

CITY OF HAYWARD

Hayward City Hall
777 B Street
Hayward, CA 94541
www.Hayward-CA.gov



CITY OF
HAYWARD
HEART OF THE BAY

Agenda

Wednesday, September 21, 2022

5:00 PM

Remote Participation

Council Budget and Finance Committee

COVID-19 Notice: Consistent with Assembly Bill 361/Gov Code 54953(e), the Council Budget and Finance Committee meeting includes teleconference participation by all Council Budget and Finance Committee members and the public.

CALL TO ORDER

How to Observe the Meeting:

1. YouTube Live stream: <https://www.youtube.com/user/cityofhayward>

How to submit written Public Comment:

Send an email to Crissy.Mello@hayward-ca.gov by 2:00 p.m. the day of the meeting. Please identify the Agenda Item Number in the subject line of your email. Emails will be compiled into one file, distributed to the Council Budget and Finance Committee and City staff, and published on the City's Meeting & Agenda Center under Documents Received After Published Agenda. <https://hayward.legistar.com/Calendar.aspx>

When submitting written comments, indicate in the email if you want your comment read into the record. Requests will be allowed provided the reading will not exceed three (3) minutes consistent with the time limit for speakers at Council Committee meetings. Email comments will become part of the record of Council Committee meetings. The Chair can limit the time for reading written comments.

Please click the link below to join the webinar:

<https://hayward.zoom.us/j/83287960339?pwd=OXJjUy8reXBPaWdpWjlleW5LNy90UT09>

Meeting ID: 832 8796 0339

Password: Budget@921

Or join by phone:

US: +1 669 900 6833 or +1 646 931 3860

Webinar ID: 832 8796 0339

Password: 6121139975

A Guide to attend virtual meetings is provided at this link: <https://bit.ly/3jmaUxa>

ROLL CALL

PUBLIC COMMENTS:

Limited Only to Items on the Agenda and Submitted in Writing Prior to the Meeting.

APPROVAL OF MINUTES

[MIN 22-105](#)

Review and Approve of the Council Budget and Finance Committee June 15, 2022, Meeting Minutes

Attachments:

[Attachment I Minutes](#)

REPORTS/ACTION ITEMS

[ACT 22-087](#) Public Bank East Bay Update

Attachments: [Attachment I Staff Report](#)
[Attachment II Public Banking Draft Resolution and Letter of Support](#)
[Attachment III City Edits on Public Banking Draft Resolution and Letter of Support](#)

[ACT 22-083](#) CalPERS Update

Attachments: [Attachment I Staff Report](#)

FUTURE AGENDA ITEMS

[ACT 22-082](#) Review and Approve the FY 2023 Agenda Planning Calendar

Attachments: [Attachment I Agenda Planning Calendar](#)

COMMITTEE MEMBER/STAFF ANNOUNCEMENTS

ADJOURNMENT

Next Meeting - 5:00 p.m., Wednesday, October 19, 2022

The City of Hayward's Open Data Portal was designed to allow the public to explore, visualize, and download publicly accessible data. The Open Data Portal allows a clear view of the City's financial performance. Access to the portal may be found at <https://haywardca.opengov.com/>



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File #: MIN 22-105

DATE: September 21, 2022

TO: Council Budget and Finance Committee

FROM: Director of Finance

SUBJECT

Review and Approve of the Council Budget and Finance Committee June 15, 2022, Meeting Minutes

RECOMMENDATION

That the Council Budget and Finance Committee (CBFC) reviews and approves the June 15, 2022 Committee meeting minutes.

SUMMARY

The CBFC held a meeting on June 15, 2022 and the draft minutes are attached for the CBFC's review and approval.

ATTACHMENTS

Attachment I 06/15/22 CBFC Meeting Minutes



**COUNCIL BUDGET & FINANCE COMMITTEE MEETING
Meeting Minutes of June 15, 2022**

Call to Order: 5:01 p.m.

