

# **CITY OF HAYWARD**

Hayward City Hall  
777 B Street  
Hayward, CA 94541  
[www.Hayward-CA.gov](http://www.Hayward-CA.gov)



CITY OF  
**HAYWARD**  
HEART OF THE BAY

## **Agenda**

**Wednesday, March 1, 2023**

**5:30 PM**

**Conference Room 2A and Virtual Platform**

**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.

*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](mailto: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/82848718970?pwd=aXJyaWNEUC9rTmhmeXZZMnFrblQ3Zz09>

*Webinar ID: 828 4871 8970*

*Password: March@31*

*Or join by phone:*

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

*Meeting ID: 828 4871 8970*

*Password: 81221374*

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

## **CALL TO ORDER**

## **AB 2449 TELECONFERENCE NOTIFICATIONS AND CONSIDERATION**

## **ROLL CALL**

## **PUBLIC COMMENTS:**

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

## **APPROVAL OF MINUTES**

[MIN 23-025](#) Review and Approve the Council Budget and Finance  
Committee February 1, 2023 Meeting Minutes

**Attachments:** [Attachment I Minutes](#)

**REPORTS/ACTION ITEMS**

[RPT 23-022](#) FY 2023 Mid-Year Budget Review and Five-Year General Fund  
Financial Model Update

**Attachments:** [Attachment I Staff Report](#)

**FUTURE AGENDA ITEMS**

[ACT 23-017](#) Review and Approve the FY 2023 Agenda Planning Calendar

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

**COMMITTEE MEMBER/STAFF ANNOUNCEMENTS**

**ADJOURNMENT**

*Next Meeting - 5:30 p.m., Wednesday, April 5, 2023*

*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/CITY>*



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**File #:** MIN 23-025

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**DATE:** March 1, 2023

**TO:** Council Budget and Finance Committee

**FROM:** Director of Finance

**SUBJECT**

Review and Approve of the Council Budget and Finance Committee February 1, 2023, Meeting Minutes

**RECOMMENDATION**

That the Council Budget and Finance Committee (CBFC) reviews and approves the February 1, 2023, CBFC meeting minutes.

**SUMMARY**

The CBFC held a meeting on February 1, 2023, and the draft minutes are attached for the CBFC's review and approval.

**ATTACHMENTS**

Attachment I      02/01/2023 CBFC Meeting Minutes



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**COUNCIL BUDGET & FINANCE COMMITTEE MEETING**  
**Meeting Minutes of February 1, 2023**

**Call to Order:** 5:31 p.m.

**Members Present:** Mayor Salinas, Councilmember Marquez, Councilmember Syrop

**Members Absent:** None

**Staff:** Kelly McAdoo, Nicole Gonzales, Regina Youngblood, Nicholas Mullins, Crissy Mello

**Guests:** None

**Public Comments:** No public comments were made.

**Council Budget & Finance Committee Orientation**

*Action: The committee received the presentation. Additional resources to be provided for new committee members.*

1. Review and Approve the Council Budget and Finance Committee November 16, 2022, Meeting Minutes

- Finance Director Gonzales presented.

*Action: Minutes reviewed and unanimously approved.*

2. Fiscal Year 2024 Budget Process Overview

- Finance Director Gonzales presented.

*Action: The Committee received the presentation and approved the proposed timeline.*

3. Review and Approve the FY 2023 Agenda Planning Calendar

*Action: The Committee reviewed the calendar.*

**Committee Members/Staff Announcements:** None.

**Adjournment:** The meeting was adjourned at 6:17 p.m.



# CITY OF HAYWARD

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**File #:** RPT 23-022

**DATE:** March 1, 2023

**TO:** Council Budget and Finance Committee

**FROM:** Director of Finance

## SUBJECT

FY 2023 Mid-Year Budget Review and Five-Year General Fund Financial Model Update

## RECOMMENDATION

That the Council Budget and Finance Committee reviews and provides comments on the FY 2023 Mid-Year Budget Review and Five-Year General Fund Financial Model Update.

## SUMMARY

This report presents the mid-year review of the FY 2023 Adopted Budget, and an update to the Five-Year General Fund Financial Model (model) presenting proposed changes and projected year-end results based on current trends and data. While staff considers the entire City budget in its mid-year review, this report focuses primarily on the General Fund.

