



City Council Budget Work Session

May 12, 2026



Work Session Agenda

1. Budget Context
2. Recap and Updates since February 28th Budget Work Session
3. Recommended FY27 Budget
4. Future Budget Considerations
5. Departmental Considerations, Service Impacts and Goals
6. Next Steps



Welcome and Public Comment

(4:30 - 4:40 PM)



Budget Context

(4:40 - 5:00 PM)

Strategic Roadmap Priorities



Highly Ranked FY26 Strategic Projects

Champion Climate Resilience

Implement bike distribution program with the goal of increasing bike access and usage

Create a citywide tree inventory and database

Enhance Community Safety

Update and train on the City's Community Resilience Plan, with the goal of being a model of resiliency

Using the organizational assessment of the Police Department, analyze police beats to optimize service levels

Grow the Economy

Activate Cinema Place and continue the property management strategy

Bring zoning amendments to remove barriers for businesses, allow popups, and allow appropriate commercial uses in residential districts

Invest in Infrastructure

Begin construction of La Vista Park

Evaluate safety enhancements for the Downtown Loop

Continue implementation of "A Bench for Every Stop" project

Preserve, Protect & Produce Housing for All

Engage with Alameda County stakeholder to secure Measure W dollars to support the response to homelessness in Hayward

Support development of and ensure safe community integration of: Regis Behavioral Health Campus

Strengthen Organizational Health

Bring a revised budget in the fall and mid-year budget review, with strategies to advance fiscal solvency

Implement the interdepartmental assessment of Access Hayward to enhance effectiveness and increase transparency

Resident Satisfaction Survey

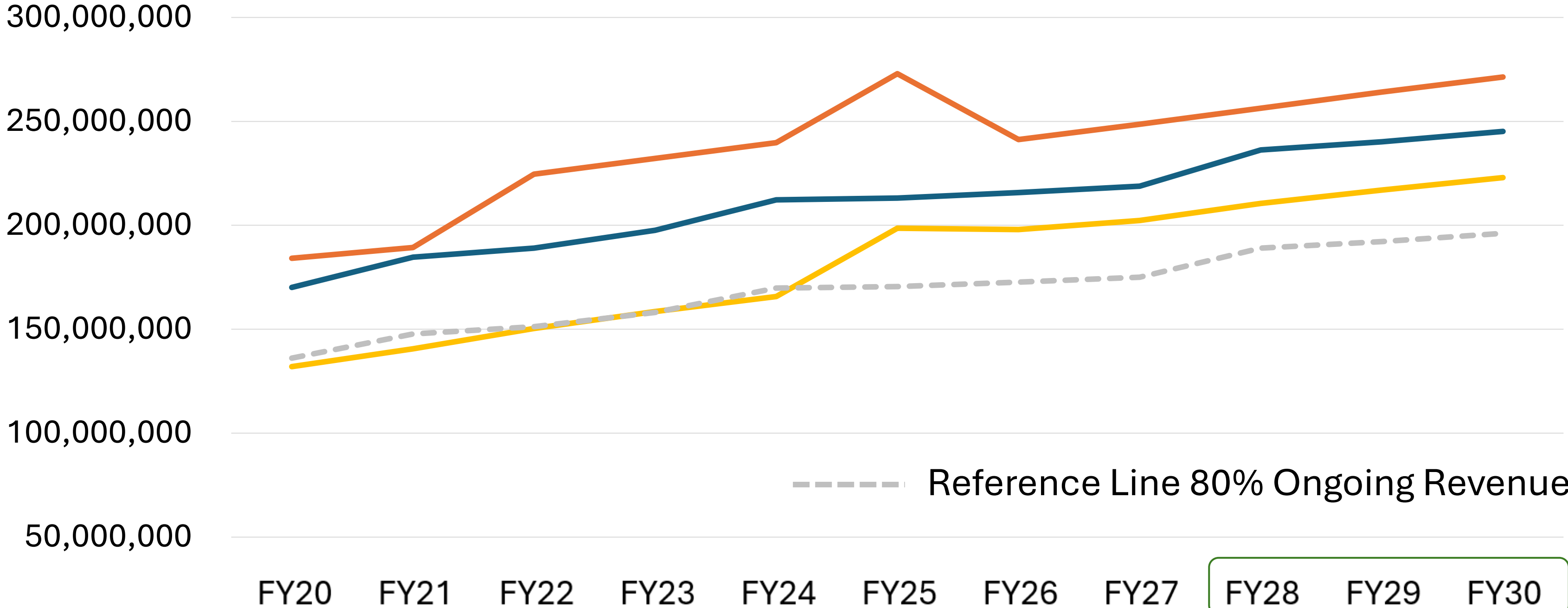
- **Who:** Random sample of 1,320 residents 18+ between March 29 and April 9, 2025, interviewed in English and Spanish by phone and online.
- **Trend:** Overall satisfaction with quality of life was at highest point in more than a decade.
- **Greatest concerns:** (1) Cost of housing, (2) Homelessness, (3) Crime, (4) Traffic congestion on local streets, (5) Potholes and street maintenance, and (6) Litter and graffiti.
- **Service priorities:** (1) Fast emergency response, (2) Safe neighborhoods, (3) Safe and well-maintained streets and sidewalks, (4) Healthy local businesses that stay in Hayward (5) A clean and well-maintained city, and (6) Adequate preparation for disasters such as wildfires and earthquakes.

What Is Causing Hayward's Fiscal Challenges?

- **Declining Real Estate Market** – caused a decline in market related tax revenues which stagnated at <1% on average per year over the last three years and failed to match increasing salary and benefit costs
- **Rising Personnel Costs** – CalPERS pension rates, retiree health obligations, and negotiated COLAs continue to outpace revenue growth; entered into labor contracts misaligned with market and fiscal realities.
- **ARPA Expiration** - Increased staffing and programs dependent on one-time ARPA and grant funding
- **Did NOT Adhere to Financial Best Practices** - maintaining realistic financial projections; budgeting accurately for overtime, contract increases, and leave payouts; using salary savings as a “crutch,” and purchasing a risky real estate asset budgeted as a non-liquid reserve
- **Experienced leadership transitions** and dilution of authority and responsibility

RESULT: Exceeded FY24-25 General Fund budget by \$30 million (15% of revenues) and depleted all General Fund cash reserves and continued structural deficits in excess of \$30 million

