

# **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, January 15, 2020**

**5:00 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.)*

1. [MIN 20-007](#) Approval of the December 4, 2019 Budget and Finance Committee Meeting Minutes

**Attachments:** [Attachment I December 4, 2019 Budget and Finance Committee Meeting Minutes](#)

2. [RPT 20-011](#) Update to General Fund Long-Term Outlook

**Attachments:** [Attachment I Staff Report](#)  
[Attachment II General Fund Long Range Financial Model Update](#)  
[Attachment III Key Revenue and Expenditure Assumptions](#)  
[Attachment IV TOT Survey Proposal](#)

3. Employee Home Loan Program Update (Oral Report)

4. [RPT 20-012](#) Review FY 2020 Agenda Planning Calendar

**Attachments:** [Attachment I FY 2020 Agenda Planning Calendar](#)

**FUTURE AGENDA ITEMS**

**COMMITTEE MEMBER/STAFF ANNOUNCEMENTS AND REFERRALS**

**ADJOURNMENT**

NEXT MEETING - 5:00 P.M. WEDNESDAY, FEBRUARY 19, 2020

*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 20-007

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**DATE:** January 15, 2020

**TO:** Council Budget and Finance Committee

**FROM:** Director of Finance

**SUBJECT**

Approval of the December 4, 2019 Budget and Finance Committee Meeting Minutes

**RECOMMENDATION**

That the Committee approves the December 4, 2019 Budget and Finance Committee Meeting minutes.

**SUMMARY**

Staff recommends that the Committee reviews and approves the December 4, 2019 Budget and Finance Committee meeting minutes.

**ATTACHMENTS**

Attachment I      12/4/19 Budget and Finance Committee Meeting Minutes



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**COUNCIL BUDGET & FINANCE COMMITTEE MEETING**  
**Meeting Minutes of December 4, 2019**

**Call to Order:** 5:00pm

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

**Members Absent:** N/A

**Staff:** Kelly McAdoo, Maria Hurtado, Dustin Claussen, Nicole Gonzales, Rick Rivera, and Nicholas Mullins

**Guests:** Tim Cue and Whitney Crockett from Maze and Associates  
Victor Arellano, Hayward Resident

**Public Comments:** No public comments.

1. Approval of Meeting Minutes from October 2, 2019

*Action: Unanimous approval as submitted.*

2. FY 2019 Annual Audit Presentation (Oral Presentation by External Auditor)

- Report given by Tim Cue and Whitney Crockett from Maze and Associates.

*Action: The Committee received the presentation.*

3. Consideration of Revisions to Performance Measures for FY 2021

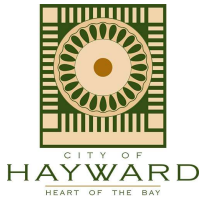
- Director Claussen presented the Committee with the report.

*Action: The Committee received the presentation and had a discussion concerning revisions and improvements to performance measures.*

4. Future Agenda Items: None.

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

**Adjournment:** The meeting was adjourned at 6:14pm



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**File #:** RPT 20-011

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**DATE:** January 15, 2020

**TO:** Council Budget and Finance Committee

**FROM:** Director of Finance

**SUBJECT**

Update to General Fund Long-Term Outlook

**RECOMMENDATION**

That the Council Budget and Finance Committee receives an update and provides comments on the City's General Fund Long Range Financial Model.

**SUMMARY**

This report provides an update of the City's General Fund Long Range Financial Model (Model). This update includes the latest revenue and expenditure projections and shows the impact to the City's long-term financial outlook.

**ATTACHMENTS**

Attachment I	Staff Report
Attachment II	General Fund Long Range Financial Model Update
Attachment III	Key Revenue and Expenditure Assumptions
Attachment IV	TOT Survey Proposal



**DATE:** January 15, 2020

**TO:** Council Budget and Finance Committee

**FROM:** Director of Finance

**SUBJECT:** Update to General Fund Long-Term Outlook

## **RECOMMENDATION**

That the Council Budget and Finance Committee receives an update and provides comments on the City's General Fund Long Range Financial Model.

## **SUMMARY**

This report provides an update of the City's General Fund Long Range Financial Model (Model). This update includes the latest revenue and expenditure projections and shows the impact to the City's long-term financial outlook.

## **BACKGROUND**

For several years, the City utilized a General Fund Ten-Year Plan Model previously developed in-house as a tool to understand the long-range financial implications of policy decisions. In early 2017, the City engaged Management Partners to develop a more comprehensive and agile financial model, which was presented to Council during a special work session in October 2017<sup>1</sup>. That October presentation included a demonstration of the capabilities of the Model, as well as Council participation in discussing a variety of hypothetical scenarios to illustrate the long-term fiscal implications. This Model has been updated in subsequent years to simulate the long-term financial forecast using the latest revenue and expenditure figures.