Proposed FY 2023 mid-year expenditures net a total increase of \$7.04 million in General Fund expenses. Of this amount, \$4.55 million is related to previously authorized and approved appropriations, and proposed FY 2023 mid-year expenditure adjustments totaling a net increase of \$2.49 million. The proposed FY 2023 mid-year expenditures are all one-time in nature. **Table 1** and **Table 2** below detail the key changes in General Fund expenditures related to previous Council-authorized and approved appropriations, and proposed new FY 2023 mid-year requests:

**Table 1: Previous Council Authorized and Approved General Fund Appropriations**

Previously Council-Approved Appropriation	FY 2023 Impact (\$)
Employee Contract Terms - Unrepresented Staff, HPOA, Local 1909	\$3,957,875
STEP Grant Appropriations	\$210,000
Behavioral Health Justice Intervention Services Project Grant Appropriations	\$74,501
Appropriate funds for the Golden Oaks II Tract 8058 Access and Utilities Project	\$290,672
CAL OES Grant	\$2,970
Hayward Literacy Council Reimbursement	\$15,750

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<b>Previous Council Approved Appropriations Subtotal</b>	<b>\$4,551,768</b>
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**Table 2: Proposed New FY 2023 General Fund Mid-Year Requests**

<b>Mid-Year Request (NEW)</b>	<b>FY 2023 Impact (\$)</b>
No Mid-Year Personnel Requests	\$0
<b>Personnel Expenses</b>	<b>\$0</b>
Mayor & City Council transition and furniture expenses	\$10,000
Consultant services to conduct a one-time language access assessment	\$30,000
Outside consultant to conduct 360 evaluations for each Council Appointed Officer	\$27,000
Allocation for the Countywide Consolidated General Election cost in 2022	\$400,000
Appropriate revenue received Permit Fees for Inspection and Plan Check for services	\$500,000
Additional funding to cover costs of expanding security hours at City Libraries	\$35,000
Transfer-Out: General Liability Funds - Allocation of increase in the City's insurance premium costs	\$629,476
Transfer Out: Facilities Management Fund - Security Services, and facility repairs	\$223,961
Transfer-Out: Facilities Capital Fund - Construction of Fire Administration in City Hall	\$46,506
Transfer-Out: Information Technology Capital Fund - Online Permitting Project	\$125,029
Transfer-Out: Fleet Management Fund - Fuel costs, and deferred repairs and maintenance	\$463,537
<b>Non-Personnel Expenses</b>	<b>\$2,490,509</b>
<b>Mid-Year Requests (NEW) Subtotal</b>	<b>\$2,490,509</b>
<b>TOTAL GENERAL FUND EXPENSES</b>	<b>\$7,042,277</b>

General Fund revenues are expected to exceed the originally projected FY 2023 amount by \$2.6 million. Changes in revenue projections are detailed in **Table 3** of the report. Key changes in the General Fund revenues are as follows:

**Table 3: General Fund Revenues**

<b>GENERAL FUND REVENUE ADJUSTMENTS</b>	<b>FY 2023 IMPACT (\$)</b>
Projected increase in Property Tax above budgeted amount	\$1,600,000
Projected increase in Utility User Tax above budgeted amount	\$1,000,000
<b>TOTAL GENERAL FUND REVENUES</b>	<b>\$2,600,000</b>

If mid-year requests are approved as proposed, the FY 2023 Revised Budget would result in a projected surplus, building the General Fund Reserves by \$11,000 for FY 2023.

This report provides an overall update to the City's Five-Year General Fund outlook.

## **ATTACHMENTS**

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**File #:** RPT 23-022

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Attachment I

Staff Report





**DATE:** March 1, 2023

**TO:** Council Budget and Finance Committee

**FROM:** Director of Finance

**SUBJECT:** FY 2023 Mid-Year Budget Review and Five-Year General Fund Financial Model Update

## RECOMMENDATION

That the Council Budget and Finance Committee reviews and provides comments on the FY 2023 Mid-Year Budget Review and Five-Year General Fund Financial Model Update.

## SUMMARY

This report presents the mid-year review of the FY 2023 Adopted Budget, and an update to the Five-Year General Fund Financial Model (model) presenting proposed changes and projected year-end results based on current trends and data. While staff considers the entire City budget in its mid-year review, this report focuses primarily on the General Fund.

