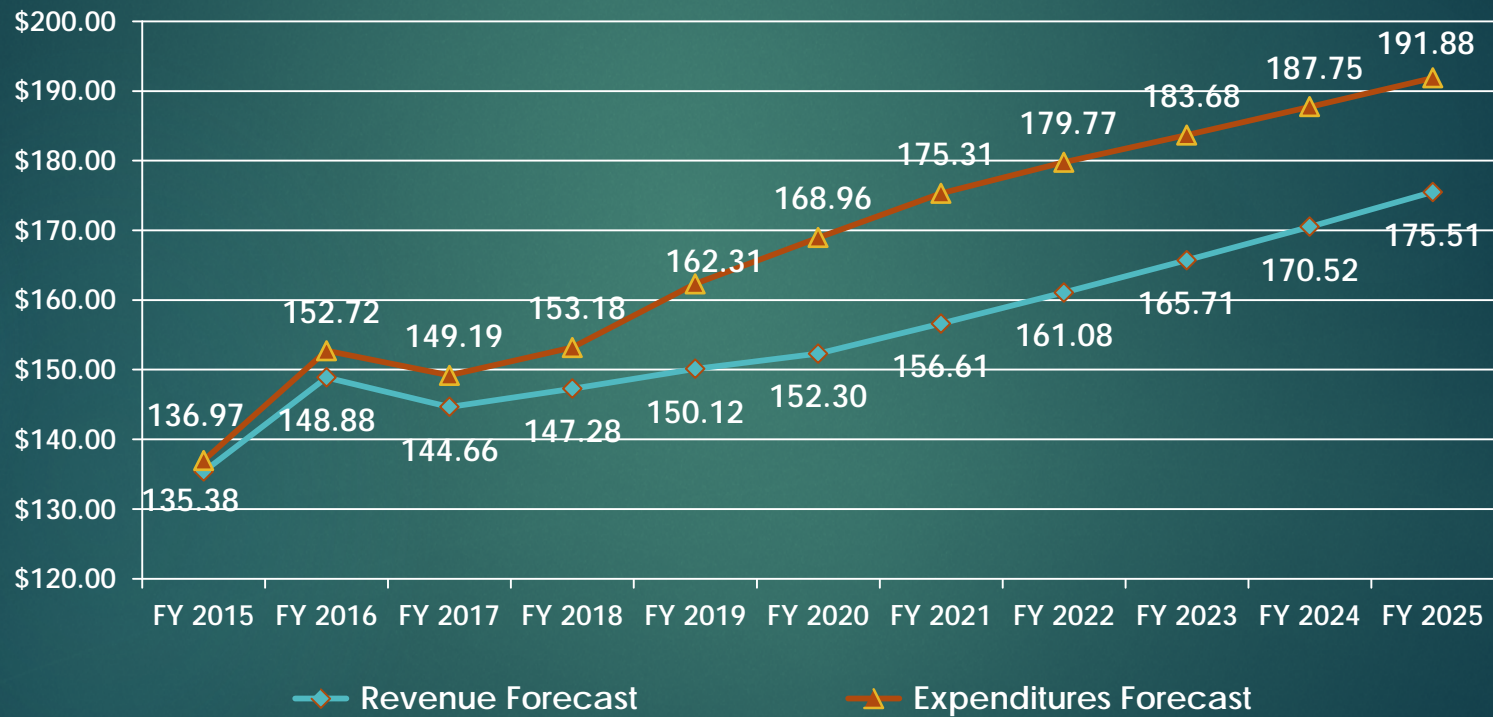




# General Fund Forecast

FY 2017 Gap = \$4.5M

FY 2025 Gap = \$16.4M



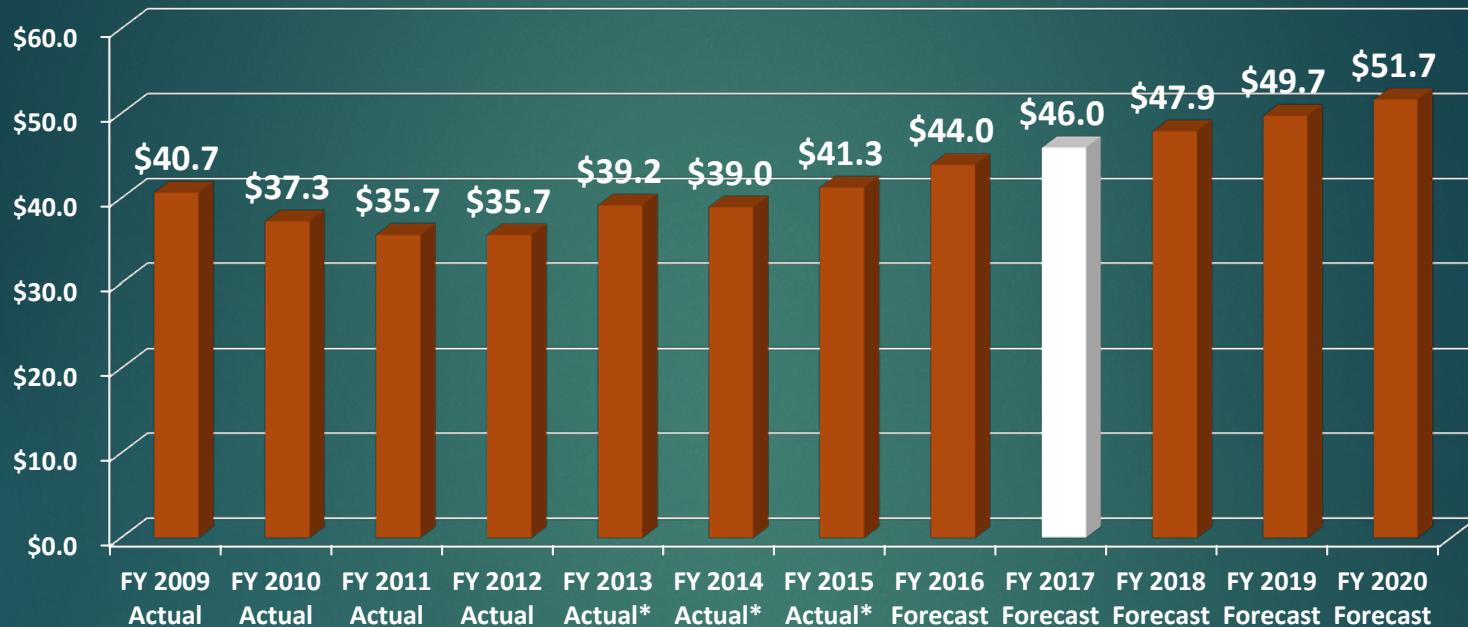




# GF Revenues

- ▶ Overall growth over FY 2016 Adopted = \$4.2M
- ▶ Property Tax revenues rebounding
- ▶ Sales Tax revenues back to pre-recession levels, but now slowing
- ▶ Property Transfer Tax – hopeful projections for FY 2017
