



DATE: June 7, 2022

TO: Mayor and City Council
Redevelopment Successor Agency Board of Directors
Housing Authority Board of Directors

FROM: Director of Finance

SUBJECT: FY 2023 Budget/CIP Public Hearing and Adoption: Public Hearing for the Proposed FY 2023 Operating Budgets for the City of Hayward, Hayward Redevelopment Successor Agency, and Hayward Housing Authority; FY 2023 Capital Improvement Program Budget; Adoption of the FY 2023 Operating Budgets and Appropriations for FY 2023; Adoption of the FY 2023 Capital Improvement Program Budget and Appropriations for FY 2023; Adoption of the Hayward Redevelopment Successor Agency Budget; and Adoption of the Hayward Housing Authority Budget

RECOMMENDATION

That the Council: considers the Proposed FY 2023 Operating Budgets of the City, Redevelopment Successor Agency, Housing Authority and Capital Improvement Program (CIP); conducts a Public Hearing on each; and adopts each of the above-mentioned documents should there be no further action needed based on public testimony or at Council's request.

SUMMARY

The Council will conduct a public hearing for the adoption of the Proposed FY 2023 Operating Budgets and FY 2023 Capital Improvement Program Budget. Should there be no needed actions following public testimony or Council direction, Council will consider adoption of the FY 2023 Operating Budgets, and FY 2023 Capital Improvement Program Budget.

BACKGROUND

The Proposed FY 2023 Operating Budget was delivered to Council on Thursday, April 28, 2022, in advance of the May 14, 2022 Saturday work session. The operating budget is comprised of different funding sources, with the General Fund representing the largest single fund for which the Council has the most discretion. The total City expenditure budget for the Proposed FY 2023 Annual Budget as provided to Council on April 28, 2022, was \$399 million, with a General Fund budget of \$193.9 million.

Council held a budget work session on May 14 to further discuss the proposed budget¹. These work sessions included presentations, Council discussions, and a time for public input on the following:

- The City's FY 2023 overall operating budget
- Department/Program budgets and operations

Additionally, a work session on the unfinished department presentations and the CIP budget was held on May 17². Following these work sessions, changes to the FY 2023 Proposed Operating and CIP Budgets are recommended as detailed in this report. This meeting has been noticed as a public hearing on the FY 2023 Proposed Operating and CIP budgets and is another opportunity to receive public input. Upon closure of the public hearing, Council will provide any additional comments and direction to staff and, should there be no public testimony or Council-directed changes to the FY 2023 Proposed Operating and CIP budgets, both documents will be considered for adoption upon the closing of the Public Hearing. Should there be public testimony and/or direction from the Council that requires changes to either the FY 2023 Operating or CIP budgets, the public hearing will be closed, and the FY 2023 Proposed Operating and CIP budgets will be presented for adoption on June 14, 2021.

DISCUSSION

The Proposed FY 2023 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 this report, which contains a summary of the changes to date, and the impacts to the General Fund and all other operating funds.

The Proposed FY 2023 Operating Budget provided to Council on April 28, 2022, is balanced and projected to build General Fund Reserves by \$5.2 million. The Proposed FY 2023 Operating Budget includes the one-time transfer of American Rescue Plan Act (ARPA) funding for the replacement of lost revenue during the COVID crisis. The City continues to forecast structural budget gaps in future years, as the City continues to recover from the impacts of the pandemic while continuing to balance rising operational costs. On Saturday, May 14, 2022, Council discussed the proposed FY 2023 Operating Budget at an all-day work session. Revisions made after the May 14 budget work session are detailed below. The incorporated changes to the proposed FY 2023 Operating Budget will result in building the General Fund Reserves by \$4.5 million.

On April 14, 2022, the Planning Commission held a public hearing and found the proposed FY 2023-2032 CIP document in conformance with the General Plan. On April 27, 2022, the Council Infrastructure Committee (CIC) discussed the proposed CIP budget and new CIP online platform. On May 17, 2022, Council reviewed and discussed the proposed FY 2023-2032 CIP budget during a work session.

