



COUNCIL BUDGET & FINANCE COMMITTEE MEETING
Meeting Minutes of October 15, 2025

Call to Order: 5:32 p.m.

Members Present: Mayor Salinas, Councilmember Bonilla Jr, Councilmember Syrop

Members Absent: None

Staff: Mary Thomas, Franchesca Hatfield, Nicholas Mullins, Crissy Mello

Guests: None

Public Comments: None

Please note that this meeting was structured as a budget review work session with agenda items blending into each other.

1. 10-Year Budget to Actuals

- Acting Finance Director Thomas presented.
- **Councilmember Bonilla Jr. Questions:**
 - A. Councilmember asked for clarification on 2019 budget where the structural deficit began.
 - There was an over hiring of Firefighters because we were demolishing the training center and needed multiple academies before the demolition began to ensure training of the recruits. Then, Fire staff started retiring and OT increased. HPD budget has a more realistic budget as they run less OT than Fire. Fire minimum staffing is quite high in their contract vs Police.
 - B. How much will be transferred from Measure C into the General Fund?
 - We will bring you a recommendation to do various things.
 - C. How concerned are we having spent the funds and the next budget cycle have the same problem?
 - Our ACFR audit lumps Measure C into the General Fund because it's all General Fund assigned. We would be in a much worse situation if we didn't have this. We cannot have a zero reserve with no unrestricted funds anywhere else. We cannot legally spend restricted funds on General Fund purposes. We need to have cash available for the first few months of the year than go negative.

- D. Councilmember agreed with Mayor's sentiment that using Measure C for the deficit should be structured as a loan.
- E. What is the plan for the overspending in Fire? What do we think it's going to be this year?
 - It's trending downward. Police is also taking steps to reduce spending.
- F. At 94% ratio, do we have the correct number of employees?
 - That is a question we're going to have to ask this year because with a \$30 million structural deficit we must reduce costs somehow. We're asking our bargaining units to have this discussion.
- G. I heard a city of our size should have 800-900 FTEs. Do you agree with that number?
 - It depends on the mix of services. It's not easy to compare to other cities. I don't have a number. We need to be realistic about the tax base in Hayward. What works in one city may not work with ours.

➤ **Councilmember Syrop Questions:**

- A. Councilmember stated how the closing of the Heart program has made him concerned of other services potentially being cut, such as the library hours if the deficit isn't addressed immediately. Do we feel staff is aware of this?
 - This is a labor discussion. There are certain things we're contractually obliged to and others we're not such as the number of days the library is open, that is not contractual.
- B. I'm trying to understand our roles as elected officials and encourage us to work together to find a solution. I'm wondering if staff understand the numbers?
 - We will have a discussion with each labor partner before we finalize the fall revise to make a case with labor groups to show there are no pots of money. Second, the E-Team is going to bring a list of proposals of things we recommend doing if we can't find other ways to reduce costs.
- C. Councilmember urged staff to accelerate next steps to determine root of the problem.
 - We will bring you a recommendation to balance this situation. We will bring all proposals and all will be able to see what those are. I'm waiting on all those balances from the cash analysis to see how much cash is restricted and how much is unrestricted.

➤ **Mayor Salinas questions:**

- A. 78% to 95% of the deficit is salaries. This is a significant piece in the story. Can we do some thinking around checks and balances in the future about making expenditures? What are some internal checks we can use when talking about salary raises, purchases, investments, etc. such as what guiding principles are used?

- It would be great to see what's already in place in terms of internal checks and can be changed. We can revisit our reserve policy.
- B. Will all the other groups and Management see these tables?
 - Yes, this is considered public information.
- C. What is the industry standard for comparable salaries and benefits as a percentage of the budget?
 - It depends partly on the mix. We tend to be more expensive on staffing because we don't have a Parks and Rec department, but we have both a Fire and Police department. For example, San Leandro has Parks and Rec but not a Fire department. This mix might change a little bit of the percentages. When you get over 80%, we get concerned about our ability to pay other expenses, capital improvements, fleet replacement etc. It's fairly normal to be at 80%.

Action: The Committee received the report and provided direction.

2. Measure C Forecast

- Acting Finance Director Thomas presented.
- **Councilmember Bonilla Jr. Questions:**
 - A. Councilmember agreed any funds allocated to other areas of the budget from Measure C should be treated as a loan, even if it's a longer-term loan of 21 years.
 - B. How do we control costs so it doesn't have such a significant bleed over that impacts other parts of the City?
 - It's tough to be in this situation. The hope is that we come out of this having policies in place to not go over percentages with new compensation plans and those types of things.
- **Councilmember Syrop Questions:**
 - A. Councilmember agreed with the Committee that the City should review the City's fiscal policies and set some benchmarks to recover from the deficit to gain a better idea when the City will be out of it.
 - B. Is there a reason why we're bringing in less investment income?
 - Our interest is not just in long-term investments but short-term investments.
 - C. Is there some way to liquidate some of the short term?
 - All of the money is associated with a specific fund, but all our cash is pooled.
 - D. Have we maxed out on the UUT? Is there a range?
 - No, there isn't a range, but we can look into it.
- **Mayor Salinas Questions:**
 - A. Will there be a plan to payback Measure C of what we borrow?
 - Certainly, if that is the direction Council wants to go in.

- B. Mayor emphasized Measure C is for infrastructure and stressed the importance of paying back any funds borrowed from Measure C for salaries to help maintain community support for any potential future measures.
 - We will bring different options, and one will be structured as a loan.
- C. Are labor groups looking at this data? Do they have access to this?
 - We provided them with this spreadsheet. No one has asked for external access to MUNIS. Many employees all have access to this and can run an account inquiry.
- D. Do we know when the data center will be online?
 - I do not, but I can provide an exact once I have it.
- E. Is there a platform we can utilize to see all of the creative and innovative ideas that staff have on increasing revenue?
 - There was a staff survey. We can look at that and pull the list.
- F. What is our business tax compared to other cities? Can we put that on the future agenda?
 - Yes

Action: The Committee received the report and provided direction.

Committee Members/Staff Announcements: None.

Adjournment: The meeting was adjourned at 6:45 p.m.