- ▶ Charges for Services – building-related activity

# Property Tax Projections

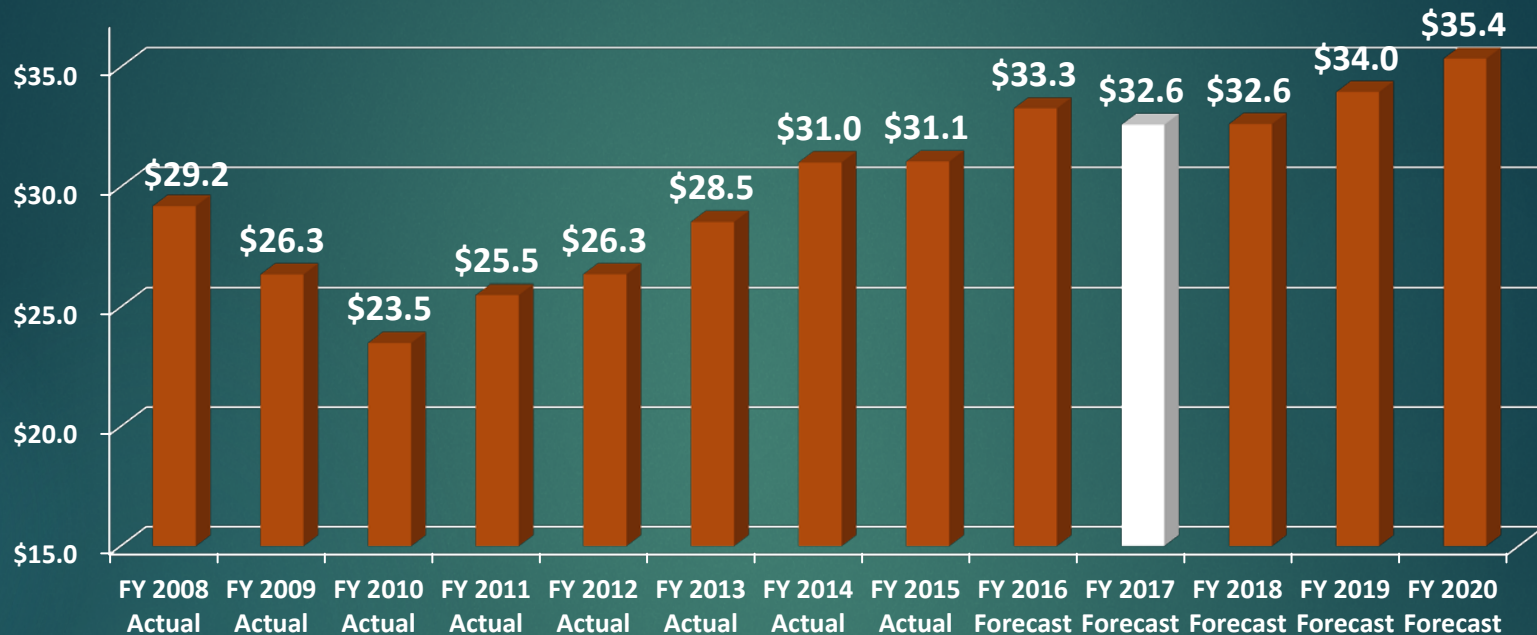


\*FY 2013 includes \$1.9M one-time revenue  
\*FY 2014 includes \$1.34M one-time revenue  
\*FY 2015 includes \$625,000 in one-time revenue

- ▶ FY 2017 projection increased by \$2.0M (4.7% over FY 2016 projected)
- ▶ FY 2018 and future years growth at 4.% - 5%
- ▶ Surpassed 2009 high. Next recession?