Proposed FY 2023 mid-year expenditures net a total increase of \$7.04 million in General Fund expenses. Of this amount, \$4.55 million is related to previously authorized and approved appropriations, and proposed FY 2023 mid-year expenditure adjustments totaling a net increase of \$2.49 million. The proposed FY 2023 mid-year expenditures are all one-time in nature. **Table 1** and **Table 2** below detail the key changes in General Fund expenditures related to previous Council-authorized and approved appropriations, and proposed new FY 2023 mid-year requests:

**TABLE 1: PREVIOUS COUNCIL AUTHORIZED AND APPROVED GENERAL FUND APPROPRIATIONS**

Previously Council-Approved Appropriation	FY 2023 Impact (\$)
Employee Contract Terms – Unrepresented Staff, HPOA, Local 1909	\$3,957,875
STEP Grant Appropriations	\$210,000
Behavioral Health Justice Intervention Services Project Grant Appropriations	\$74,501
Appropriate funds for the Golden Oaks II Tract 8058 Access and Utilities Project	\$290,672
CAL OES Grant	\$2,970
Hayward Literacy Council Reimbursement	\$15,750
<b>Previous Council Approved Appropriations Subtotal</b>	<b>\$4,551,768</b>

**TABLE 2: PROPOSED NEW FY 2023 GENERAL FUND MID-YEAR REQUESTS**

<b>Mid-Year Request (NEW)</b>	<b>FY 2023 Impact (\$)</b>
No Mid-Year Personnel Requests	\$0
<b>Personnel Expenses</b>	<b>\$0</b>
Mayor & City Council transition and furniture expenses	\$10,000
Consultant services to conduct a one-time language access assessment	\$30,000
Outside consultant to conduct 360 evaluations for each Council Appointed Officer	\$27,000
Allocation for the Countywide Consolidated General Election cost in 2022	\$400,000
Appropriate revenue received Permit Fees for Inspection and Plan Check for services	\$500,000
Additional funding to cover costs of expanding security hours at City Libraries	\$35,000
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Transfer-Out: Facilities Capital Fund – Construction of Fire Administration in City Hall	\$46,506
Transfer-Out: Information Technology Capital Fund – Online Permitting Project	\$125,029
Transfer-Out: Fleet Management Fund – Fuel costs, and deferred repairs and maintenance	\$463,537
<b>Non-Personnel Expenses</b>	<b>\$2,490,509</b>
<b>Mid-Year Requests (NEW) Subtotal</b>	<b>\$2,490,509</b>
<b>TOTAL GENERAL FUND EXPENSES</b>	<b>\$7,042,277</b>

General Fund revenues are expected to exceed the originally projected FY 2023 amount by \$2.6 million. Changes in revenue projections are detailed in **Table 3** of the report. Key changes in the General Fund revenues are as follows:

**TABLE 3: GENERAL FUND REVENUES**

<b>GENERAL FUND REVENUE ADJUSTMENTS</b>	<b>FY 2023 IMPACT (\$)</b>
Projected increase in Property Tax above budgeted amount	\$1,600,000
Projected increase in Utility User Tax above budgeted amount	\$1,000,000
<b>TOTAL GENERAL FUND REVENUES</b>	<b>\$2,600,000</b>

If mid-year requests are approved as proposed, the FY 2023 Revised Budget would result in a projected surplus, building the General Fund Reserves by \$11,000 for FY 2023.

This report provides an overall update to the City's Five-Year General Fund outlook.

## **BACKGROUND**

On June 7, 2022<sup>1</sup>, Council adopted the FY 2023 Operating Budget, which projected a surplus by fiscal year-end, building the General Fund Reserves by \$4.5 million. Since the time of the FY

<sup>1</sup> Hayward City Council Meeting on June 7, 2022 - <https://hayward.legistar.com>

2023 Operating Budget adoption, the City's fiscal position has changed as it continues to address service needs and emerging needs of the community. Considering recently updated revenue projections, additional Council-approved appropriations, and proposed new mid-year requests, the proposed FY 2023 Revised Budget will result in a balanced budget without the projected use of General Fund Reserves. Should the FY 2023 mid-year review be approved as proposed, the FY 2023 Revised Budget is projected to build the General Fund Reserves by \$11,000.

This report includes an update to the Five-Year General Fund Financial Model as part of the FY 2023 mid-year review, reflecting the proposed changes in revenue projections and expenditure adjustments.

## **DISCUSSION**

### **GENERAL FUND REVENUES**

FY 2023 General Fund revenues are projected to be \$2.6 million higher than originally projected. This is primarily attributed to projected increases in Property Tax, and Utility Users Tax (UUT) revenues.

The following analysis highlights key revenue variances as it pertains to FY 2023 mid-year projections and the impact on future year projections as outlined in the model.

Property Tax (increase of \$1.6 million) – The FY 2023 Adopted Budget projected an increase of 3% year-over-year in Property Tax revenues as the economic recovery led to increased home values. Property Tax projections have been updated to reflect slightly more growth than previously projected in tax revenue.

Utility User Tax (increase of \$1.0 million) – The FY 2023 Adopted Budget projected UUT at \$18.0 million. Based on review and analysis of year-to-date revenue collected, the mid-year budget review forecasts an increase of approximately \$1.0 million in projected revenue through the end of the fiscal year.