Costs Significantly Outpaced Revenue Growth

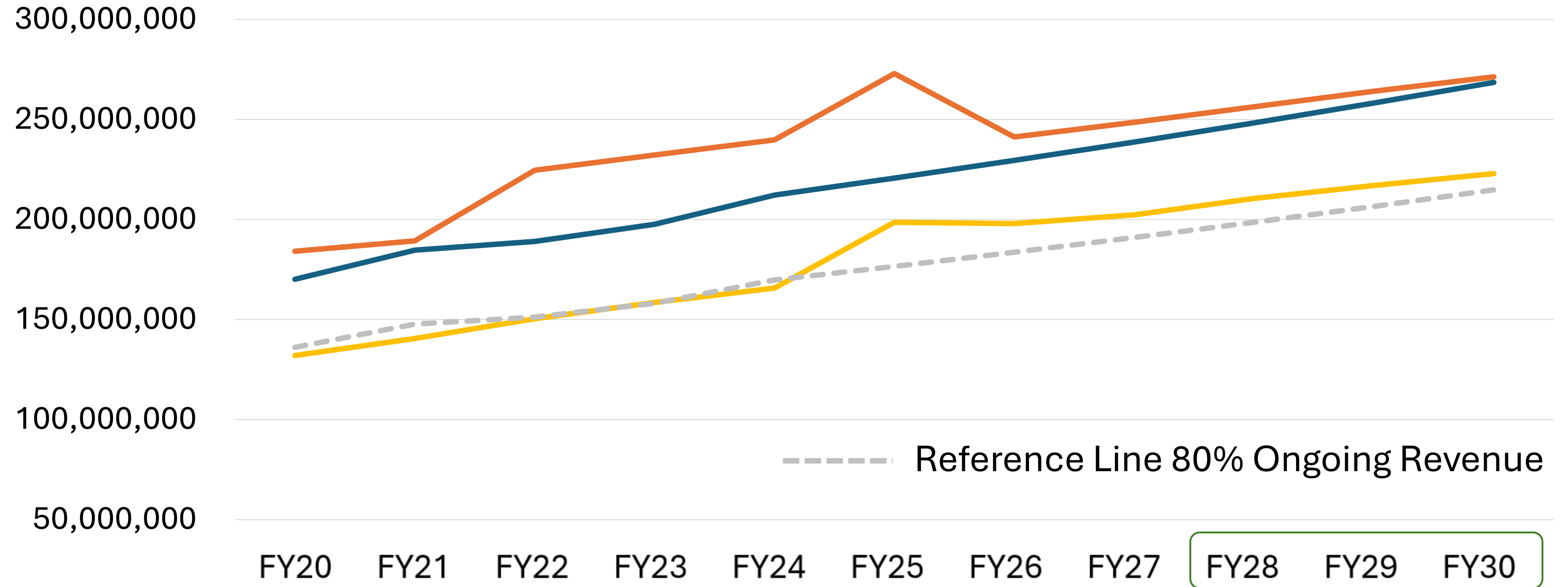


FY28 FY29 FY30

Forecasted Years

- All General Fund Expenses
- Ongoing Revenues (excludes short-term and one-time sources)
- Salary and Benefit Costs (net staffing charge outs)

For reference: Same chart with hypothetical 4% annual revenue growth from FY24 – FY30, which is the average growth of the previous 10 years



FY28 FY29 FY30

Forecasted Years

- All General Fund Expenses
- Ongoing Revenues (excludes short-term and one-time sources)
- Salary and Benefit Costs (net staffing charge outs)

Property & Sales Tax Growth Rates

City of Hayward · FY2018–FY2026

PROP TAX RANGE
+3.4% to +8.6%

SALES TAX RANGE
-11.0% to +20.4%

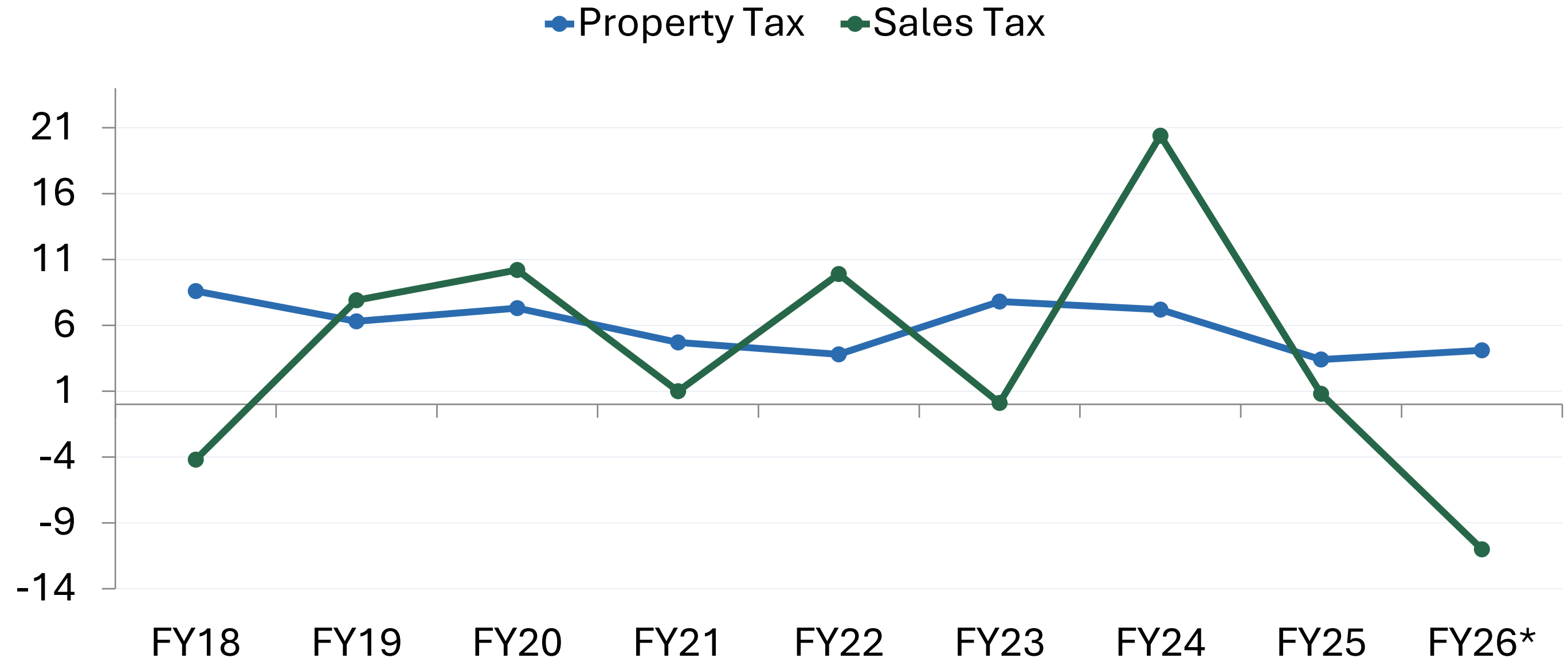
FY26* SALES TAX

-11.0%

Largest single-year decline in the 10-year record

* FY26 is the adopted budget.
All prior years are actuals.