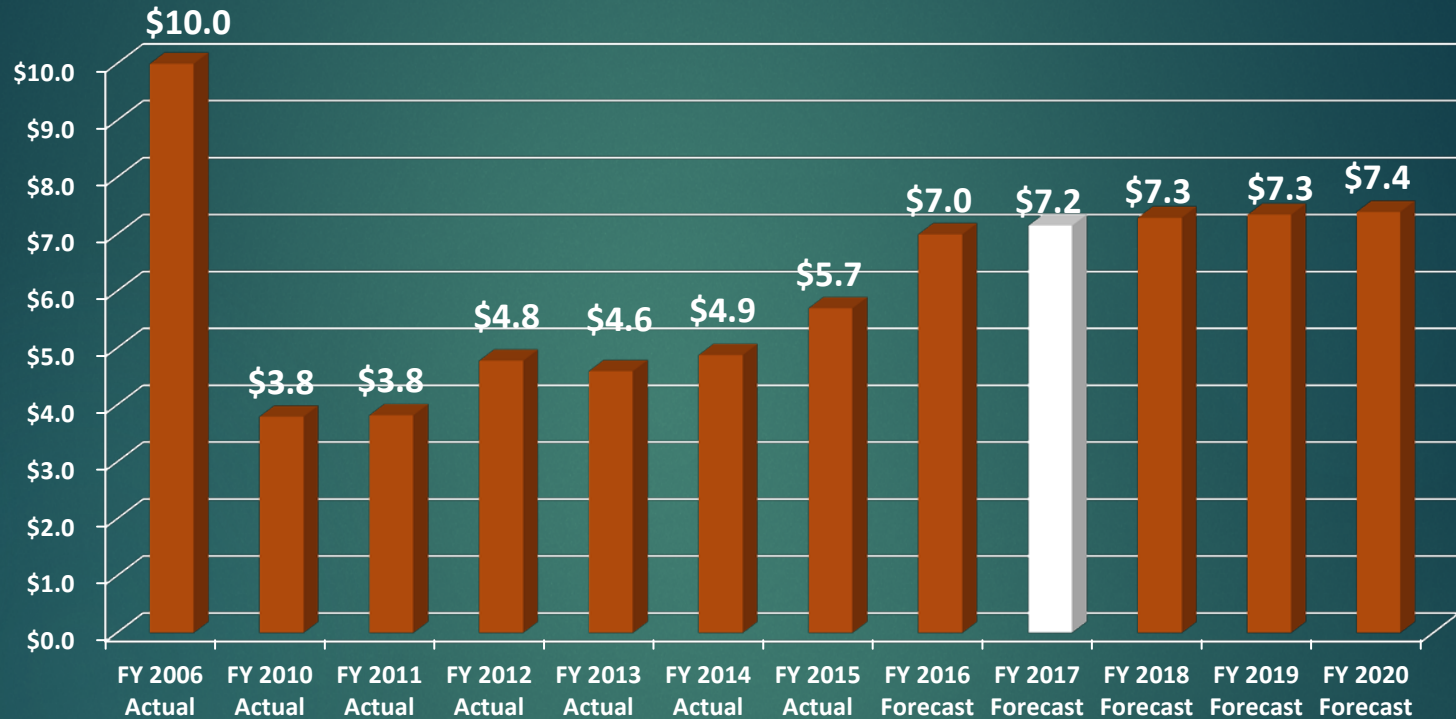


# Sales Tax Projections



- ▶ FY 2016 forecast includes \$1.2M in one-time revenues from Triple Flip end
- ▶ FY 2017 reflects modest 3-4% growth – less one-time revenues
- ▶ FY 2018 reflects loss of leading sales tax generating company
- ▶ Although surpassed 2008 high - continued erosion of Sales Tax base

# Property Transfer Tax Projections



- ▶ FY 2017 forecast reflects optimistic market
- ▶ Future years reflect modest growth
- ▶ Volatile revenue tied to the real estate market
- ▶ Baseline for recurring revenues of \$4.8M





# GF Ten Year Plan Cost Drivers

- ▶ Escalating CalPERS rates = 33-60% of payroll by FY 2022
- ▶ Escalating medical rates
- ▶ Benefit Liabilities = 373.3M
- ▶ Contractually agreed upon wage growth in FY 2016 – FY 2019
- ▶ Limited capital costs:
  - ▶ fleet
  - ▶ technology
  - ▶ streets maintenance

# Key FY 2017 General Fund Expenditure Increases

- ▶ Wages \$3.6M
- ▶ PERS rates \$2.6M
- ▶ Workers' Compensation rates \$1.2M
- ▶ Medical \$425K
- ▶ Internal Service Fund (fleet & technology) \$1.0M



# FY 2017 City Council Budget Calendar



- May 3, 2016: Presentation of Proposed Budget
- May 21, 2016: Saturday Budget Work Session
- May 24, 2016: CIP Work Session
- June 14, 2016: Budget Work Session #2
- June 21, 2016: Public hearing on operating & CIP budgets
- June 28, 2016: Adopt operating & CIP budgets