### **GENERAL FUND EXPENDITURES**

FY 2023 General Fund total adjustments include FY 2022 carryforwards, previous Council-authorized and approved appropriations and mid-year requests. FY 2023 General Fund expenditures, including proposed mid-year requests and previous Council-authorized and approved appropriations are projected to be \$7.04 million higher than anticipated at the time the City adopted its budget. Of this amount, \$4.55 million is related to previously authorized and approved appropriations, which includes \$3.95 million related to employee labor contracts, and \$593,893 related to other previously authorized and approved appropriations, such as grants and contract agreements. Proposed FY 2023 new mid-year expenditure requests total an increase of \$2.49 million.

FY 2022 budget carryforwards total \$3.22 million and were approved with the FY 2022 Operating Budget. The following analysis highlights key expenditure variances as it pertains to FY 2023 mid-year projections and the fiscal impacts on future year projections, as illustrated in the model.

### Operating Expenses

A number of adjustments are needed at mid-year to fund necessary and/or unanticipated expenditures, and to appropriate prior-year carryforward requests into FY 2023.

### Carryforward Requests (increase of \$3.22 million):

A carryforward is unspent budget that is linked to a commitment such as a contract, requisition, or purchase order. The carryforward of commitment to a new fiscal year carries with it the unspent budget associated with the balance of the commitment. Carryforwards represent budget amounts that were previously authorized and approved by Council during the prior fiscal year.

### Previous Council Approved Appropriations - FY 2023 (increase of \$4.55 million):

City Council previously authorized and approved appropriations totaling \$4.55 million.

Previously authorized and approved appropriations are as follows:

- Council approval of employee contract terms – Unrepresented employees, HPOA, and IAFF Local 1909 (\$3.95 million)
- Appropriation of STEP grant funding (\$210,000)
- Behavioral Health Justice Intervention Services Project Grant Appropriations (\$74,501)
- Appropriate funds for the Golden Oaks II Tract 8058 Access and Utilities Project (\$290,672)
- CAL OES Grant (\$2,970)
- Appropriation of Hayward Literacy Council Grant (\$15,750)

### Proposed FY 2023 Mid-Year Requests – New (net increase of \$2.49 million):

- 2022 General Election Cost (increase of \$400,000): Allocation of \$400,000 is the average estimated amount based on the Countywide Consolidated General Election cost of \$4 to \$6 per voter according to the Alameda County Registrar of Voter's (ROV) published cost.
- Mayor and City Council (increase of \$10,000): Costs associated with furniture expenses and transition of newly appointed City Council members.
- Increase in Inspection and Plan Check Services (increase of \$500,000): Appropriate previously collected fees/revenue for development projects for Inspection and Plan Check for Services.
- Security Services (increase of \$35,000): Additional funding to cover costs associated with expanding security hours at City libraries.
- Contract Services (increase of \$57,000) – Additional contract services are necessary in the City Manager's Office.
  - Increase of \$30,000 to conduct a one-time language assessment for the City of Hayward (Strategic Roadmap Project R12); and

- Increase of \$27,000 in contract services for a consultant to conduct 360 evaluations for each Council Appointed Officer.
- **Transfer-Out (increase of \$1,488,509)**
  - Transfer-Out from the General Fund to the Information Technology Capital Fund in the amount of \$125,029 is requested to cover costs associated with the implementation of EnerGov online permitting. The General Fund transfer is supported by Technology Fee revenues collected in FY 2023; and
  - Transfer-Out from the General Fund to the General Liability Insurance Fund in the amount of \$629,476, which is the General Fund allocated portion of the increased amount in the City's insurance premium costs; and
  - Transfer-Out from the General Fund to the Facilities Management Fund of \$223,961 to support increased costs in new security service contract, enhance security measures, and expanded hours at the Watkins Street garage, and elevator repairs and window replacement at the Library; and
  - Transfer-Out from the General Fund to the Facilities Capital Fund in the amount of \$46,506 to cover costs associated with the reconstruction of Fire Administration Office at City Hall; and
  - Transfer-Out from the General Fund to the Fleet Management fund of \$463,537 to account for the increase in fuel costs, and deferred repair and maintenance costs for City fleet (\$100,000).

The amounts shown below in **Table 4** demonstrate the General Fund impact of the changes being proposed as part of the City's FY 2023 Mid-Year Budget Review from the time that Council adopted the City's Operating Budget in June of 2022. In total, the changes presented for consideration will build the General Fund Reserves by \$11,000.

