

# **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, July 19, 2017**

**4:00 PM**

**City Hall, Conference Room 4A**

## **Council Budget and Finance Committee**

**CALL TO ORDER**

**ROLL CALL**

**PUBLIC COMMENTS:**

*(The Public Comment section provides an opportunity to address the City Council Committee on items not listed on the agenda as well as items on the agenda. The Committee welcomes your comments and requests that speakers present their remarks in a respectful manner, within established time limits, and focus on issues which directly affect the City or are within the jurisdiction of the City. As the Committee is prohibited by State law from discussing items not listed on the agenda, any comments on items not on the agenda will be taken under consideration without Committee discussion and may be referred to staff.)*

**REPORTS/ACTION ITEMS**

1. [MIN 17-111](#) Approval of Meeting Minutes May 17, 2017

**Attachments:** [Attachment I Draft Minutes May 17, 2017](#)

2. **Biennial Budget Process Discussion (oral report)**

3. [RPT 17-097](#) Measure C Annual Report

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

**FUTURE AGENDA ITEMS**

**COMMITTEE MEMBER/STAFF ANNOUNCEMENTS AND REFERRALS**

**ADJOURNMENT**

**NEXT REGULAR MEETING - 4:00PM, WEDNESDAY, SEPTEMBER 20, 2017**



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**File #:** MIN 17-111

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**DATE:** July 19, 2017

**TO:** Council Budget and Finance Committee

**FROM:** Director of Finance

**SUBJECT**

Draft Meeting Minutes from May 17, 2017 Regular Meeting

**RECOMMENDATION**

That the Committee approves the meeting minutes from the May 17, 2017 Regular Meeting.

**ATTACHMENT**

Attachment I Draft Minutes May 17, 2017



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**COUNCIL BUDGET & FINANCE COMMITTEE MEETING**  
**Meeting Minutes of May 17, 2017**

**Call to Order:** 4:04 pm

**Members Present:** Mayor Halliday, Councilmember Lamnin and Councilmember Salinas

**Members Absent:** None

**Staff:** Kelly McAdoo, Maria A. Hurtado, Dustin Claussen, Nicole Gonzales and John Stefanski

**Guests:** Charles Hester, Godbe Research

**Public Comments:** No public comments.

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1. Approval of Meeting Minutes April 17, 2017

*Action: unanimous approval as submitted.*

2. The Committee received a presentation from Charles Hester with Godbe Research regarding the results of 2016 Resident Satisfaction Survey, the discussion included:

- .
- Options to explore the rationale of survey results/opinions with focus groups.
- Discussed modifying the next survey to include options for additional follow-up with residents upon completion of the survey.
- Survey results should be available on the City's website, and in future Budget document.

*Action: The Committee received the presentation and agreed more detailed work with focus groups is not necessary at this time.*

3. Discussion on Potential One-time Strategies to Close the FY 2018 General Fund Budget Gap and Review of the May 20, 2017 Budget Work Session Schedule

- Director of Finance presented the Committee with five one-time strategies to close the FY 2018 budget gap:
  - i. Reduce the Internal Service Fund (ISF) General Fund Allocation
  - ii. Defer hiring of current vacant positions (3-month deferral)
  - iii. Pre-Payment of the PERS ARC

- iv. Deferral of OPEB Contribution
- v. Lease Financing of large equipment/vehicle

*Action: The Committee reviewed the one-time strategies for closing the budget gap, and agreed that the first three strategies were the most viable options Council at the budget work session scheduled for May 20 (continued to May 23<sup>rd</sup>), with the first three strategies reflecting the recommendation of the Committee. The Committee also recommended that the City continued to “pre-pay” the PERS ARC on an ongoing basis when a significant savings can be achieved by doing so.*

#### 4. Review of the Meeting Schedule & Work Plan

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

**Adjournment:** The meeting was adjourned at 5:13 pm



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**File #:** RPT 17-097

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**DATE:** July 19, 2017

**TO:** Council Budget and Finance Committee

**FROM:** Director of Finance

**SUBJECT**

Measure C Annual Report

**RECOMMENDATION**

That the Committee reviews and provides feedback on the City's Measure C (District Sales Tax) FY 2017 Annual Report.