Property tax growth is stagnate, while sales tax growth is volatile



Year-over-year growth

	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26*
Prop Tax	+8.6%	+6.3%	+7.3%	+4.7%	+3.8%	+7.8%	+7.2%	+3.4%	+4.1%
Sales Tax	-4.2%	+7.9%	+10.2%	+1.0%	+9.9%	+0.1%	+20.4%	+0.8%	-11.0%

Growth shading: ≥8% 4–8% 0–4% Neg.

Regional Bay Area Budget Crisis

BAY AREA CITIES REPORTING DEFICITS

6+

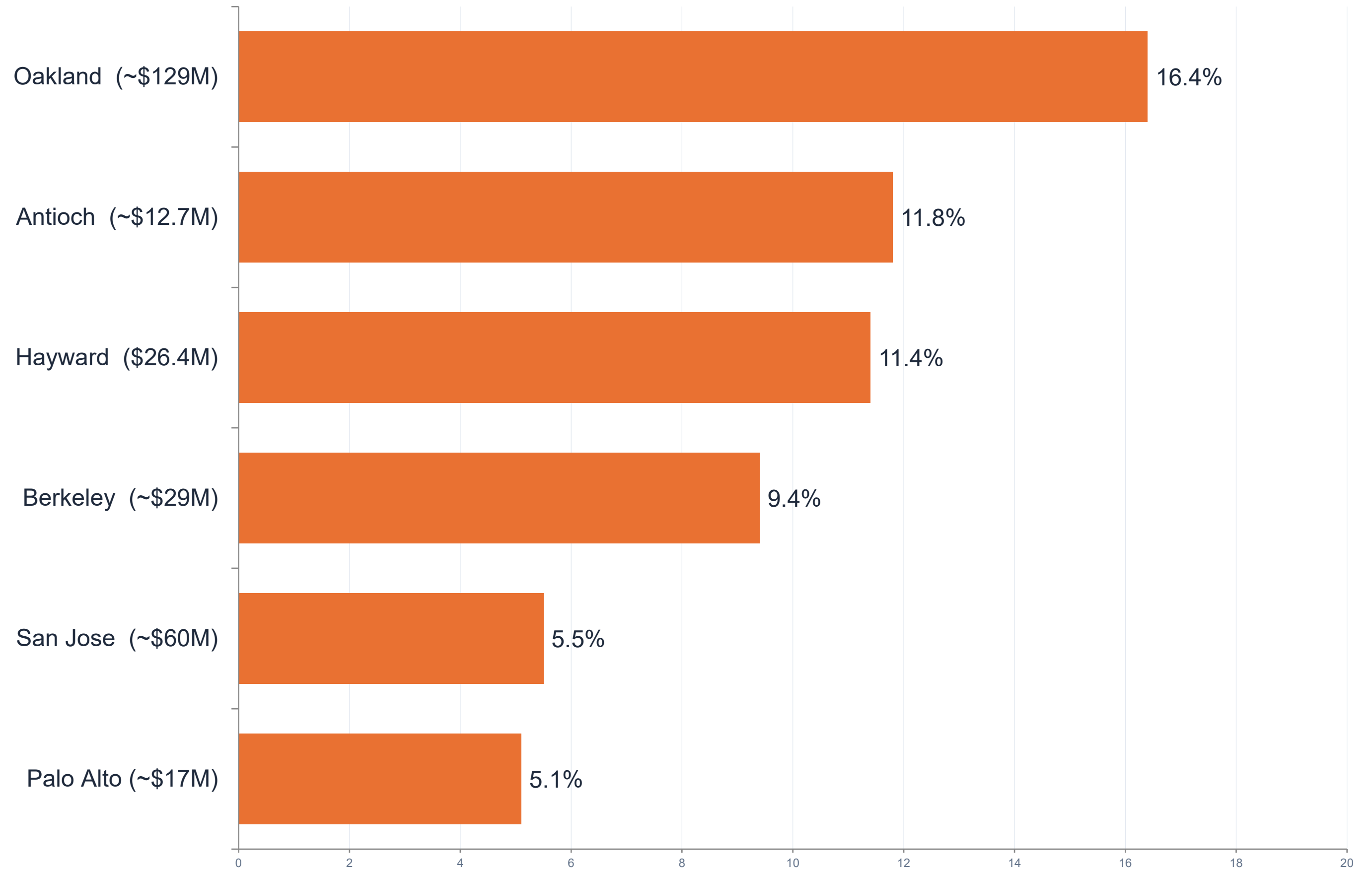
ROOT CAUSE

Structural

Costs outpace revenue growth across the entire region

Sources: City adopted budgets & council reports (FY2025-26). Oakland: General Purpose Fund. San Jose: City Manager mid-year report (Feb 2026). Palo Alto: Proposed Budget (May 2026). Hayward: before budget actions.

FY2025-26 General Fund deficit as % of GF expenditures



Deficit figures represent structural gaps before budget actions. Oakland uses General Purpose Fund (equivalent to GF). Antioch from FY2025-26 Adopted Budget. San Jose from City Manager mid-year report (Feb 2026). Berkeley from City of Berkeley budget proposal (Apr 2026).

Key Budget Lessons Learned

01.

Adhere to Financial Best Practices

- Accurate baseline financial projections grounded in market and financial realities
- Appropriate use of one-time and ongoing funds
- Appropriate budgeting of over-time, salary savings, and realistic revenue estimates
- Appropriate accounting of restricted funds and reserves (i.e., cinema place)
- Strengthen internal monitoring and controls

02.

Improve Transparency and Accountability

- Regularly share and analyze updated projections and actuals internally and externally
- Establish and adhere to financial policies grounded in financial best practices
- Hold each other and our colleagues accountable at all levels of the organization
- Create a culture of collaboration, transparency and “see something, say something”

Key Budget Lessons Learned (*cont.*)

03.

Practice Strong Leadership at All Levels

- Raise and vocalize issues and concerns with Council, staff, labor partners and community
- Attract, retain and train qualified staff
- Be prepared to make difficult or unpopular recommendations grounded in financial realities

04.

Financially Constrain Labor Negotiations and Contracts

- Educate Council, negotiators and labor partners on current and future market and financial realities
- Institute an iterative process with Council and Finance Department regarding cost of proposals from the beginning to end of negotiations
- Establish consistent salary survey and equity adjustment methodologies grounded in market realities and Hayward 's financial situation that are equitable among bargaining groups
- Consider risk sharing measures

How Did We Close the Gap this Year?