**TABLE 4: SUMMARY OF PROPOSED GENERAL FUND MID-YEAR CHANGES**

<i>(in thousands)</i>	<b>FY 2023 Adopted</b>	<b>Change</b>	<b>FY 2023 Mid-Year Revised</b>
<b>Revenue</b>			
Property Tax		\$1,600	
Utility User Tax (UUT)		\$1,000	
<b>Total Revenue</b>	<b>\$199,141</b>	<b>\$2,600</b>	<b>\$201,741</b>
<b>Expenditures</b>			
Employee Contract Terms - Unrepresented Staff, HPOA, Local 1909		\$3,958	
<b>Net Staffing Expenses</b>	<b>\$153,805</b>	<b>\$3,958</b>	<b>\$157,763</b>
Mayor & City Council transition and furniture expenses (Mayor & City Council)		\$10	
Consultant for 360 Evaluations for each Council Appointed Officer (City Manager's Office)		\$27	
Consultant Services for one-time language access assessment (City Manager's Office)		\$30	

Allocation for the Countywide Consolidated General Election cost in 2022 (City Clerk's Office)		\$400	
Appropriate permit revenue for Inspection and Plan Check for services (Development Services)		\$500	
Additional funding to cover expanded security hours at Libraries (Library Services)		\$35	
Transfer-Out: General Liability Funds – Increase in City's insurance premium costs		\$629	
Transfer Out: Facilities Management Fund – Security Services, and facility repairs		\$224	
Transfer-Out: Facilities Capital Fund – Construction of Fire Administration in City Hall		\$47	
Transfer-Out: Information Technology Capital Fund – Technology fee revenue to support Online Permitting Project		\$125	
Transfer-Out: Fleet Management Fund – Increase in Fleet Fuel budget due to global increases in fuel costs		\$364	
Transfer-Out: Fleet Management Fund – Deferred repair and maintenance costs for Citywide Fleet and Public Safety Fleet		\$100	
Previous Council Approved Appropriation - Non-Personnel Expenses		\$593	
<b>Net Operating Expenses</b>	<b>\$40,883</b>	<b>\$3,084</b>	<b>\$43,967</b>
<b>Total Expenditures</b>	<b>\$194,688</b>	<b>\$7,042</b>	<b>\$201,730</b>
<b>Total Surplus/(Shortfall)</b>	<b>\$4,453</b>	<b>(\$4,442)</b>	<b>\$11</b>
<b>Reserve Ending Balance</b>	<b>\$43,853</b>		<b>\$41,742</b>
<b>Balance as % of Total Expenses</b>	<b>22.5%</b>		<b>20.7%</b>

## FIVE-YEAR GENERAL FUND MODEL UPDATE

The Five-Year Model (model) has been updated to include projected changes in revenue and expenses impacting the City's projected year-end fiscal position for FY 2023. The FY 2023 Adopted Budget assumed a surplus, building the General Fund Reserves by \$4.5 million by the end of the fiscal year, with a projected ending balance of \$43.9 million. Based on the FY 2023 Adopted Budget, the model projected that General Fund Reserves would represent 22.5% of the City's budgeted General Fund expenditures, which is above the City's current General Fund Reserve policy, which states that General Fund Reserves should equal 20% of budgeted General Fund expenditures.

As part of the mid-year review process, the model has been updated to include current revenue projections, mid-year expenditure requests, and previous Council-approved appropriations as discussed in this report. The updated model projects a minimal surplus of \$11,000 by the end of the fiscal year, compared to the projected surplus at the time of adoption, which projected a \$4.5 million surplus. The reduction in projected surplus, can be attributed to the change in revenue projections, specifically Property Tax revenue and UUT revenue, combined with increases in General Fund expenditures. Based on these changes, General Fund Reserve balance is projected to be 20.7% of total expenses by the end of the fiscal year.

**Table 5** provides an overview of the City's Five-year forecast, with updated revenue projections and expenditures.

**TABLE 5: FIVE-YEAR GENERAL FUND FINANCIAL MODEL UPDATE**

<b>GENERAL FUND FORECAST - Proposed FY 2023 Mid-Year Changes <i>in thousands</i></b>	<b>Revised FY 2023 Year 1</b>	<b>FY 2024 Year 2</b>	<b>FY 2025 Year 3</b>	<b>FY 2026 Year 4</b>	<b>FY 2027 Year 5</b>
Revenues	\$201,741	\$199,804	\$207,505	\$214,482	\$219,680
Expenditure	201,730	211,394	217,931	223,853	229,866
<b><i>Net Change in Reserve - Surplus / (Shortfall)</i></b>	11	(11,590)	(10,425)	(9,371)	(10,186)
<b>Beginning Balance*</b>	\$41,742	\$41,752	\$30,163	\$19,738	\$10,366
<b><i>Net Change in Reserve - Surplus / (Shortfall)</i></b>	11	(11,590)	(10,425)	(9,371)	(10,186)
<b>Ending Balance</b>	\$41,752	\$30,163	\$19,738	\$10,366	\$180
Target to maintain 20% GF Reserves in Operating Expenses	\$40,346	\$42,279	\$43,586	\$44,771	\$45,973
General Fund Reserve Level as % of Total Expenses	20.7%	14.3%	9.1%	4.6%	0.1%