# Questions & Discussion







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# Dollar Place

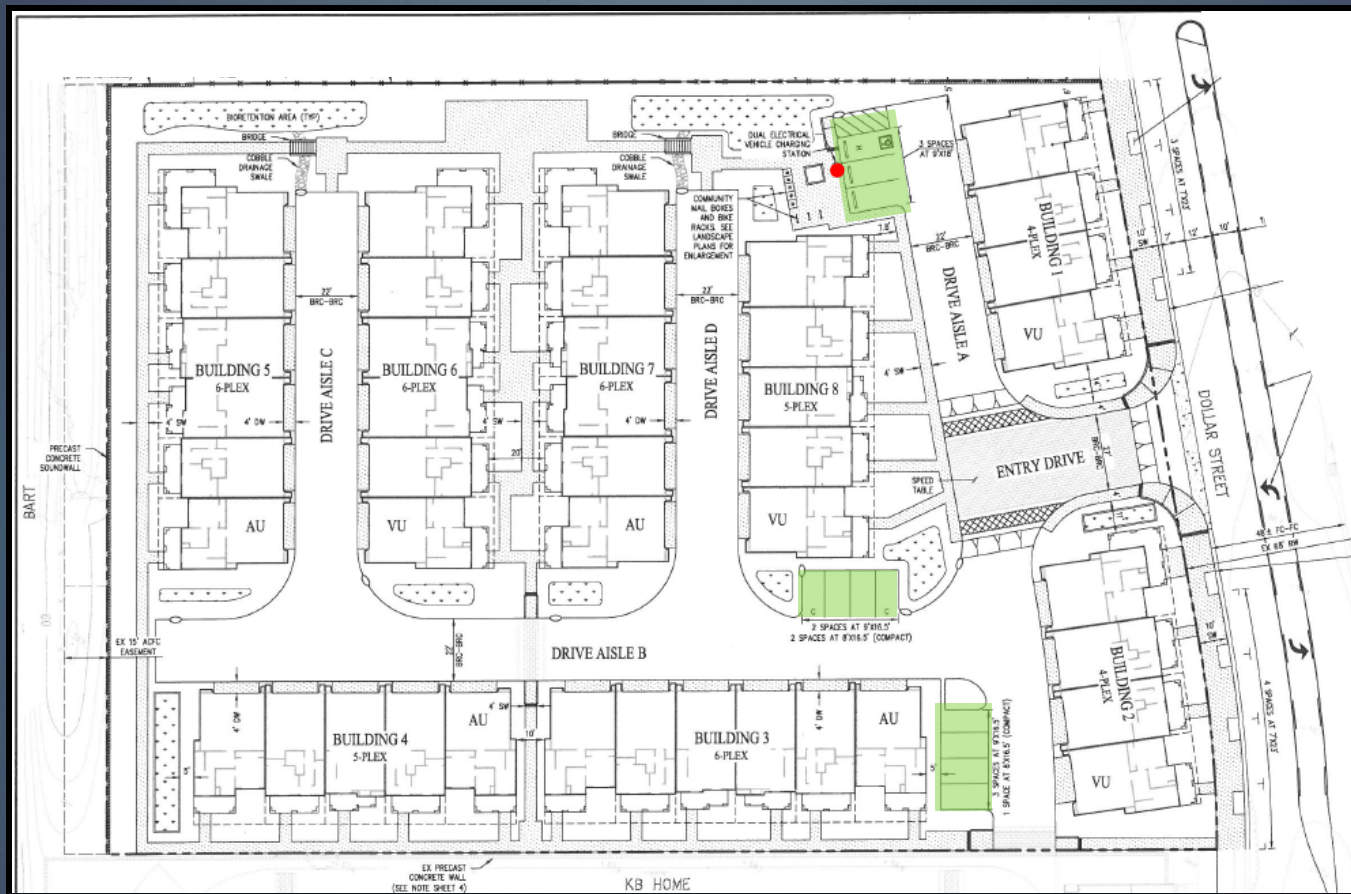
25891 and 25915 Dollar Street

# Location, Zoning & Surrounding Uses





# Site Plan