Members Present: Mayor Barbara Halliday, Councilmember Sara Lamnin,
Councilmember Aisha Wahab

Members Absent: None

Staff: Kelly McAdoo, Regina Youngblood, Dustin Claussen, Michael Lawson,
Nicole Gonzales, Katie Rivera, Rick Rivera, Nicholas Mullins, Crissy
Mello, Nick Tabari

Guests: None

Public Comments: No public comments.

1. Approval of Meeting Minutes from May 18, 2022

Action: Unanimous approval as submitted.

2. City's Insurance Program and Coverage

- City Attorney Lawson provided an overview of the City's current insurance programs and premiums.

Action: The Committee received the presentation and provided feedback. The City Attorney was instructed to examine potential earthquake insurance coverage.

3. Measure C Debt Analysis and Review

- Director Claussen provided a report regarding the current status of the Measure C fund, including revenues, expenditures, and outstanding debt service.

Action: The Committee received the presentation and provided feedback.

4. FY 2023 Budget Process Debrief (Oral Presentation)

- Director Claussen presented the Committee with a summary of the FY 2023 Budget Process.

Action: The Committee received the presentation and provided feedback.

5. Review and Approve the FY 2023 Agenda Planning Calendar

Action: The Committee reviewed and approved the calendar.

Committee Members/Staff Announcements: None.

Adjournment: The meeting was adjourned at 6:21pm



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File #: ACT 22-087

DATE: September 21, 2022

TO: Council Budget and Finance Committee

FROM: Director of Finance

SUBJECT

Public Bank East Bay Update

RECOMMENDATION

That the Committee receives and provides feedback on the draft resolution of support for Public Bank East Bay, and the draft letter of support to the Alameda County Board of Supervisors and recommends approval of the draft resolution and letter to the City Council.

SUMMARY

This report presents two draft resolutions in support of the Public Bank East Bay and a draft letter of support to Alameda County Board of Supervisors. One was drafted by the Friends of the Public Bank East Bay (Attachment II) and one that was edited by City staff (Attachment III).

ATTACHMENTS

Attachment I	Staff Report
Attachment II	Public Banking Draft Resolution and Letter of Support
Attachment III	City Edits on Public Banking Draft Resolution and Letter of Support



DATE: September 21, 2022

TO: Council Budget and Finance Committee

FROM: Director of Finance

SUBJECT: Public Bank East Bay Update

RECOMMENDATION

That the Committee receives and provides feedback on the draft resolution of support for Public Bank East Bay, and the draft letter of support to the Alameda County Board of Supervisors and recommends approval of the draft resolution and letter to the City Council.

SUMMARY

This report presents two draft resolutions in support of the Public Bank East Bay and a draft letter of support to Alameda County Board of Supervisors. One was drafted by the Friends of the Public Bank East Bay (Attachment II) and one that was edited by City staff (Attachment III).

BACKGROUND

In September 2019, the California state legislature passed AB 857, the Public Banking Act. Public banking is a financial institution owned by public entities, such as cities and counties. Public banking is banking operated in the public interest, through institutions owned by the people through their representative governments. In November 2021, Public Bank East Bay provided the Committee with a presentation on its institution, an overview of how public banking works, and an overview of its model and next steps. In April 2022, Public Bank East Bay returned to the Committee with a presentation of the East Bay Viability Study and requested the Committee's support in moving forward with a draft resolution of support for the Public Bank East Bay, and letter of support to the Alameda County Board of Supervisors.

DISCUSSION

During the last fiscal year, Public Bank East Bay has presented the Committee with information about the services provided and requested support from the City of Hayward. A draft Resolution of Support of the Public Bank East Bay (Attachment II) was presented to the Committee in April 2022 with a request to support that the resolution and letter to be sent to the Alameda County Board of Supervisors on behalf of the City of Hayward.

The Committee expressed support for the draft resolution and letter to the Alameda County Board of Supervisors fully supporting its participation in Public Bank East Bay, but did not support the commitment of the City of Hayward to participating in Public Bank East Bay at that time.

In reviewing the draft resolution and letter of support, potential concerns were noted with specific language that may overstate the City's intentions and commitment to participating in Public Bank East Bay. Attachment III provides edits to the resolution and letter that staff recommends the Committee recommend for Council approval.

ECONOMIC IMPACT

This is an informational item and has no direct economic impact.