- **Workforce Reductions** – overall reduction of approx. 15%
 - Strong vacancy management
 - Voluntary separation program
 - Layoffs and other terminations
- **Use of Fund Balances** – used balances established for capital, rainy day, and longer-term liabilities
 - OPEB Trust
 - Measure C
 - Worker's Compensation Fund
- **Concession Bargaining** – Successful concessions with public safety, Council, and unrepresented groups
 - Temporary reductions in HFD minimum staffing; shift changes for HPD; and furloughs and pay reductions for Council and unrepresented groups

Ongoing

One-Time

One-Time

&

Ongoing

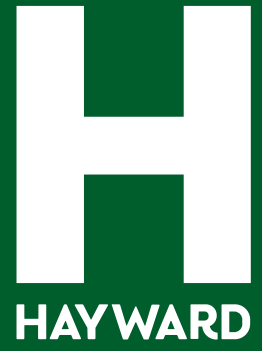
How Did We Close the Gap this Year? (cont.)

- **Other Cost Saving Measures** – employed numerous other cost saving measures
 - Limiting non-essential travel
 - Unspent fund balances from CIP and Internal Service funds
 - Review and cancellation of non-essential contracts
 - Reductions of service and supply budgets
 - Business license tax audit
 - Actively partnering with HARD for community events and discontinued event spending

One-Time

&

Ongoing



**Recap and Updates since
February 28th
Budget Work Session
(5:00 - 5:15 PM)**



February 28th Budget Work Session: Base Financial Forecast

	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Property Tax	\$77,458,791	\$79,474,678	\$82,198,193	\$85,031,671	\$87,979,643
Sales Tax	\$47,559,300	\$46,474,500	\$46,621,319	\$47,715,154	\$48,718,210
Utility Users Tax	\$25,000,000	\$27,654,080	\$28,466,428	\$29,666,401	\$30,947,188
Other Revenue	\$59,996,909	\$59,803,400	\$60,401,928	\$61,011,224	\$61,631,505
Transfers In	\$23,237,000	\$4,490,959	\$4,564,778	\$4,640,073	\$4,716,875
Revenue Total	\$233,252,024	\$ 217,897,617	\$222,252,646	\$228,064,523	\$233,790,273
Salaries & Benefits	\$184,505,500	\$197,349,821	\$217,390,307	\$223,662,767	\$228,774,500
Other Expenses	\$48,746,500	\$53,136,048	\$54,890,631	\$56,705,577	\$58,583,035
Expenses Total	\$233,252,000	\$250,485,868	\$263,956,988	\$271,954,592	\$278,856,982
Surplus/(Shortfall)	\$0	(\$32,588,251)	(\$41,632,211)	(\$43,739,817)	(\$44,628,831)

Why Does there Continue to Be a Structural Deficit?

- Slowed growth in property and other tax revenue and reductions in sales tax and property transfer tax revenues
- Baseline revenue excludes temporary or one-time funds used last fiscal year, including Measure C and OPEB Trust transfers
- Cost of living adjustments in closed employee contracts
- Significant increases in CalPERS retirement costs and continued payment of unfunded liability associated with previous, larger workforce
- Increases in health care, maintenance and utility costs
- Leave payout and special pay expenses previously covered through salary savings

Approach to Recommended FY26/27 General Fund Budget

- **Include revenue items that are likely, conservative and not dependent on voter approval**, plus proactively pursue a “match neighbor” business license tax measure in November 2026, implement enforcement of short-term rental ban on a pilot basis, and do not implement an EMS fee at this point
- **Use short-term funding again next fiscal year** (i.e., Measure C and OPEB Trust, etc.) until there is greater clarity on the success of the business license modernization tax measure, recovery of real estate market and associated property tax growth trend, and extent of revenue from data centers
- **Assume cost saving measures that are likely to occur and minimize severe service impacts**; avoid across-the-board cuts for now; and pursue concession bargaining to help close the fiscal cap
- **Allow cost-neutral departmental restructuring of personnel** for operational effectiveness to account for new reality of reduced staffing

Budget Updates Since February 28th

- **Business License Tax Modernization Measure** - Actively pursuing a business license tax modernization measure in November 2026 with Council approval targeted for June 2, anticipated to increase General Fund revenues by \$11 million annually, if approved by voters
- **Concession Bargaining** - Engaged in concession bargaining with all labor groups, which led to Council approving concessions with six groups, unrepresented and Council appointed officers on April 21 for COLA deferrals, reductions and other overtime cost saving measures, resulting in \$7.5 million in additional savings
- **Salary and Benefit Projections for FY26 and FY27** - Monitored actual payrolls associated with new reduced workforce this FY, which led to revising budget projections for this FY and next with significantly increased salary and benefit estimates to account for continued payment of unfunded liabilities for the previous larger workforce and unbudgeted special pays, education incentives and leave payouts previously covered by salary savings, resulting in implementing immediate cost saving for this FY and increased expense projections of approximately \$10 million for next FY

Budget Updates Since February 28th (*cont.*)

- **Updated Fee Schedule** – Council adopted an updated Master Fee Schedule on April 21, which will help offset the cost of increased employee compensation
- **Streaming and Other Revenue Measures** – Council adopted Utility User Tax (UUT) ordinance changes to strengthen collection of streaming revenues, outstanding litigation resolved in favor of cities, and letters sent to all streaming providers; increased cannabis revenue from new dispensary is on hold due to ongoing CEQA litigation
- **Sale of City Property** - Actively marketing the sale of key City properties to restore reserves and reduce expenses with negotiation updates planned for closed session in June and August



Recommended FY27 Budget

(5:15 - 5:30 PM)