**MEASURE C FUND****Measure C Operating**

The Council, as well as the ballot language for Measure C, established a number of spending priorities for these funds. These priorities include a mix of capital projects and funding allocations toward operating services. While Measure C revenues are to primarily be used to fund capital projects, operating activities, such as police services, addressing illegal dumping, litter control, and graffiti abatement, also fulfill the promises of Measure C.

FY 2023 Measure C operating fund total adjustments include previously authorized and approved appropriations, and mid-year requests. Proposed FY 2023 Measure C expenditure-related requests total an increase of \$113,609. The following details the additional request:

- Previously approved appropriation for employee contract terms (increase of \$55,610).
- Proposed Mid-Year Request: Transfer-out to the General Liability Insurance Fund for the Measure C allocated portion of the increased amount in the City's insurance premium costs (increase of \$16,999).
- Proposed Mid-Year Request: Appropriate funds for the new South Resource Center for facility rent, utilities, and janitorial services (increase of \$41,000).

**Measure C Capital**

While Measure C funds operating programs and related expenses, Measure C funds are primarily used to fund capital projects. FY 2023 Measure C capital total adjustments amount to \$13.2 million in FY 2022 carryforwards.

Staff will provide an update to the Measure C 20-Year Financial Forecast as part of the Council report on March 7, 2023.

### OTHER FUNDS

Total adjustments for FY 2023 Other Funds include FY 2022 carryforwards, previous Council-approved appropriations, and mid-year requests. Expenditure increases in Other Funds total \$29.9 million. Of this total, FY 2022 budget carryforwards total \$16.8 million; and appropriations previously approved by City Council total \$10.4 million. Increase in expenditure requests at mid-year amount to \$2.7 million. Detail of mid-year adjustments are as follows:

#### Previous City Council Approved Appropriations (increase of \$10.4 million)

- Appropriation of State Grant funding for Mobile Integrated Health Unit (MIHU) - (increase of \$208,019);
- Appropriation of State Grant funding for Hayward Evaluation and Response Teams (HEART) - (increase of \$91,956);
- Appropriation of State Grant funding for Mobile Evaluation Team (MET) - (increase of \$89,285);
- Appropriation of State Grant funding -Permanent Local Housing (PLHA) program award (increase of \$3,258,675);
- Appropriation of Other California State Library Grants (increase of \$89,368);
- Appropriation of HUSD Grants for Educational Services (increase of \$53,716);
- Appropriation of California State Library Grant Funds (increase of \$32,805);
- Appropriation of California State Library Literacy Services ESL Grant Funds (increase of \$128,362);
- Appropriation of UC Davis Koret Shelter Medicine Program - All Animals Spring 2022 Grant (increase of \$55,000);
- Appropriation of First Five of Alameda funds for Library Services (increase of \$2,800);
- Appropriation of various State Grants for the Fire Department (increase of \$66,000);
- Appropriation of Stupski Foundation Grant for the Hayward Food, Agriculture, and Economy Plan (increase of \$125,000);
- Appropriation of Friends of Hayward Library donations (increase of \$50,000);
- Appropriation of FY 2023 Budgets for Landscape and Lighting Assessment Districts and Maintenance Districts (increase of \$1.8 million);
- Appropriate Grant funding received from California Department of Community Development (HCD) Local Housing Trust Fund program for Affordable Housing Projects (increase of \$3,994,906);
- Appropriate funds for the Professional Services to conduct FY 2024 and FY 2025 Water, Wastewater, and Recycled Water rate study and connection fee study (increase of \$190,000);
- Appropriate fund for Contract Services for installation of a Trash Capture Device (increase of \$70,000); and



- Appropriation to establish budget balances from Byrne Grant 2017, 2018, 2019 award years (increase of \$57,499)

Proposed Mid-Year Requests (increase of \$2.7 million)

