



DATE: May 12, 2026

TO: Mayor and City Council

FROM: Director of Finance

SUBJECT: City Council Budget Work Session: Review Proposed Fiscal Year 2026-27 Operating Budget

RECOMMENDATION

That the Council reviews and provides feedback on the proposed Fiscal Year 2026-27 City of Hayward Operating Budget.

SUMMARY

The proposed FY 2026-27 Operating Budget City Council Work Session will provide an overview of the City's recommended budget, facilitate discussion on specific items of interest by the City Council, and offer an opportunity for public input. This is a Work Session intended to receive City Council feedback on the proposed budget and no City Council action will be taken.

The Proposed FY 2026-27 Operating Budget and CIP documents provide the foundation for the budget discussions. Through discussions at the various budget work sessions/meetings, recommended adjustments to the proposed budget are incorporated in the adopted budget and will be summarized at the public hearing on June 2, 2026.

BACKGROUND

In preparation for the FY 2026-27 budget, the City Council held a [work session](#) on February 28, 2026 to consider the City's five-year forecast and options to balance this and future budgets. In addition, the [CIP budget work session](#) for FY 2026-27 was held on May 5, 2026.

The Draft Proposed FY 2026-27 Operating Budget was posted on the City's website on Friday, May 8, 2026, in preparation for this work session and can be found at: <https://hayward-ca.gov/your-government/documents/budget-documents>.

DISCUSSION

The City's operating budget is comprised of several funding sources, including Enterprise Funds like Water and Sewer, and Internal Service Funds like Facilities and Information Technology. The General Fund is the largest fund and represents the resources over which the City Council has the most discretion. The General Fund is the primary topic for this Work Session. The total City expenditure budget for the Proposed FY 2026-27 budget is \$539.8 million, with a General Fund budget of \$248.5 million.

The Fiscal Year 2026-27 budget was prepared as the City transitions out of a year of change, both in City leadership, and in updates to the City's budgeting practices. Staff throughout the organization have worked hard to close a significant gap in FY 2025-26 and in FY 2026-27, while at the same time updating budgeting practices to ensure transparency and accuracy. The resulting budget demonstrates the partnership of elected officials, multiple bargaining groups, unrepresented employees, and executives as we seek to resolve our structural deficit and meet the demands of the future.

The FY 2026-27 Budget Message and Overview are attached to this report (Attachment II), as well as the presentation for the May 12 work session (Attachment III). These documents provide greater detail about the proposed budget and ongoing strategy to address the budget gap.

PUBLIC CONTACT

The City Council received a Five-Year Forecast at a Fiscal Sustainability Workshop on February, 28, 2026¹. Since that time, staff has refined the budget numbers especially associated with salary and benefit costs.

The Proposed FY 2026-27 Operating Budget is currently available to the public by contacting the City Clerk's Office at cityclerk@hayward-ca.gov or (510) 583-4400, and on the City's website at: <https://hayward-ca.gov/your-government/documents/budget-documents>

The FY 2026-27 Capital Improvement Program Budget is currently available to the public by contacting the City Clerk's Office at cityclerk@hayward-ca.gov or (510) 583-4400, and on the City's website at: <https://www.hayward-ca.gov/your-government/documents/capital-improvement-program>

NEXT STEPS

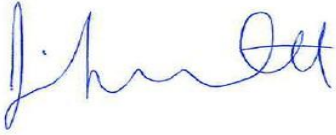
Staff will take Council comments and recommendations and present a final budget for adoption at a public hearing scheduled for June 2, 2026.

¹ <https://hayward.legistar.com/LegislationDetail.aspx?ID=7929298&GUID=690FD0D6-3575-4504-8D4D-3BACF383BD8A&Options=&Search=>

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