Recommended FY27 General Fund Budget

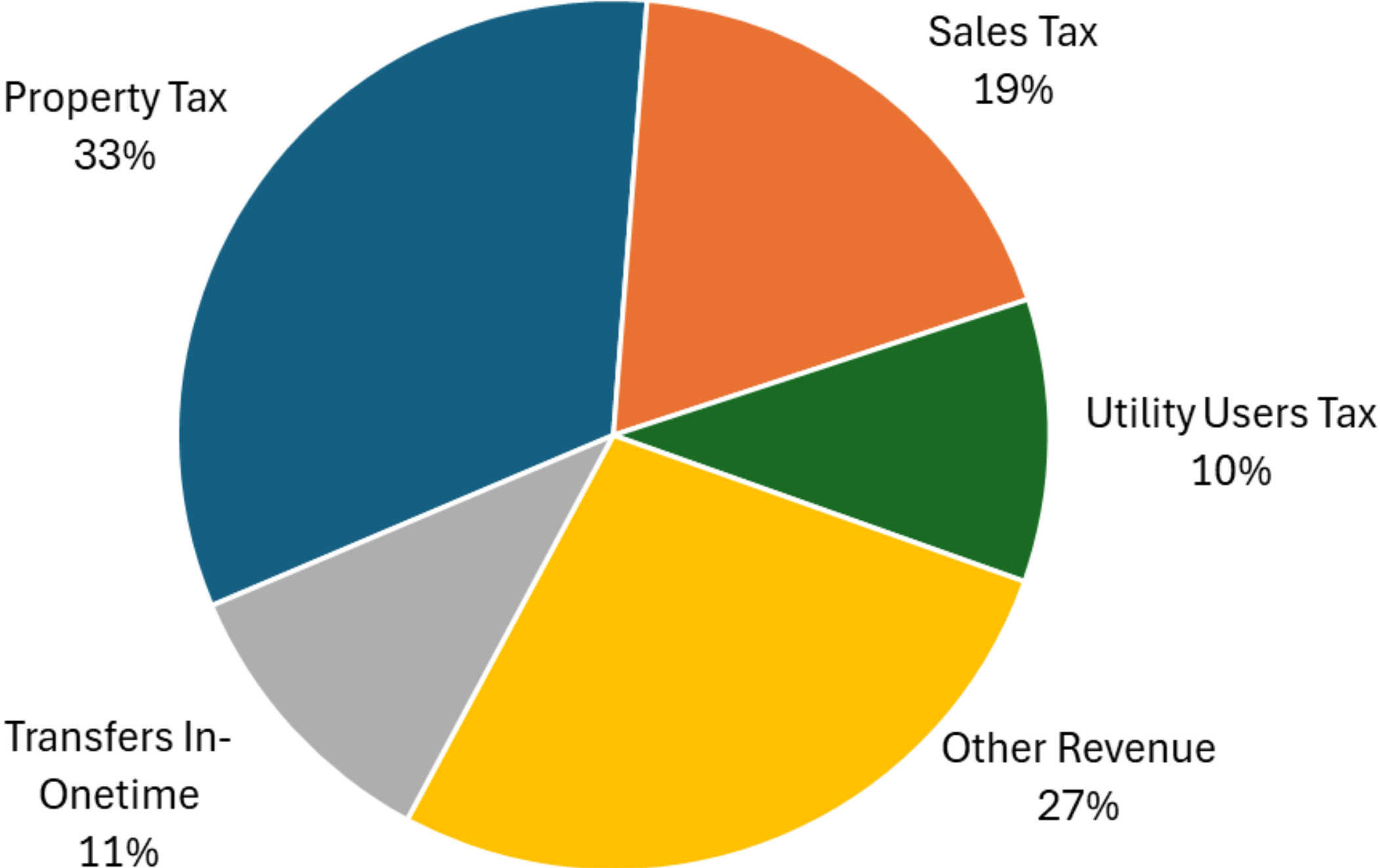
- Overall, **proposed \$249 million General Fund budget is balanced**, but stretched and still heavily reliant on short-term funding and transfers from Measure C, OPEB Trust, Worker's Compensation and eligible Grant Funds
- **Structural deficit of approximately \$30 million remains** until new revenues are approved, revenue growth recovers, and other cost control measures are implemented
- Includes **updated salary and benefits based on actuals** from this fiscal year and concessions from labor partners (i.e., COLA deferrals and overtime reductions)
- **Excludes potential revenue from the proposed business license tax measure** since it is dependent on voter approval

Recommended FY27 General Fund Budget

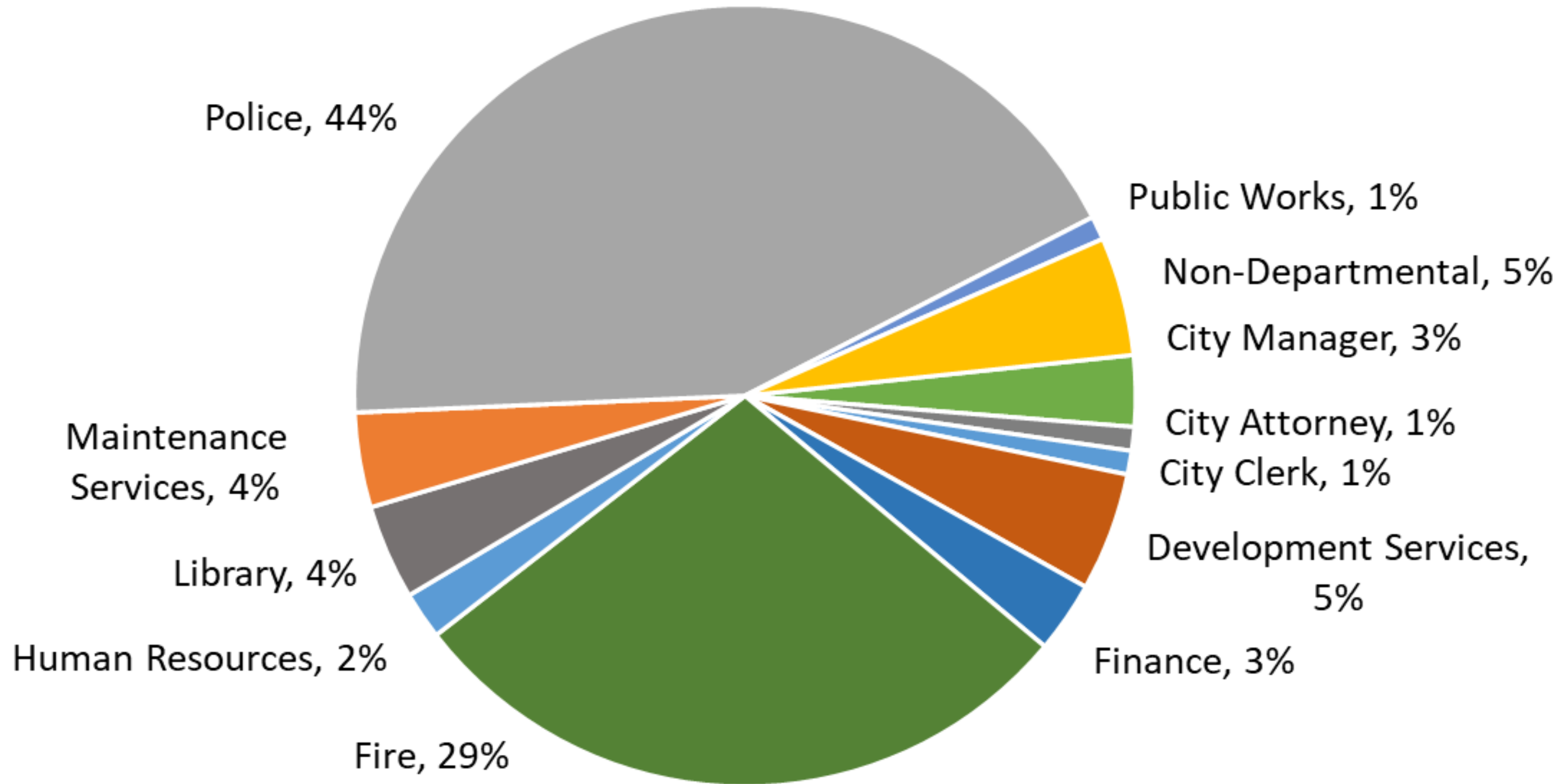
(in 1,000s)	FY 2027 Proposed	Percent of Total
Property Tax	\$81,090	32.6%
Sales Tax	\$46,539	18.7%
Utility Users Tax	\$26,072	10.5%
Other Revenue	\$64,083	25.8%
Subtotal	217,785	87.6%
Transfers In - Ongoing	\$4,010	1.6%
Transfers In - Onetime	\$26,788	10.8%
Total Revenue	248,583	100.0%
Salaries	121,791	49.1%
Benefits	89,102	35.8%
Staffing Charge Outs	(8,560)	
Subtotal	202,333	81.4%
Other Expenses	46,250	18.6%
Total Expenses	248,583	100.0%