¹[CITY OF HAYWARD - Meeting of City Council on 5/14/2022 at 9:00 AM \(legistar.com\)](#)

²[CITY OF HAYWARD - Files #: WS 22-011 and WS 22-013 \(legistar.com\)](#)

The tables below illustrate the proposed FY 2023 Operating Budget expenditure and revenue projections as presented to Council on April 28, 2022.

Table 1 – Citywide Expenditure Budget

<i>in 1,000's</i>	FY 2022 Adopted	FY 2023 Proposed 4/28/2022	FY 2023 Proposed 6/7/2022	Change from 4/28/2022	\$ Change from FY 2022	% Change from FY 2022
General Fund	\$ 184,787	\$ 193,986	\$ 194,688	\$ 702	\$ 9,901	5.4%
All Other Funds	\$ 164,701	\$ 205,033	\$ 206,617	\$ 1,584	\$ 41,916	25.4%
Total City Budget	\$ 349,488	\$ 399,020	\$ 401,305	\$ 2,286	\$ 51,817	14.8%

The changes for General Fund and All Other Funds from the time that the proposed budget was provided to Council on April 28^h include the following:

General Fund Expenses:

1. Internal Service Fund adjustments – Net increase of \$25,000
2. Restore program budget reduction in Public Works and Utilities - Increase of \$60,000
3. Library Strategic Plan – Contract Services – Increase of \$75,000
4. Security Services at the Main Library and Weekes Branch Library – Increase of \$116,480
5. Personnel Changes in Police Department (reclassification of existing position to reflect increased level of responsibility) – Increase of \$41,268
6. Transfer-Out to new Cannabis Community Fund (1/7 of Cannabis Tax collected in FY 2020 and FY 2021) – Increase of \$63,552
7. Transfer-Out to Risk Management Fund for projected increase in insurance premium expense – Increase of \$320,270

All Other Funds Expenses:

1. ARPA Project Appropriation for Tax-Defaulted/Foreclosure Property Program implementation in Year 2 rather than Year 3 of the Federal Stimulus Expenditure Plan – Increase \$1,000,000
2. CDBG Entitlement Award for program income – Increase of \$366,212
3. Financial Services for Redevelopment Successor Agency – Increase of \$5,000
4. Bay Area Water Supply & Conservation Agency (BAWSCA) membership increase of \$101,621
5. Transfer-Out across several operating funds to Risk Management Fund for projected increase in insurance premium expense – Increase of \$111,752

Table 2 – Citywide Revenue Projections

<i>in 1,000's</i>	FY 2022 Adopted	FY 2023 Proposed 4/28/2022	FY 2023 Proposed 6/7/2022	Change from 4/28/2022	\$ Change from FY 2022	% Change from FY 2022
General Fund	\$ 178,634	\$ 199,141	\$ 199,141	\$ -	\$ 20,506	11.5%
All Other Funds	\$ 178,553	\$ 196,474	\$ 197,135	\$ 661	\$ 18,583	10.4%
Total City Budget	\$ 357,187	\$ 395,615	\$ 396,276	\$ 661	\$ 39,089	10.9%

There are no changes to the General Fund revenue projections from the proposed budget. Proposed changes to revenue projections for All Other Funds are as follows:

All Other Funds Revenues:

1. CDBG entitlement award, resulting in an increase of \$241,746
2. Transfer-In to Risk Management Fund (General Liability Insurance) from operating funds related to the projected increase in insurance premium expense - increase of \$430,692
3. Transfer-In to Cannabis Community Fund for 1/7 of Cannabis Tax collected in FY 2020 and FY 2021 – Increase of \$63,552
4. Internal Service Fee (Fleet Management) charge from other funds, decrease of \$75,000.