# Dollar Street Frontage

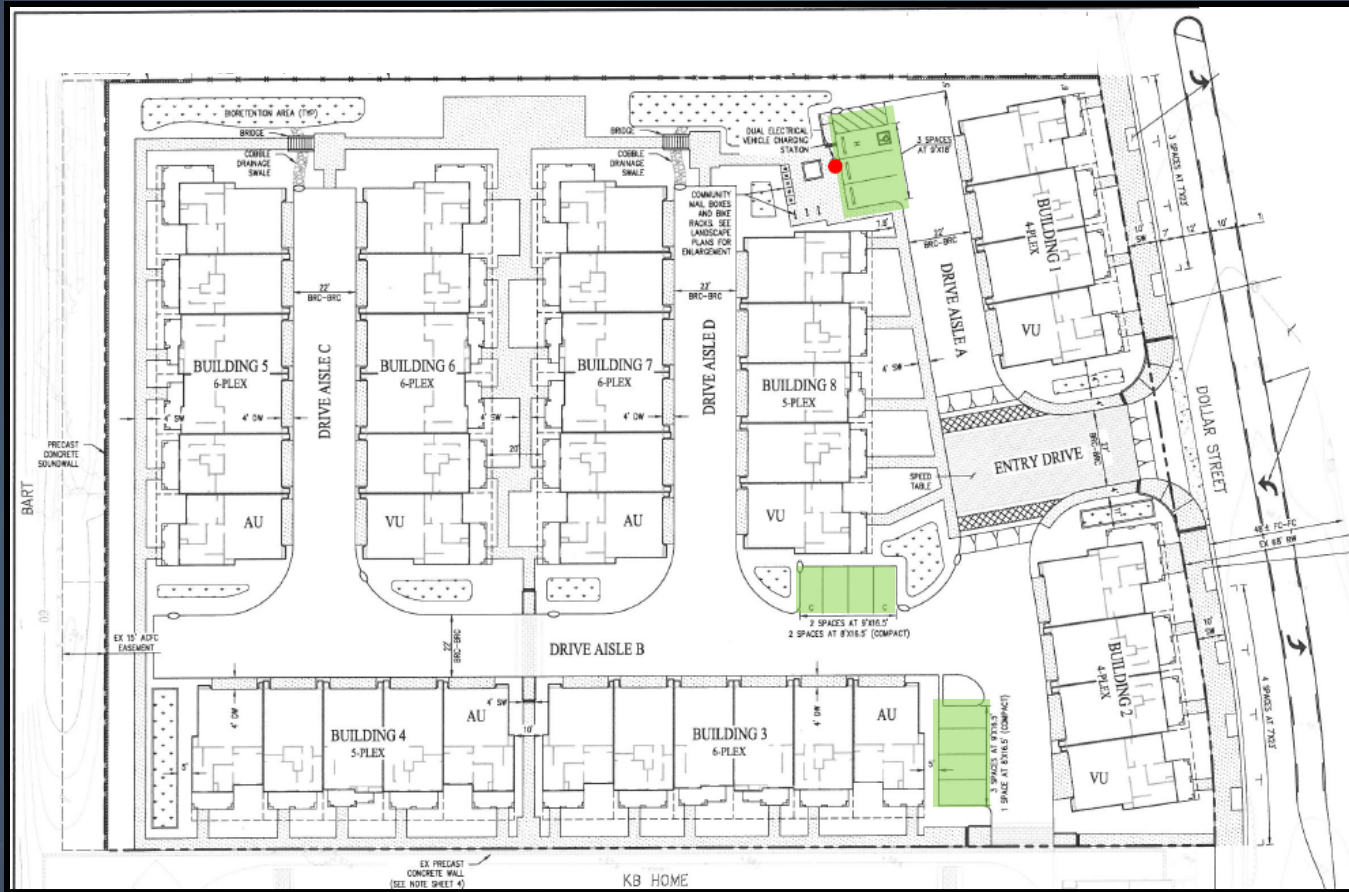




# Rear and Side Elevations

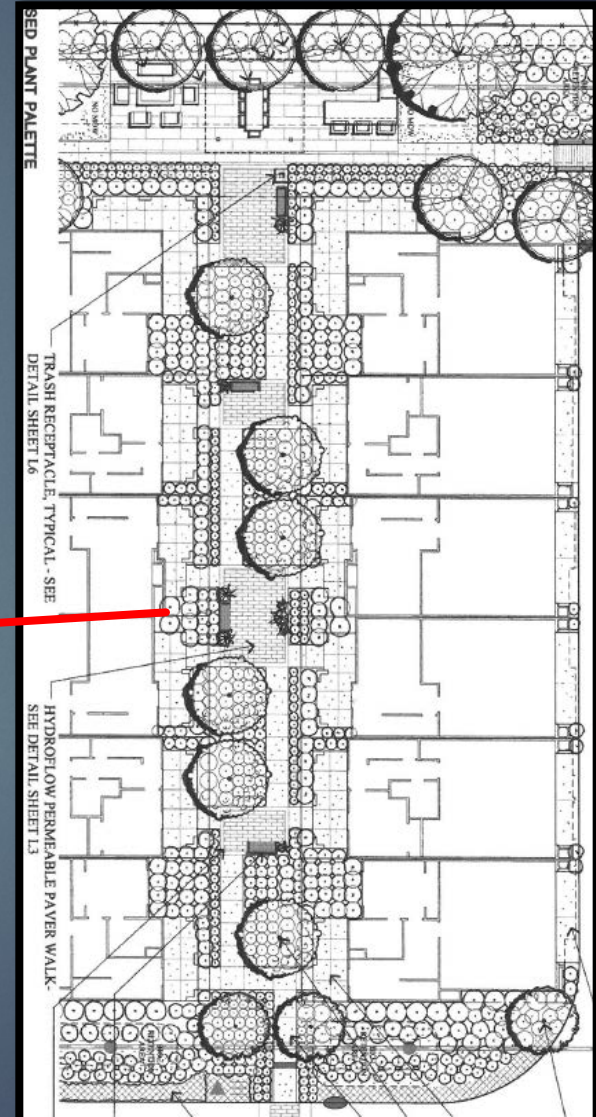
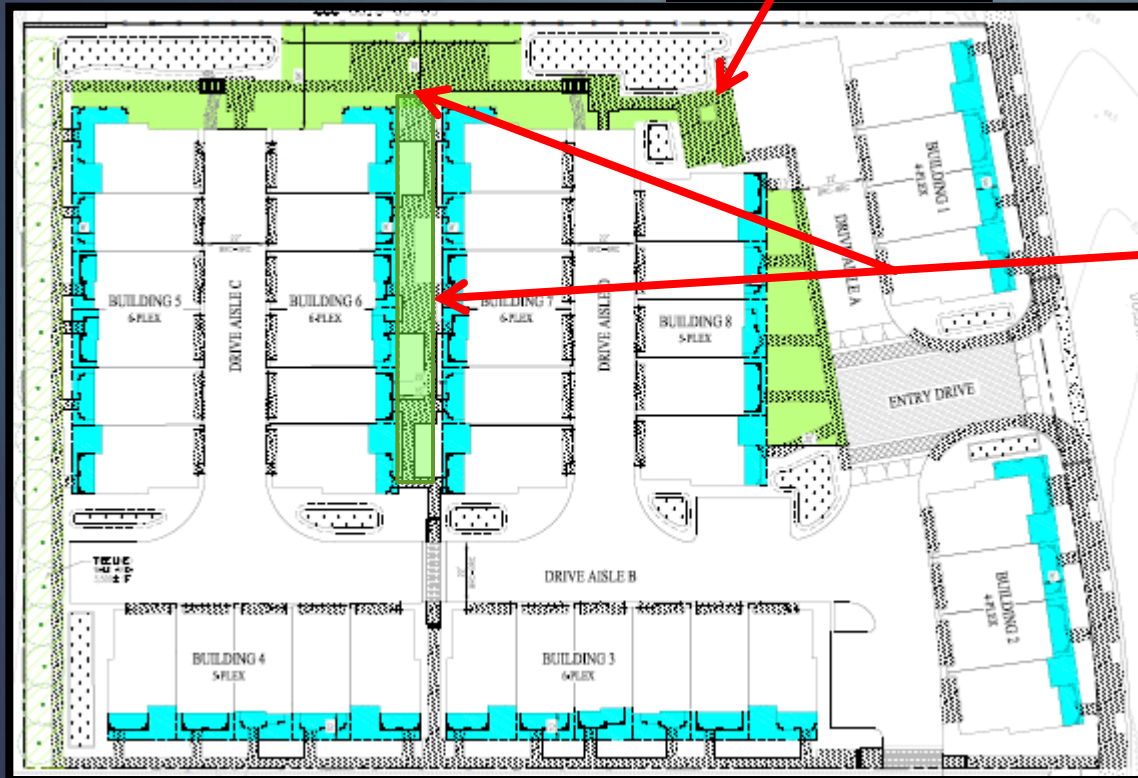
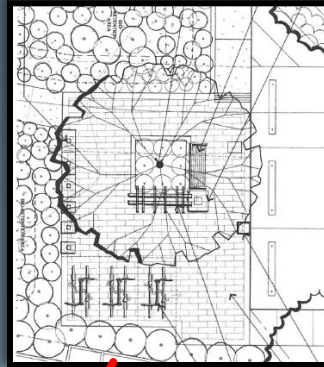