* Salaries & Benefits are 96% of all ongoing revenues excluding short-term/one-time revenue

Recommended FY27 General Fund Revenues



Recommended FY27 General Fund Expenses by Department





Future Budget Considerations

(5:30 - 6:00 PM)



Approach to Business License Tax Modernization Measure Revenue in FY27

- After the election, **propose holding an early December 2026 Budget Work Session** to discuss results of business license tax (BLT) modernization measure and year-to-date monitoring of actuals
- If passes, the **new BLT revenue would replace some one-time funding sources with a permanent, ongoing revenue stream** — directly reducing the structural gap in FY28 by approximately \$11 million
- Recommend using new BLT revenue in FY27 to **replenish the General Fund reserve to a 4.5% level** that can be used as a contingency throughout fiscal year and beyond

Updated Budget Forecast FY28 and Beyond: Revenue & Expense Assumptions

- **Revenues:**

- Business license tax modernization revenue increase of \$11 million
- Utility user tax revenue increase related to data centers and streaming of \$4.7 million
- Continued use of Measure C and OPEB Trust of \$13 million through FY30 and the end of the current public safety contracts

- **Expenses:**

- Assumes some level of fire and police overtime reductions continue
- Includes contractual COLAs and 2% increases if there is no contractually specified COLA
- Continue all current vacancy savings
- Contribute \$6.1 million to worker's compensation in FY28 with modest annual growth
- Annual increases in other expenses categories varies from 2-4%

UPDATED Financial Forecast

	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Property Tax	79,500,000	81,090,000	82,711,800	84,366,036	86,053,357
Sales Tax	47,599,300	46,539,200	47,469,984	48,419,384	49,387,771
Utility Users Tax	24,844,001	26,072,478	26,577,656	27,922,809	29,294,865
Other Revenue	59,413,297	61,083,657	75,504,137	75,447,475	76,417,048
Subtotal	211,356,598	214,785,335	232,263,577	236,155,704	241,153,041
Transfers In - Ongoing	4,418,587	4,010,277	4,010,297	4,010,297	4,010,297
Short-Term or One-Time	25,487,036	29,787,735	13,000,000	13,000,000	13,000,000
Total Revenue	241,262,221	248,583,347	249,273,874	253,166,001	258,163,338
Salaries & Benefits	205,280,514	210,892,594	219,449,104	226,156,094	232,359,989
Other Expenses	35,981,707	37,690,753	36,867,606	37,970,967	38,951,885
Expenses Total	241,262,221	248,583,347	256,316,710	264,127,061	271,311,875
Surplus/(Shortfall)	\$0	\$0	(7,042,836)	(10,961,060)	(13,148,536)

Considerations for Future Budgets

- **Revenues likely to increase by \$16 million in FY28**, assuming revenues from a successful business license tax modernization measure, estimated UUT increases from data centers and streaming companies, and increased cannabis revenue from a new dispensary
- In FY28, **deficit is reduced to approximately \$7 million**, but **assumes continued use of \$13 million in short-term revenue** from Measure C and OPEB Trust
- **Reduction of future deficits depend on** maintaining Measure C funding, economic recovery and related growth in tax revenues, and/or additional cost saving measures (i.e., concessions, contract negotiations, and/or deeper cuts) that result in structural, ongoing changes to the budget

Future Budget Priorities

- **Building Reserves:** As the City depleted all of its General Fund reserves last fiscal year, there is a need to restore reserves to the recommended 20% of its annual operating budget (or approximately \$45 million), including in part from the sale of City properties and other one-time measures or windfall revenues.
- **Measure C Funded Priority Capital Projects:** The recently approved Measure K1 extended the Measure C sales tax measure with the goal of building a new modern police building, corporation yard, Fire Station 9, Weekes Branch and other capital needs, which requires that sufficient Measure C/K1 funding is available to fund ongoing debt service and not just used to balance the City's General Fund deficit.
- **Restoring Negative Cash Fund Balances:** There are several funds that are currently running negative cash balances in the range of \$1 million to over \$16 million, such as General Liability and Facilities funds that need to be restored, most likely with one-time funding.

Pursuing Additional Funding

- **Homelessness.** Applying for a Pro-Housing grant for up to \$1.2 million to help provide ongoing support for homelessness services and relevant County funding opportunities.
- **Tree Planting.** Exploring an Urban Greening grant to help off-set costs for planting trees in underserved areas; the program has \$46M available in round 1.
- **Fireworks and Flavored Tobacco Enforcement.** Obtained a State grant for flavored tobacco enforcement for \$153K over three years and pursuing a State grant to bolster seasonal fireworks enforcement efforts with \$3.6M in annual funding available.
- **Fire Suppression.** Exploring a FEMA SAFER Grant to restore Engine 11 staffing: 75% of firefighter costs in Years 1–2 and 35% in Year 3 with matching funds potentially impacting General Fund, depending on concessions.
- **State and Federal Earmarks and Other Grants:** Partnership with lobbyists to secure grants to enhance core services from State and federal earmarks, potentially, including LINK, drones as first responders, safe routes to school, The Stack Center Phase II, literacy/ESL programs, cultural programming, and new book purchases at the Library.

Future Budget Risks

- **Property Transfer Tax Reductions (#25-0006A1)** — November 2026 initiative would reduce local real estate transfer taxes to the City to \$0.55/\$1,000 (currently \$8.50/\$1,000), threatening Hayward's \$11 million annual Real Property Transfer Tax revenue. (A competing legislative amendment (ACA 13) would require the initiative to pass by two-thirds.)
- **Pension Legislation (AB 1383)** – Bill currently in the State Senate would allow negotiated enhanced CalPERS retirement formulas for public safety employees, including lower retirement age and higher benefit multipliers – potentially increasing pension costs.
- **Senior Property Tax Exemption (#25-0035)** — potential November 2026 initiative would fully exempt primary residences from property taxes for homeowners age 60+, with estimated local revenue losses of \$10-16M annually. (Signature deadline for November is June 25, 2026.)
- **“Fix Prop 19” (#25-0017)** – potential November 2026 would reinstate inherited property transfer rules without reassessment to market value, reducing local government revenue by an estimated \$1-2B annually statewide and gradually eroding Hayward's property tax base.