Table 3 - Citywide Staffing

	FY 2022 Adopted	FY 2023 Proposed 4/28/2022	FY 2023 Proposed 6/7/2022	# Change from FY 2022	% Change from FY 2022
General Fund	671.80	678.17	678.17	6.37	0.9%
All Other Funds	238.00	238.13	238.13	0.13	0.1%
Total City Budget	909.80	916.30	916.30	6.50	0.7%

On April 28, 2022, Council received the proposed FY 2023 Operating Budget, which summarized proposed position changes. Table 4 is the summary of proposed position changes presented on April 28, 2022. The FY 2023 proposed budget includes an increase of 6.5 FTE over FY 2022 Adopted. There are no changes to the proposed FY 2023 Citywide staff as presented to Council on April 28, 2022.

Table 4 – Proposed General Fund Staffing Changes (April 28, 2022)

Fund	Position	FTE
General Fund		
	<i>Add</i> Management Analyst II	1.00
	<i>Add</i> Deputy Director of Human Resources	1.00
	<i>Add</i> Human Resources Manager	2.00
	<i>Add</i> Lead Library Assistant	0.50
	<i>Add</i> Accountant	1.00
	<i>Delete</i> Groundskeeper/Laborer	-0.85
	<i>Add</i> Landscape Maintenance Supervisor	0.85
	<i>Delete</i> Maintenance Worker	-1.00
	<i>Add</i> Streets Maintenance Supervisor	1.00
	<i>Reallocation</i>	0.85
	General Fund Total	6.35
Special Revenue Funds		
	<i>Deleted</i> Administrative Clerk	-1.00
	<i>Add</i> Secretary	1.00
	<i>Reallocation</i>	-0.20
	Special Revenue Funds Total	-0.20
Internal Service Funds		
	<i>Add</i> Human Resources Analyst (limited-term)	1.00
	Internal Funds Total	1.00
Enterprise Funds		
	<i>Delete</i> Groundskeeper/Laborer	-0.15
	<i>Add</i> Landscape Maintenance Supervisor	0.15
	<i>Reallocation</i>	-0.65
	Enterprise Funds Total	-0.65
	ALL FUNDS TOTAL	6.50

Capital Improvement Program (CIP) FY 2023 – FY 2032

The FY 2023 CIP appropriations total approximately \$118 million, and a projected total programming of \$634 million for the period of FY 2023 through FY 2032. Detail of the FY 2023 CIP is included as Attachment VI. There are no additional changes to the proposed CIP.

FISCAL IMPACT

Table 5 below summarizes the FY 2023 Citywide Operating & CIP expenditure budgets.

Table 5 – Summary of Citywide Operating & CIP Budgets

City of Hayward Budget	FY 2023
City Funds	
General Fund	194,688,033
Measure C Fund	20,509,198
ARPA Fund	16,436,000
Special Revenue Funds	11,240,606
Debt Service Funds	9,203,371
Enterprise Funds	105,239,903
Internal Service Funds	39,314,661
	396,631,771
Agency Funds	
Hayward Successor Redevelopment Agency Operating Fund	4,377,063
Housing Authority Fund	179,370
Hayward Shoreline JPA	116,333
	4,672,767
Total City Operating Budget	401,304,539
Total CIP Budget	118,122,302

PUBLIC CONTACT

The Proposed FY 2023 Operating Budget was reviewed in public meetings by Council on May 14, 2022, and May 17, 2022. The FY 2023 Operating Budget was discussed at the monthly Council Budget and Finance Committee starting in January 2022 through April 2022. A public notice was published in The Daily Review on May 27 and June 3 announcing the date, time, location, and subject matter of this public hearing. A notice advising residents about the Planning Commission’s public hearing on the CIP was published in The Daily Review newspaper more than the requisite ten days in advance.

The FY 2023 Proposed 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://www.hayward-ca.gov/your-government/documents/budget-documents>

The FY 2022 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

If Council adopts the FY 2023 Operating Budget and Capital Improvement Program Budget this evening, staff will take the appropriate steps to effectuate the adoption.

Prepared by: Nicole Gonzales, Deputy Director of Finance

Recommended by: Dustin Claussen, Director of Finance

Approved by:

A handwritten signature in black ink, appearing to read 'Kelly McAdoo', written in a cursive style.

Kelly McAdoo, City Manager