# Parking Warrant





# Private, Common and Community Open Space



# Thoroughfare Plan



## Chapter 4 - Form-Based Code

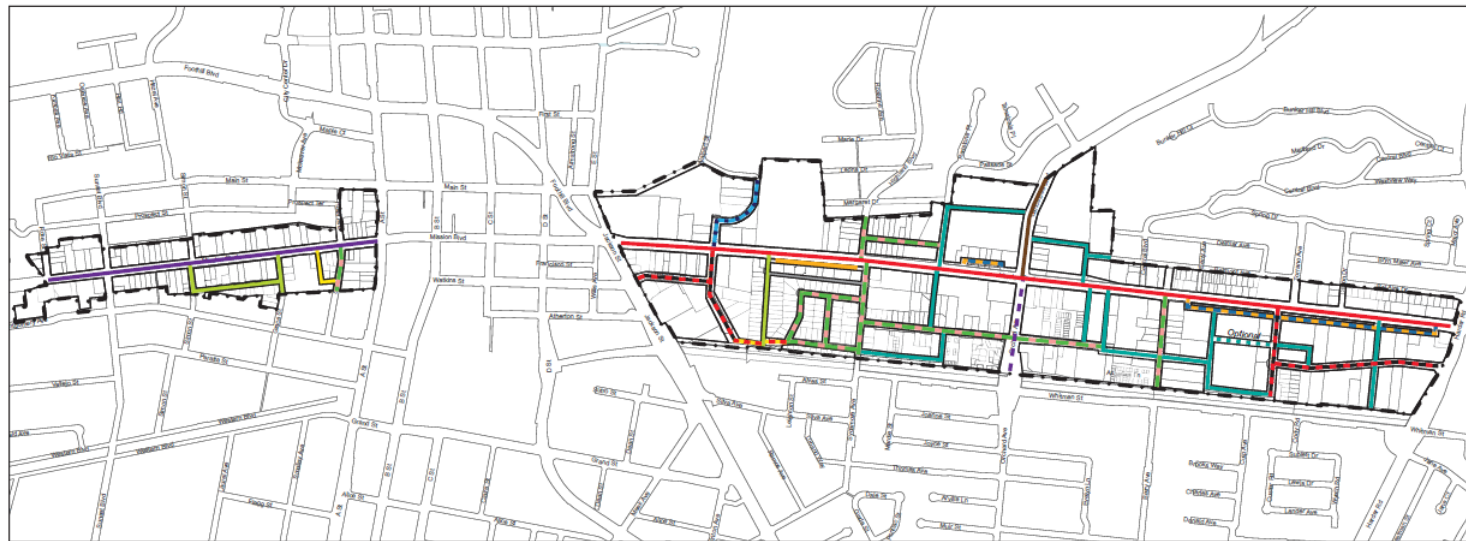
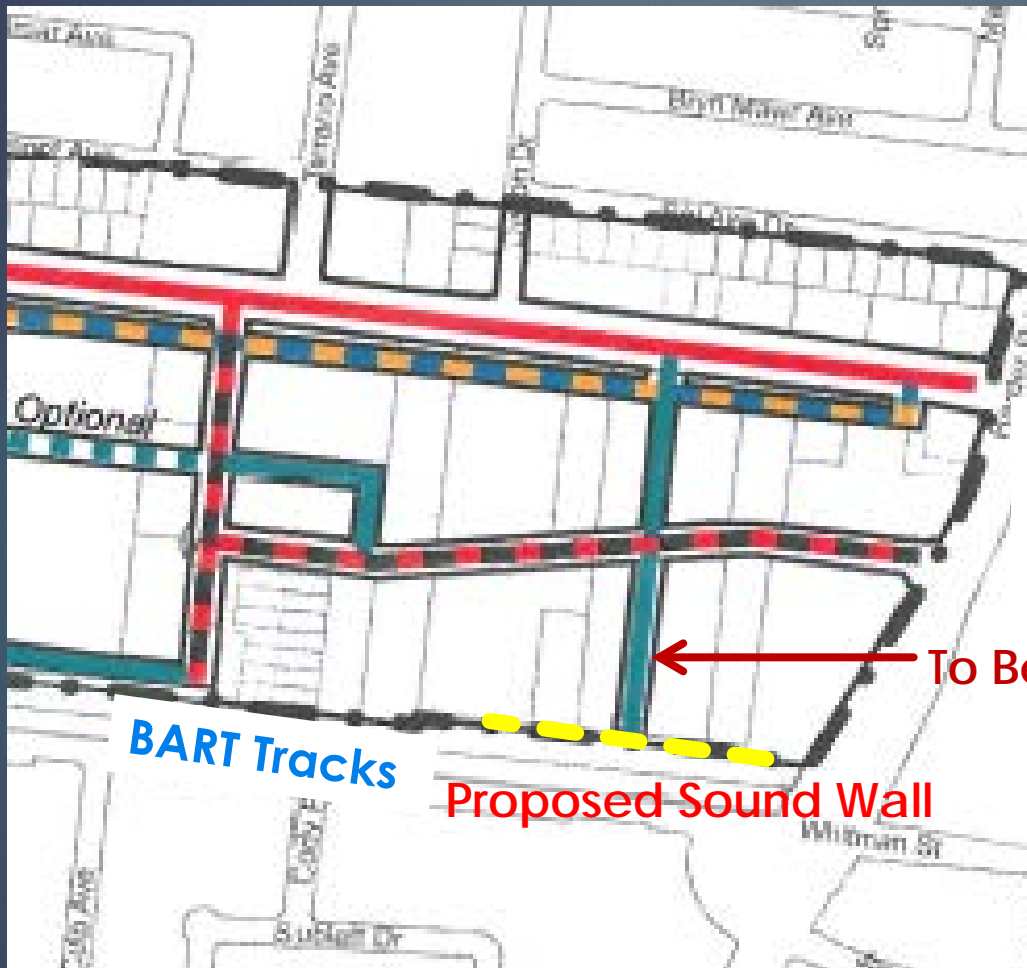