FISCAL IMPACT

This is an informational item and has no direct fiscal impact at this point in time.

NEXT STEPS

Upon direction from the Committee, staff will proceed with next steps based on the recommendation of the Committee.

Prepared by: Nicole Gonzales, Deputy Director of Finance
Dustin Claussen, Director of Finance

Reviewed by: Dustin Claussen, Director of Finance

Approved by:



Kelly McAdoo, City Manager

Draft Resolution in Support of the Public Bank East Bay

Whereas, the City of Hayward currently banks with JPMorgan Chase Bank; and

Whereas, Chase's investments are not aligned well with Hayward's commitment to social and economic justice; and

Whereas, in 2019 the Public Banking Act passed the CA state legislature, and lays out the path for local governmental agencies to start public banks; and

Whereas, the state Department of Financial Protection and Innovation, the agency that licenses new banks, has issued its regulations for licensing public banks; and

Whereas, the Friends of the Public Bank East Bay has completed its Viability Study, and the Richmond City Council approved it on April 5; and

Whereas, it is anticipated that both Oakland and Berkeley will also approve the Viability Study in September and join Richmond as founding members of the Bank; and

Whereas, the Friends of the Public Bank East Bay has hired prominent banking attorney, Gary Findley, as their consultant to write the Bank's business plan; and

Whereas, Hayward would be welcome to contribute to the Bank's capital fund, as well as move our deposits from Chase to the Public Bank in due time; and

Whereas, moving our money from Chase to the Public Bank would help ensure that the Bank's investment policies would benefit Hayward and not Wall Street shareholders; and

Whereas, the Friends has not yet gotten firm commitments from the Alameda County Board of Supervisors; therefore

Be It Resolved, that the City of Hayward supports the mission of the Public Bank East Bay (<https://publicbankeastbay.org/vision>); and further

Be It Resolved, that the City of Hayward send the attached letter of support for the Public Bank East Bay to the Alameda County Board of Supervisors, effective immediately.

September 00, 2022

Alameda County Board of Supervisors
1221 Oak Street, #536
Oakland, CA 94612

Dear County Supervisors,

The Hayward City Council fully supports the creation of the Public Bank East Bay and urges you to formally endorse it as well.

The Friends of the Public Bank, a 501(c)(3), in March completed the state-mandated Viability Study which lays out the high-level plan for the Bank, specifically that the Bank will partner with community-based lenders like community banks, credit unions and Community Development Financial Institutions (CDFIs) to deliver affordable financing and emergency funding to small and worker-owned businesses in neighborhoods hit hardest by COVID-19 and environmental injustices. The Public Bank East Bay will invest in economic initiatives and projects that build wealth rather than extract it, such as permanently affordable housing, community-controlled renewable energy infrastructure, and refinancing municipal debt.

The Friends acknowledge that the governance plan for the Public Bank will have to be approved by the regulatory authorities, and therefore may change, but they are committed to ensuring that members of the most economically marginalized communities are represented on the Bank's Board and directly involved in shaping lending policies and governance. The Hayward City Council supports the mission of the Public Bank East Bay to democratize finance and use public money for public good, and urges the Board to also support the creation of the Bank.

Sincerely,
Hayward City Council

City Comment on Draft Resolution in Support of the Public Bank East Bay

Whereas, in 2019, the Public Banking Act passed the CA State legislature, and lays out the path for local governmental agencies to start public banks; and

Whereas, the State Department of Financial Protection and Innovation, the agency that licenses new banks, has issued its regulations for licensing public banks; and

Whereas, the Friends of the Public Bank East Bay have completed a Viability Study, and the Richmond City Council approved it on April 5, 2022; and

Whereas, Hayward may choose to become a member of Public Bank East Bay through contributions to the Bank's capital fund or movement of other City deposits to the Public Bank in due time; and

Whereas, the Friends of the Public Bank East Bay has not yet gotten firm commitments from the Alameda County Board of Supervisors.

Now Therefore Be It Resolved, that the City of Hayward supports further exploration of the creation of the Public Bank East Bay (<https://publicbankeastbay.org/vision>); and further

Be It Further Resolved, that the City of Hayward send the attached letter of support for the Public Bank East Bay to the Alameda County Board of Supervisors.