Dinner

We will return at 6:30 pm



Departmental Impacts & Considerations

(6:30 - 8:30 PM: 15 Mins per Department)

Impact to Core Services

- Over the past two years, the City has eliminated general-fund supported special initiatives and reduced or currently held vacant 90 FTEs
- Over the past year, the City has begun to reduce core services to address fiscal challenges
- Departments will present on service models and impacts in more detail

Examples of Impacted Services To Date

- Reduced library hours and programs
- Elimination of community grants
- Reduction of two fire companies
- Longer response time for illegal dumping removal
- Longer response time for permit review and inspections



Police Department



Considerations and Service Impacts

- **Staffing adjustments and overtime reductions:** While changes to staff deployment, shift schedules, and overtime have resulted in financial savings, capacity for conducting follow-up investigations, community engagement, and training sworn and professional staff have been reduced.
- **Recruitment pipeline is open, but vacancies remain:** Recruitment for sworn and critical dispatcher positions continue; however, anticipated staff separations could quickly widen the vacancy gap, impacting service levels and response times.
- **Vacancy management could delay promotions:** There is a critical need to promote for succession planning based on anticipated retirements, which could be delayed by vacancy management.
- **Organizational need to leverage technology solutions:** Strategic technologies help maintain and improve operational efficiency, safety, and crime reduction outcomes.
- **Crime reduced despite financial and operational challenges:** There has been a 10.46% reduction in crime in the past 365 days (data pulled May 4th).
 - 23% reduction in homicides, 20% reduction in burglaries, 35% reduction in stolen vehicles, and 28% reduction in robberies

Key Goals for FY 2027

- **Achieve annual CALEA accreditation:** Ensures HPD continues to meet national standards and best practices in the delivery of services.
- **Realign Jail operations:** The realignment of jail operations, including a partial closure during non-peak hours, will allow for the repurposing of Community Service Officers (CSOs) to other necessary programs without overall workforce reductions.
- **Implement a parking enforcement program:** Allows HPD to repurpose CSOs from the Jail and respond to chronic community concerns regarding parking, including in the downtown and Tennyson corridors. The program is estimated to generate \$800,000 in annual revenue and will offset associated staff costs.
- **Supplement existing UAS program with a Drone as First Responder (DFR) concept:** While adhering to established policies and guidelines around UAS usage and community privacy, this program will allow HPD to repurpose CSOs from the Jail and maintain or improve operational efficiency, including response times, situational awareness, and community and officer safety. Also, acts as an operational resource for other City departments.



Public Works & Utilities



Considerations and Service Impacts

- **Cost Recovery:** Approximately 90 to 95% of PW&U's funding sources are from various Enterprise Funds or Special Revenue Funds, which are non-General Fund.
- **Federal WIFIA Loan Delay:** Significant delay in securing a \$244 million Water Infrastructure Finance and Innovation Act (WIFIA) loan which has caused a delay in proceeding with the required construction of Water Resource Recovery Facility (WRRF) Improvements Phase 2; now also pursuing a \$50 million loan from the State Revolving Fund (SRF).
- **La Vista Park Value-Engineering:** Value-engineering associated with La Vista Park construction will allow the City to reallocate approximately \$5 million in Measure C funding back to the City for additional fund balance.
- **Rapid Response to Pedestrian Fatalities:** Recent pedestrian fatalities spurred a concerted staff focus and targeted approach to implementing immediate safety enhancements, including near-term quick-build improvements at the top 10 High-Injury Network intersections.

Key Goals for FY 2027

- **Appropriate Tracking:** Track charges to ensure activities are appropriately charged to special revenue, CIP, or development projects to minimize fiscal impacts to General Fund.
- **Public Safety Center:** Initiate the design, land use entitlement and possibly the developer solicitation process for Public Safety Center Project.
- **Skywest:** Proceed with transferring the western portion of Skywest property to HARD for development of park and open space.
- **Safe Street Planning:** Advance the Safe Streets Hayward (A St., B St., & Tennyson Rd.) and Safe Streets Downtown (Downtown Loop) Projects, including prioritizing design and construction funding for Phase 1 of the Tennyson Corridor safety improvements.
- **Compost Hub:** Complete the design and construction of the Compost Hub at the Hayward Community Garden.
- **WRRF Project:** Pending WIFIA funding, begin construction of WRRF Improvements Ph 2.
- **Pavement Condition Index (PCI):** Strive towards achieving Council goal of a PCI of 80.



Fire Department



Considerations and Service Impacts:

- **Reduced response capacity from staffing reductions:** Maintaining response times through strategic response adjustments, training schedule changes, and streetlight pre-emption repairs, while monitoring reduced redundancy and simultaneous-call demand.
- **Reduced costs with impacts to training:** Payroll was reduced by \$6.8M and overtime by \$2.6M; however, training cuts affect specialized training in wildland, technical rescue, and succession planning.
- **Fire Prevention capacity was initially reduced, but core work is on schedule:** Staff reorganized workflows, updated fees, closed process gaps, and increased outside plan check to keep inspections and plan reviews current.
- **Community outreach and public education have been reduced:** To preserve Emergency Management capacity, the Public Education Officer position was reassigned to that function, reducing prevention education, community engagement, and public outreach.

Key Goals for FY 2027:

- **Modernize technology to improve efficiency and data quality:** Adopt new technologies to improve regional interoperability, analytics, and rapid disaster damage assessment (i.e., Tablet Command, ImageTrend, and Quick Capture).
- **Complete accreditation, audits, and department assessments:** Priorities include the HazMat audit, State Fire Training academy accreditation, ISO assessment, Standards of Cover and Community Risk Assessment.
- **Strengthen training, succession planning, and operational readiness:** More than 30 potential retirements over the next few years could affect key operational and leadership positions, making leadership development and readiness planning a priority.



Maintenance Services



Considerations and Service Impacts:

- **Cleanup Timelines:** Streets Division's response time for illegal dumping, graffiti removal, and encampment cleanup requests extended from within 24-48 hours to up to 72-96 hours.
- **Tree Planting Goal:** Landscape Division will continue expanding the City's urban forest but requires decreasing annual planting goal from 1,500 to 1,000 trees.
- **Facility Response Times:** Facilities Division's response time for facility maintenance requests will be extended from 72-96 hours to up to 120 hours.
- **Preventative Maintenance Schedules:** Fleet Division will prioritize preventative maintenance schedules for Public Safety fleet, "white" fleet will require a longer turnaround time.