**ATTACHMENT**

Attachment I      Staff Report



**DATE:** July 19, 2017

**TO:** Council Budget and Finance Committee

**FROM:** Director of Finance

**SUBJECT** Measure C Annual Report

### **RECOMMENDATION**

That the Committee reviews and provides feedback on the City's Measure C (District Sales Tax) FY 2017 Annual Report.

### **BACKGROUND**

On June 3, 2014, the voters of the City of Hayward passed Measure C to create a District Sales Tax and increase the City's Sales and Use Tax by half a percent for twenty years. This "half-cent" increase ultimately brought the City's Sales and Use Tax rate to 10.0%, the rate at the time of this report is 9.75% as the State of California's state rate reduced by 0.25%. Based on actual revenues received to date, staff estimates that the District Sales Tax is generating more than the projected \$13 million annually in locally controlled revenue that can be allocated by the City Council and will remain in place until October 1, 2034.

This District Sales Tax is a general tax and is considered discretionary in nature; however, these funds are intended for use in capital projects including construction of the City's new 21<sup>st</sup> Century Library and Community Learning Center, completion of fire station retrofits and improvements, rehabilitation and expansion of the existing fire training center, as well as extensive street improvements. The City intends to allocate revenues not used for capital projects to fund additional police and maintenance services within the City.

On September 30, 2015, the City issued Certificates of Participation (COPs) for \$67.5 million to fund the above-mentioned capital projects. Debt Service for the COPs is secured by and will be paid using District Sales Tax revenue. Annual debt service payments for the COPs range from \$2.9 to \$5.4 million annually for twenty years.

## DISCUSSION

The table on the next page shows revenue and expenditure activity related to the District Sales Tax for FY 2016 and FY 2017.

	<b>FY 2016 Actual</b>	<b>FY 2017 Projected</b>
<b>Revenues</b>		
Measure C District Sales Tax	\$ 13,436,227	\$ 14,207,509
Other Revenues (Interest)		115,023
<b>Total Revenues</b>	<b>13,436,227</b>	<b>14,322,532</b>
<b>Expenditures</b>		
<b>Capital</b>		
Library/ Learning Center	\$ 10,607,338	\$ 15,038,056
Fire Facilities Design	930,859	1,255,383
Fire Station 1		187,592
Fire Station 2		320,937
Fire Station 3		298,810
Fire Station 4		110,592
Fire Station 5		69,869
Fire Station 6 & Regional Training Center		336,966
Street Rehabilitation	490,845	10,549,961
Street Slurry Seal		
Debt Service	2,326,436	6,050,000
<b>Operating</b>		
Personnel	854,997	2,180,819
Other Operating	423,087	250,000
<b>Total Expenditures</b>	<b>15,633,562</b>	<b>36,648,985</b>
<b>Beginning Fund Balance</b>	<b>7,884,501</b>	<b>71,476,963</b>
<b>Annual Surplus/Shortfall</b>	<b>(2,197,335)</b>	<b>(22,326,453)</b>
Proceeds from Issuance of COPs*	65,789,797	
<b>Ending Fund Balance</b>	<b>\$ 71,476,963</b>	<b>\$ 49,150,510</b>

\* The Difference between the \$67.5 million in COPs issued and the \$65.8 million shown relate to the costs of issuance for the COPs



Projected FY 2017 Measure C personnel expenditures of \$2.2 million were for the Maintenance Services Department (\$534,409) and Police Department (\$1.6 million). All five Measure C Maintenance positions have been filled. The Police Department continues to work to fill the vacant positions authorized by Measure C. Other operating expenditures include utilities, supplies and services, internal staff charges, equipping dispatch stations for new call taker positions and two Maintenance Services Department vehicles.

FY 2016 District Sales Tax related capital expenditures totaled \$12 million, including design and construction of the City's 21<sup>st</sup> Century Library and Community Learning Center (\$10.6 million), design of improvements for Fire Station Nos. 1 - 6 (\$930,859) and city-wide street infrastructure improvement projects (\$490,845). Operating expenditures totaled approximately \$1.3 million in FY 2016.

### **NEXT STEPS**

Finance Department staff will continue to work with the other relevant departmental staff to monitor the progress of designated capital projects and operating expenses and provide periodic reporting on activities to the Committee and City Council.

*Prepared and Recommended by:*      Dustin Claussen, Director of Finance

Approved by:



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Kelly McAadoo, City Manager