Figure 4-2: Thoroughfare Plan





# Thoroughfare Plan



## THOROUGHFARE TYPES

Avenue	AV
Street	ST
Bicycle Route	BR

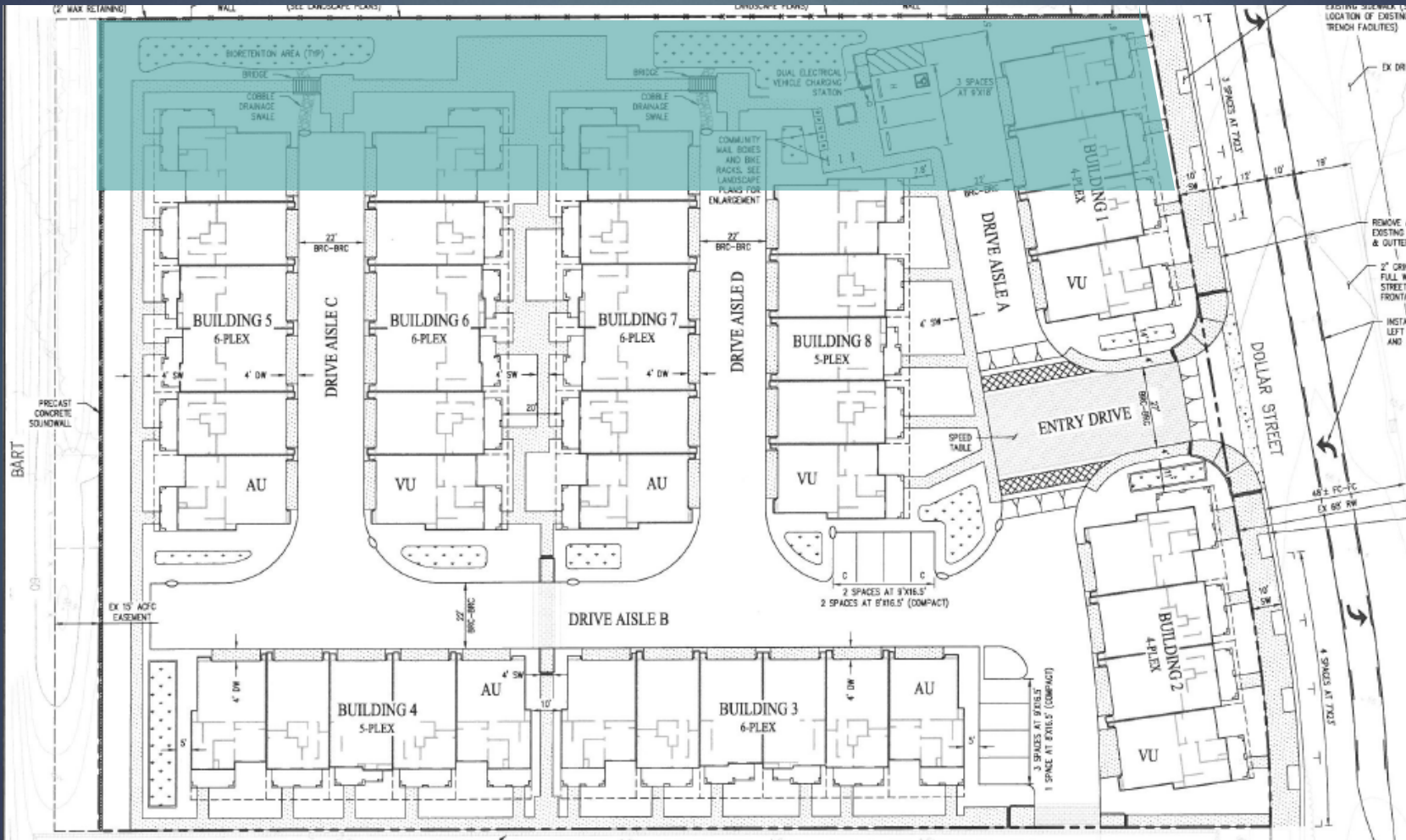
	ST-56-34-BR
	AV-68-36-BR

To Be Deleted

BART Tracks

Proposed Sound Wall

# Thoroughfare Location







# Revised Condition 58



Each townhome shall have an individual domestic water meter. The Facilities Fee will be based on the water meter size required to meet the indoor water demand (excluding fire service demand) and outdoor demand of the residence as determined by the City. Currently, the Facilities Fee for a  $\frac{3}{4}$ " meter is \$9,730. In addition to the Facilities Fee, each water connection will require an installation fee of \$3,500 for the actual field installation of the service line and the water meter if the work is performed by City personal, and a fee of \$200 for radio-read equipped water meters. If the actual field installation is performed by the developer as part of installing new water mains within the development, then the City charges for providing and installing the water meters will be \$310 per meter, instead of \$3,500, plus the \$200 radio-read fee.