Key Goals for FY 2027

- **Bike Lane Sweeping Program:** Launch a citywide protected bike lane sweeping program utilizing a compact street sweeper.
- **Tree Management Software:** Implement the City's first tree management software, which will be the backbone of the tree maintenance program.
- **Energy Conservation Project:** Complete the Energy Conservation Project and implement a facilities work order software solution.
- **Fleet Lift Replacement Plan:** Begin the Fleet Lift Replacement Plan, a multi-year plan to replace six (6) vehicle/equipment lifts that are out of compliance and at the end of their useful life.



Development Services



Considerations and Service Impacts:

- **Supplies and Service Reductions:** Supplies and Services budget reduced by 40% over last few FY impacting nimble response.
- **Strategic Deployment of Limited Staff Resources:** Vacancies and impending retirements in key positions, requires strategic prioritization of workload.
- **Filling Key Cost-Recovered Positions:** Propose filling State-mandated Building Official position and vacant Code Enforcement Manager plus adding a new Code Enforcement Inspector based on revenue analysis that revealed high percentage of cost recovery in both Code Enforcement and Building Divisions, ranging from 75% to 100%.
- **Implementing Efficiency Measures:** Public service efficiency measures explored for various processes including Permit Center, Rental Unit Invoicing, and Code Enforcement Violation Notices.

Key Goals for FY 2027:

- **Focus on Core Services and Functions:** In part, by building-out DSD activity dashboards with IT to gain key data to strategically target resources and identify opportunities for improvement.
- **Rent Registry:** Exploration of initial phase of Rental Registry implementation.
- **BART TOD Partnership:** Ongoing collaboration with BART related to TOD development at the downtown BART station.
- **Hayward Business Friendly Ordinance Follow-Up:** Items include Accessory Commercial Units and definitions for last mile delivery and truck terminal uses.
- **Smoke Free Multi-Family Housing Ordinance:** Recommend adoption of a new ordinance with partnership from Alameda County Health for initial education and low-level enforcement.



Public Library



Considerations and Service Impacts:

- **Loss of Funding and Workforce Reductions:** Impact of General Fund budget cuts, compounded by loss of Hayward Promise Neighborhood funds, and English as a Second Language (ESL) funds from the State Library, and reduced funding from The Friends of the Library Group and Hayward Literacy Plus Council, has resulted in a significant loss of funding for the Library of approximately \$585,000 annually, as well as full-time and part-time workforce reductions.
- **Service Impacts:** Loss of funding has resulted in a number of service impacts:
 - Reduced open hours from 6 to 5 days a week (48 hrs to 39 hrs/wk)
 - Bookmobile services and outreach discontinued
 - Repeated unscheduled closures of the Makerspace due to staff shortages
 - Most public services staff are working three Saturdays a month on a regular basis
 - Loss of highly used and popular databases/streaming services like Hoopla and Kanopy

Key Goals for FY 2027:

- **Weekes Library Branch Utilization:** Increase library use at the Weekes branch.
- **Literacy Programs:** Maintain ESL and Adult Literacy Services at the current level.
- **Community Programs:** Maintain community programs (storytimes, special events, etc.) at current levels (except Trunk or Treat).
- **Private Fundraising:** Support the Friends of the Library and Hayward Literacy Plus Council to strengthen their fundraising.



Information Technology, Finance, & Human Resources



Considerations and Service Impacts:

- **Information Technology (IT):** Loss of Support Technician has resulted in elimination of Friday in-person TechTeam support at City Hall and higher ticket resolution times.
- **Finance:** Loss of Deputy Director and Senior Accountant have resulted in ongoing delays in completing FY 2024-25 Annual Financial Report (ACFR), although created an opportunity to provide stretch assignments to staff and build future staff capacity.
- **Human Resources:** Loss of Deputy Director, one Human Resources Manager, and two Human Resource Analysts have resulted in delayed special projects and response times.

Key Goals for FY 2027:

- **Information Technology:** Build and promote IT's new Innovation Assistance Program to City departments to improve efficiencies and effectiveness via technological enhancements.
- **Finance:** Develop improved budget, payroll, and accounting processes potentially using IT Innovation Assistance Program.
- **Human Resources:** Reevaluate service offerings to streamline workflows and processes, and improve customer service.



City Manager, City Attorney & City Clerk



Considerations and Service Impacts:

- **City Manager:** Restructuring of community services division and administrative functions due to workforce reductions and loss of community agency funding.
- **City Attorney:** Minimizing insurance premium increases through effective risk management strategies in key exposure areas; and mobilizing human resources across department lines (i.e., 0.5 FTE shared position with Finance) to offset reductions in force and loss of positions.
- **City Clerk:** Sustain Passport Program operations and revenue generation with limited staffing by leveraging 0.20 FTE shared position with City Manager's Office to support operational efficiencies.

Key Goals for FY 2027:

- **City Manager:** Manage placement of the Business License Tax Modernization measure on the November 2026 ballot, if approved by Council, and oversee implementation, if approved by voters.
- **City Attorney:** Maximize staff attorney ability to defend claims/lawsuits while reducing reliance on outside counsel.
- **City Clerk:** Deliver a compliant by-district municipal election by executing voter outreach, coordination, and administration aligned with election laws and state requirements.



Next Steps

Next Steps

- **June 2026** – Recommend City Council approval of: (1) the City’s Operating and Capital Improvement Program budgets, and (2) placement of a business license tax modernization measure on the ballot
- **November 2026** – Election held on City’s business license tax modernization measure
- **December 2026** – Hold a Council budget work session based on results of the election and year-to-date monitoring of actual expenditures
- **February/March 2027** – Hold a Council work session on updating the City’s Strategic Roadmap in order to calibrate workload with most recent budget and workforce projections



Background Slide

FY24 – FY27 Comparison: City reduced expenses and used short-term funding to address stagnate revenues

Dollars in 1,000s	FY 2024 Actual	FY 2025 Actual	FY 2026 Estimated	FY 2027 Proposed	% Change FY24 to FY27	% Change FY25 to FY27
Property Tax	73,406	75,907	\$79,500	\$81,090	10%	7%
Sales Tax	53,034	53,476	\$47,599	\$46,539	(12%)	(13%)
Utility Users Tax	24,453	23,101	\$24,844	\$26,072	7%	13%
Other Revenue	57,359	55,956	59,413	61,083	6%	9%
Subtotal	208,253	208,542	211,356	214,785	3%	3%
Transfers In - Ongoing	3,973	4,681	\$4,418	\$4,010	1%	(14%)
Short-Term or One-Time*	5,135	34,415	\$25,487	\$29,787	480%	(13%)
Total Revenue	217,361	247,773	241,262	248,583	14%	0%
Salaries	106,001	130,111	122,719	121,791	15%	(6%)
Benefits	63,677	75,529	82,561	89,102	40%	17%
Other Expenses	47,683	42,093	35,981	37,690	(21%)	(11%)
Total Expenses	217,361	247,773	241,261	248,583	14%	0%

*Includes use of reserves in FY24 and FY25