- Rental Housing Program Fund (increase of \$10,000): Increased overtime staffing expenses related to housing workshop and outreach activities.
- Inclusionary Housing Fund (increase of \$33,211): Appropriate balance authorized by City in previous fiscal year (Council Resolutions 21-071 and 21-072).
- Donations Fund (increase of \$45,407): Appropriate grant revenue received in FY 2022 and appropriate the remaining budget balance from the Bookmobile Purchase from the Fleet CIP fund.
- Facilities Management Fund (increase of \$223,961): Increase in security services contract and expansion of security service hours at the Watkins parking garage in the amount of \$113,900; an increase of \$41,745 for replacement of glass window at the Main Library; \$30,000 for enhance security measures at City facilities; \$15,300 for elevator repairs at the Library; and \$23,016 for additional janitorial service needs.
- Landscape & Lighting and Maintenance District Funds (increase of \$54,544): Increased costs related to a change to maintenance vendor; and increased water utility needs.
- Fleet Management Fund (increase of \$600,000): \$500,000 to increase Fleet fuel budget due to projected increases in fuel costs; \$100,000 to cover costs of deferred maintenance and repairs of City fleet.
- State Grants Fund (increase of \$238,330): Appropriate SB1381 Grant (\$223,823) and WMAC Delinquent Assessment Grant (\$14,507).
- Sewer Fund (increase of \$280,480): Appropriation of \$104,000 of revenue received from East Bay Dischargers Authority (EBDA) for facility maintenance, and \$26,000 additional funding needed to continue operation and maintenance of facilities, and an increase of \$150,000 for the increase in supplies and service needs.
- Airport Fund (increase of \$22,000): Security Services Contract effective March 2023.
- Water Fund (increase of \$30,138): An additional \$30,138 in Debt service payment for the cost of issuance to prepay the debt service early.
- General Liability Insurance Fund (increase of \$849,123): The FY 2023 Adopted Budget reflected a projected increase of 10%. The insurance premium cost increased by a total of 34%. The mid-year increase reflects the difference not budgeted of 24%. This expense is an Internal Service Fund, which is supported by allocations and transfers from General Fund, Measure C, and various operating funds.
- Transfer-Out to the General Liability Insurance Fund from other funds for the allocation of costs contributing to the increase in general liability insurance premium cost (increase of \$200,031).
- Transfer-Out to Fleet Maintenance Fund from other funds for the allocation of cost contributing to the increase in operating expenses related to fleet fuel and deferred maintenance of citywide fleet (increase of \$136,463).

CAPITAL IMPROVEMENT FUNDS

Total adjustments for FY 2023 Capital Improvement Funds include FY 2022 carryforwards, previous Council-approved appropriations, and mid-year requests. The FY 2023 Capital Improvement Budget expenditures total a net increase of \$137.5 million. Of this amount, FY 2022 carry forwards total \$128.8 million; and prior Council authorized, and approved appropriations total \$8.1 million. Proposed mid-year adjustments reflect an increase in projected expenditures in the amount of \$609,286. **Table 6** provides detail of the proposed FY 2023 CIP mid-year changes.

**TABLE 6: PROPOSED FY 2023 MID-YEAR CIP CHANGES**

<b>Mid-Year CIP Changes</b>	<b>FY 2023 Mid-Year Changes</b>
Information Technology Capital (Fund 731) – Appropriate technology fee revenue to support EnerGov Online Permitting Project	\$125,029
Facilities Capital (Fund 726) – Construction of Fire Administration in City Hall; increase related to building code requirements related to ADA and Title 24	\$46,506
Special Gas Tax (Fund 210) – Appropriate Grant funding	\$76,744
Airport Capital Fund (Fund 621) – Restore previous budget reduction and increase in costs related to Skywest Property maintenance services	\$82,000
Water Replacement Fund (Fund 603) – Transfer-out to support Fiscal Year 2023 Annual Line Repairs in the Water Fund (Fund 605)	\$250,000
Fleet Management Capital Fund (Fund 736) – Transfer-out to Library Services Bookmobile project in the Donation Fund (Fund 250)	\$29,007
<b>Total Net Change</b>	<b>\$609,286</b>

#### AMERICAN RESCUE PLAN ACT (ARPA) STATE AND LOCAL FISCAL RECOVERY FUNDS

On March 11, 2021, the American Rescue Plan Act (ARPA) of 2021 was signed into law. A major component of ARPA was the State and Local Fiscal Recovery Fund (SLFRF), which included \$65 billion in direct federal relief to cities to address the impacts of COVID-19 and aid in recovery. The City of Hayward was allocated approximately \$38.3 million in fiscal recovery funding, to be disbursed in two tranches. The first tranche of 50% of the City's allocation was disbursed in late May 2021, with the second half was disbursed in May of 2022.