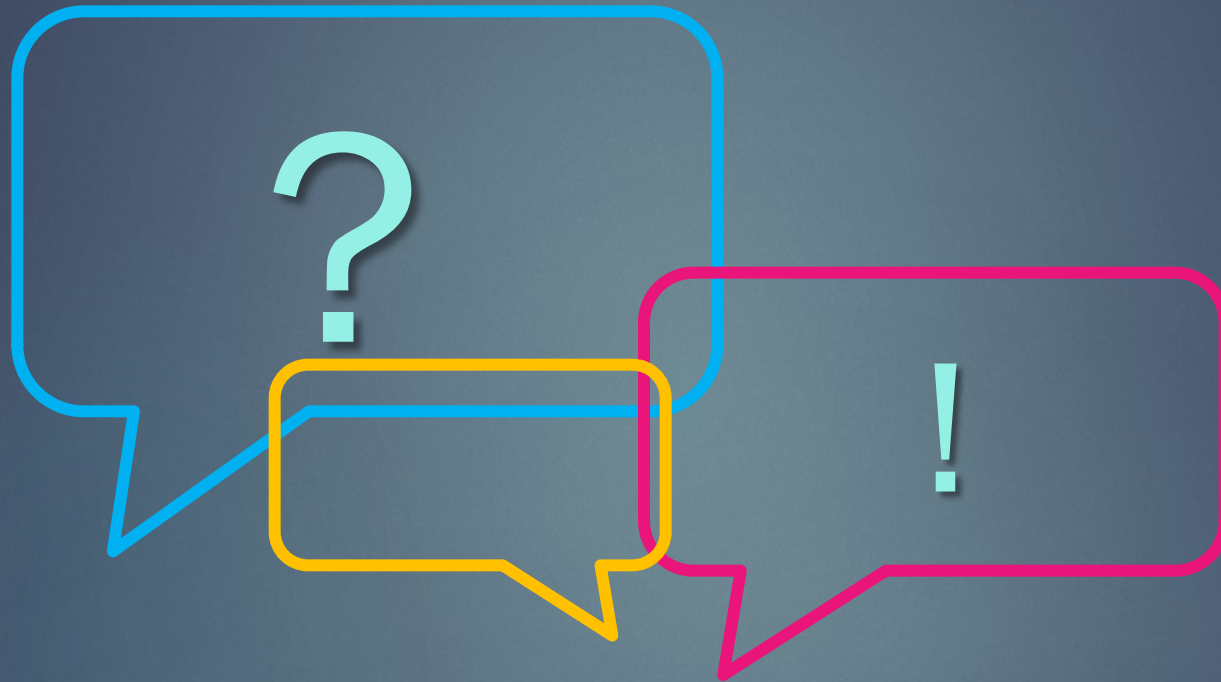


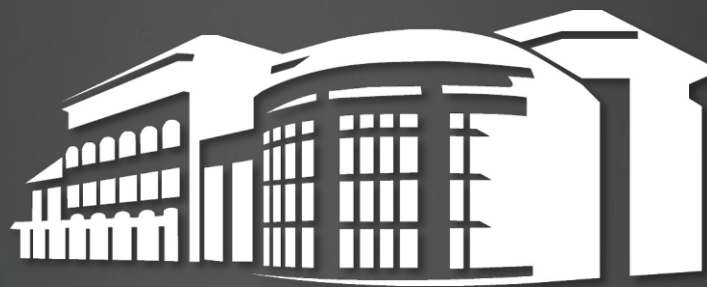
# Recommendation

- Adopt the Resolution Finding the project categorically exempt from the California Environmental Quality Act
- Approve the Warrants for Roof Pitch and Parking, and Vesting Tentative Tract Map 8130 , subject to the Findings and recommended Conditions of Approval.
- Introduce the Ordinance approving the Text Amendment to the Hayward Mission Boulevard Specific Plan and Form-Based Code amending the text and deleting a Thoroughfare that traverses the site.



# Questions & Discussion





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## Legislative Business: Mills Act Historical Property Contract Program



# What Is It?



- ▶ Mills Act grants cities the ability to provide property tax abatements to the owners of qualified historical properties.
- ▶ The Hayward 2040 General Plan Policy LU-8.9 states that the City must adopt a Mills Act ordinance.
- ▶ The goal of this program is to help facilitate the rehabilitation, restoration, preservation, and maintenance of local qualified historical properties
  - ▶ All improvements must conform to applicable CA Historical Building Codes and federal Secretary of the Interior's Standards

# Who Qualifies?



- ▶ Qualified Historical Properties must meet the following prerequisites:
  - ▶ Privately owned
  - ▶ Not exempt from property taxation
  - ▶ Listed in the National Register of Historic Places or located in a registered historic district; **OR** listed in any State, County, or City register of historical or architecturally significant sites, places or landmarks



# Procedures and Guidelines



- ▶ The total abatement amount is calculated through a statutorily mandated formula. The County Assessor will be responsible for determining the final amount.
- ▶ The City Council will approve every Mills Act Contract
- ▶ Individuals will be able to apply for a Mills Act Contract through the City's Development Services Department.
  - ▶ The deadline for applications is June 15 to allow enough time for City and County processing in order to meet the County Property Tax Lien Date.
- ▶ Contracts are for a term of 10 years with an auto renewal option. They must also include provisions for compliance checks.

# Recommendation



- ▶ That the Council introduces an ordinance establishing a Mills Act Historical Property Contract Program for the City of Hayward and finding that the proposed program is categorically exempt from the California Environmental Quality Act (CEQA).



# Questions & Discussion