September 00, 2022

Alameda County Board of Supervisors
1221 Oak Street, #536
Oakland, CA 94612

Dear County Supervisors,

The Hayward City Council supports the creation of the Public Bank East Bay and urges you to formally endorse it as well.

The Friends of the Public Bank, a 501(c)(3), in March completed the state-mandated Viability Study which lays out the high-level plan for the Bank, specifically that the Bank will partner with community-based lenders like community banks, credit unions, and Community Development Financial Institutions (CDFIs) to deliver affordable financing and emergency funding to small and worker-owned businesses in neighborhoods hit hardest by COVID-19 and environmental injustices. The Public Bank East Bay will invest in economic initiatives and projects that build wealth rather than extract it, such as permanently affordable housing, community-controlled renewable energy infrastructure, and refinancing municipal debt.

The Friends acknowledge that the governance plan for the Public Bank will have to be approved by the regulatory authorities, and therefore may change, but they are committed to ensuring that members of the most economically marginalized communities are represented on the Bank's Board and directly involved in shaping lending policies and governance. The Hayward City Council supports the mission of the Public Bank East Bay to democratize finance and use public money for public good, and urges the Board to also support the creation of the Bank.

Sincerely,

Barbara Halliday, Mayor on behalf of the Hayward City Council



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File #: ACT 22-083

DATE: September 21, 2022

TO: Council Budget and Finance Committee

FROM: Director of Finance

SUBJECT

CalPERS Update

RECOMMENDATION

That the Committee receives the report on the CalPERS Update.

SUMMARY

This report provides an overview of CalPERS preliminary investment return for Fiscal Year 2021-2022.

ATTACHMENTS

Attachment I Staff Report



DATE: September 21, 2022

TO: Council Budget and Finance Committee

FROM: Director of Finance

SUBJECT: CalPERS Update

RECOMMENDATION

That the Committee receives the report on the CalPERS Update.

SUMMARY

This report provides an overview of CalPERS preliminary investment return for Fiscal Year 2021-2022.

BACKGROUND

The City of Hayward offers its employees and retirees a defined pension benefit plan that is managed and administered by the California Pensions Retirement System (CalPERS), a State of California Pension program. For each of the City's plans (Police, Fire, & Miscellaneous), CalPERS provides an annual actuarial valuation report detailing the latest status of the City of Hayward Pension plans for employees and retirees. These actuarial reports are used to calculate the annual required contribution to the pension obligations. In addition, updates on the rate of investment return, funding status, and changes based on various impacts are detailed in the report.

In October 2021¹, staff presented the Committee with an overview of the June 30, 2020, CalPERS Actuarial Valuation Report, including financial scenarios based on the potential changes to the 7.0 percent discount rate, which was triggered based on unprecedented returns on investments in fiscal year 2020-2021. The scenarios presented included financial impacts based on a potential change in discount rate ranging between 6.8 percent and 6.375 percent. At the time of that report, the CalPERS' Board of Directors had not formally approved the change in discount rate. In November 2021, the CalPERS Board of Directors approved a change in discount rate from 7.0 percent to 6.8 percent.

¹ CBFC Meeting on 10/20/21, [CITY OF HAYWARD - File #: RPT 21-117 \(legistar.com\)](#)

Updated CalPERS Actuarial Valuation Reports for each plan through June 30, 2021 have not yet been released by CalPERS. It is anticipated that the valuation reports will be published and made available within the next several weeks. Staff will provide the Committee with an overview based on the most recent CalPERS Actuarial Valuation reports at a future Council Budget and Finance Committee meeting.

DISCUSSION

Each year, CalPERS announces its investment returns for the fiscal year. In July 2021, CalPERS announced that their investment return for fiscal year 2020-21 was 21.3 percent. This unprecedented investment return triggered the Funding Risk Mitigation policy, which states the discount rate may be adjusted in times when investment during the fiscal year exceeds the current target rate of return by two or more percent. In November 2021, the CalPERS Board of Directors (Board) approved the change in discount rate from 7.0 percent to 6.8 percent.