On July 13, 2021, Council approved a plan for use of the City's ARPA \$38.3 million. To date, the City has received the full \$38.3 million in ARPA funding. Council appropriated \$18.9 million in FY 2022, and \$16.4 million FY 2023. The use of ARPA funds is governed by the SLFRF Interim Final Rule issued by the US Treasury Department in May 2021. City Staff developed the ARPA expenditure plan based on community needs, the City's operational response, and Council feedback. The expenditure plan was also presented to the Council Infrastructure Committee, the Homeless-Housing Task Force, the Council Economic Development Committee, and the Community Services Commission for further refinement prior to Council approval in July 2021.

The ARPA expenditure plan is comprised of 37 projects across four major expenditure categories: support for public health expenditures and investments in pandemic operational needs; addressing negative impacts caused by the public health emergency; replacement of lost public sector revenue; and investment in water, sewer, and broadband infrastructure. Projects commenced in FY 2022 and will continue through FY 2024. **Table 7** provides an overview of total expenditures in FY 2022, and revised appropriations in FY 2023, and anticipated appropriations for FY 2024.

**TABLE 7: ARPA EXPENDITURE PLAN OVERVIEW**

(\$ THOUSANDS)

Expenditure Category	Total Budget	FY 2022 Actuals	FY 2023 Revised Appropriation*	FY 2024 Appropriation
Support public health expenditures, including capitalizing investments in public facilities to meet pandemic operational needs	\$6,940	\$799	\$5,422	\$719
Address negative economic impacts caused by the public health emergency	\$15,700	\$3,915	\$9,685	\$2,100
Replace lost public sector revenue	\$14,500	\$7,250	\$7,250	\$0
Invest in water, sewer, and broadband infrastructure	\$1,238	\$80	\$958	\$200
<b>TOTAL ARPA EXPENDITURES</b>	<b>\$38,378</b>	<b>\$12,044</b>	<b>\$23,315</b>	<b>\$3,019</b>

\*Includes unspent FY 2022 appropriated expenditures (carried forward into FY 2023)

## STRATEGIC ROADMAP

This agenda item is a routine operational item and does not specifically relate to any of the six priorities outlined in the Council's Strategic Roadmap.

## FISCAL IMPACT

The overall fiscal impact of the proposed mid-year adjustments is an increase to General Fund revenue of \$2.6 million, and an increase to General Fund expenditures of \$7.04 million (\$4.55 million in previously approved appropriations, an increase of \$2.49 million in newly requested adjustments). Additionally, the mid-year review reflects \$3.23 million in carryforwards previously approved with the FY 2022 Budget. All Other Funds (including Measure C) proposed adjustments will result in an increase of \$2.8 million in newly requested expenditures; and Capital Improvement Funds will result in a proposed increase in expenditures of \$0.6 million in newly requested expenditures.

## SUSTAINABILITY FEATURES

The actions in this report do not have an impact on sustainability. Sustainability elements are more directly identified with specific projects as they are carried out.

## PUBLIC CONTACT/NEXT STEPS

Upon recommendation by the Committee, staff will present the FY 2023 Mid-Year Budget Review and Five-Year General Fund Financial Model Update to the full City Council at the regular scheduled meeting on Tuesday, March 7, 2023.

*Prepared by:*                Nicholas Mullins, Management Analyst II  
                                      Nicole Gonzales, Director of Finance

*Recommended by:*      Nicole Gonzales, Director of Finance

Approved by:

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

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Kelly McAdoo, City Manager



# CITY OF HAYWARD

Hayward City Hall  
777 B Street  
Hayward, CA 94541  
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**File #:** ACT 23-017

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**DATE:** March 1, 2023

**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**  
**March 1, 2023**

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**Meeting Location:** Remote Participation

**Meeting Time:** 5:30 p.m.

**Meeting Dates:** The Council Budget & Finance Committee generally meets monthly on the 1<sup>st</sup> 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)
March 1, 2023	FY 2023 Mid-Year Budget Review and General Fund Long-Range Financial Model Update FY 2024 Budget Process Update
April 5, 2023	Annual Comprehensive Financial Report for the Year Ended June 30, 2022 Discussion on Mayor & City Council FY 2024 Budget FY 2024 Proposed Budget Discussion
May 3, 2023	Annual Review of City-Issued Debt Annual City Benefit Liabilities and Funding Plan Review
June 7, 2023	FY 2024 Budget Process Debrief (Oral Presentation)
July 5, 2023	<i>Council Recess</i>
August 2, 2023	<i>Council Recess</i>

**Unscheduled future agenda topics:**

- Update on Hayward Community Foundation
- Fleet Utilization Study
- Pension Obligation Funds (as Updates Available)
- Additional Payment OPEB Trust
- Public Bank East Bay
- 238 Parcel Sales Update (Timing TBD on Transactions)