The City continues to monitor CalPERS investment returns each fiscal year to evaluate the impact on the City and each of its retirement plans. In July 2022, CalPERS announced a preliminary -6.1 percent net return on investment for the 12-month period ending on June 30, 2022. This is a vast shift compared to the fiscal year 2020-2021, where CalPERS announced a historic high of 21.3 percent investment returns. This is CalPERS' first loss reported for its investment returns since the Great Recession in 2009.

The negative return, combined with the change in the discount rate to 6.8 percent, led to a roughly 9 percent drop in the pensions' funded estimated overall funded status, which is 72 percent. The combination of the negative return coupled with the change in the discount rate are expected to result in higher employer contributions in future years.

In the next several weeks, CalPERS is expected to release Actuarial Valuation Reports through June 30, 2021 for all three plans, which will include the updated discount rate of 6.8 percent. Staff will return to the Committee at a future date with an update on long-term fiscal implication of the change in discount rate coupled with the recent CalPERS investment returns for fiscal year 2021-2022.

ECONOMIC IMPACT

This is an informational item and has no direct economic impact.

FISCAL IMPACT

While the rising costs of funding associated with the City's pension plans is a challenging piece of the operating budget, the conveyance of the information included in this report has no fiscal impact.

NEXT STEPS

Staff will return to the Committee at a future date with an update on long-term fiscal implication of the change in discount rate coupled with the recent CalPERS investment returns for fiscal year 2021-2022.

Prepared by: Nicole Gonzales, Deputy Director of Finance

Reviewed by: Dustin Claussen, Director of Finance

Approved by:

A handwritten signature in black ink, appearing to read 'Kelly McAdoo', with a long horizontal stroke extending to the right.

Kelly McAdoo, City Manager



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File #: ACT 22-082

DATE: September 21, 2022

TO: Council Budget and Finance Committee

FROM: Director of Finance

SUBJECT

Review and Approve the FY 2023 Agenda Planning Calendar

RECOMMENDATION

That the Council Budget and Finance Committee reviews and approves the FY 2023 Agenda Planning Calendar.

SUMMARY

The FY 2023 Agenda Planning Calendar suggests agenda topics for the year for the Committee's consideration.

ATTACHMENTS

Attachment I FY 2023 Agenda Planning Calendar



**COUNCIL BUDGET AND FINANCE COMMITTEE
FY 2023 Agenda Planning Calendar
September 21, 2022**

Meeting Location: Remote Participation

Meeting Time: 5:00 p.m.

Meeting Dates: The Council Budget & Finance Committee generally meets monthly on the 3rd Wednesday of the month, except for July and August, due to City Council Break. Special meetings will be scheduled as determined necessary by the Committee or the City Manager.

DATE	SUGGESTED TOPICS (subject to change)
September 21, 2022	CalPERS Update Public Banking Resolution Review
October 19, 2022	Hayward Community Foundation Update Transient Occupancy Tax Review FY 2022 Annual Audit Process (Oral Presentation by External Auditor)
November 16, 2022	Investment Portfolio Review and FY 2023 Statement of Investment Policy Update (External Investment Manager)
December 21, 2022	Presentation of FY 2022 Annual Audit FY 2024 Budget Process and Calendar Review
January 18, 2023	Annual Comprehensive Financial Report for the Year Ended June 30, 2022
February 15, 2023	FY 2023 Mid-Year Budget Review and General Fund Long Range Financial Model Update
March 15, 2023	Discussion on Mayor & City Council FY 2024 Budget FY 2024 Budget Process Update
April 19, 2023	FY 2024 Proposed Budget Discussion
May 17, 2023	Annual Review of City Issued Debt Annual City Benefit Liabilities and Funding Plan Review
June 21, 2023	FY 2024 Budget Process Debrief (Oral Presentation)

**Non-scheduled future agenda topics:
(Cont'd on following page)**

- Fleet Utilization Study
- Pension Obligation Bonds (as Updates Available)
- Additional Payment OPEB Trust
- 238 Parcel Sales Update (Timing TBD on Transactions)