## **DISCUSSION**

At the time of adoption, the FY 2020 Operating Budget projected a net positive position at fiscal year end and increase to General Fund Reserves of \$0.3 million. The Model projected that General Fund reserves would remain above the City's 20% of budgeted General Fund expenditures until the end of FY 2022, at which time it would dip to a projected 15.9%. Table 1 below provides a summary of the General Fund Five-Year fund balance projection as of May 2019.

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<sup>1</sup> City of Hayward City Council Meeting on October 17, 2017

<https://hayward.legistar.com/MeetingDetail.aspx?ID=568550&GUID=6855A6D8-73F8-422D-8F2B-D5E1FE091927&Options=info&Search=>

**TABLE 1: FY 2020 GENERAL FUND FIVE-YEAR FORECAST ENDING FUND BALANCE PROJECTIONS**

<b>GENERAL FUND FORECAST - FY 2020</b>					
<b>ADOPTED</b> <i>in thousands</i>	<b>FY 2020</b> <b>Year 1</b>	<b>FY 2021</b> <b>Year 2</b>	<b>FY 2022</b> <b>Year 3</b>	<b>FY 2023</b> <b>Year 4</b>	<b>FY 2024</b> <b>Year 5</b>
Revenues	\$172,439	\$176,677	\$183,050	\$189,391	\$194,841
Expenditures	172,103	180,150	189,822	195,867	202,111
<b>Net Change in Reserve - Surplus / (Shortfall)</b>	<b>336</b>	<b>(3,473)</b>	<b>(6,772)</b>	<b>(6,476)</b>	<b>(7,270)</b>
<b>Beginning Balance</b>	<b>\$40,146</b>	<b>\$40,481</b>	<b>\$37,009</b>	<b>\$30,236</b>	<b>\$23,761</b>
<i>Net Change in Reserve - Surplus / (Shortfall)</i>	336	(3,473)	(6,772)	(6,476)	(7,270)
<b>Ending Balance</b>	<b>\$40,481</b>	<b>\$37,009</b>	<b>\$30,236</b>	<b>\$23,761</b>	<b>\$16,491</b>
Target to maintain 20% GF Reserves in Operating Expenses	\$34,421	\$36,030	\$37,964	\$39,173	\$40,422
General Fund Reserve Level as % of Total Expenses	23.5%	20.5%	15.9%	12.1%	8.2%
Amount Above or (Below) Target 20%	\$6,061	\$979	(\$7,729)	(\$15,413)	(\$23,932)
Percentage Above or (Below) Target 20%	17.6%	2.7%	(20.36%)	(39.34%)	(59.20%)

*Recent Fiscal Changes to the General Fund*

Since the adoption of the FY 2020 Operating Budget, a number of additional appropriations have been approved by Council to support emerging needs. The additional appropriations decrease the City's General Fund net position, and results in the projected use of \$4.5 million of the General Fund reserve in order to balance the budget. Nearly this entire amount relates to the funding of the demolition of the City Center site<sup>2</sup>. These expenses are considered one time in nature and the City expects to recover all costs associated with demolition upon development of the former City Center site.

The other significant change in General Fund reserves between the May 2019 budget adoption and the amounts shown in Table 2 is the "Beginning Balance" amount in FY 2020. The "Beginning Balance" is \$36.9 million as compared to the initial projected amount shown in Table 1 of \$40.1 million. This change reflects the one-time expense of \$2 million to purchase the City Center site. The additional \$1.2 million dollar difference is mostly related to unbudgeted personnel expenses.

Table 2 below shows the most recent revenue and expenditure projections through the end of the fiscal year. The projection also includes the previously approved additional appropriations, including the expenditures associated with the demolition of City Center. The

<sup>2</sup> City of Hayward City Council Meeting on December 3, 2019

<https://hayward.legistar.com/LegislationDetail.aspx?ID=4263965&GUID=635A7662-752A-43D6-BC31-328887055949&Options=&Search=>

Model projects the City's General Fund reserve levels will fall below the City's 20% policy level to 18.1% at the close of FY 2020, and depletion of the City's General Fund reserve by FY 2023.

**TABLE 2: JANUARY 2020 UPDATED GENERAL FUND FIVE-YEAR PROJECTIONS**

<b>GENERAL FUND FORECAST - UPDATED</b> <i>in thousands</i>	<b>FY 2020</b> <b>Year 1</b>	<b>FY 2021</b> <b>Year 2</b>	<b>FY 2022</b> <b>Year 3</b>	<b>FY 2023</b> <b>Year 4</b>	<b>FY 2024</b> <b>Year 5</b>
Revenues	\$172,189	\$173,428	\$176,140	\$181,648	\$187,373
Expenditures	176,952	180,628	190,308	196,441	202,858
<b>Net Change in Reserve - Surplus / (Shortfall)</b>	<b>(4,763)</b>	<b>(7,200)</b>	<b>(14,168)</b>	<b>(14,793)</b>	<b>(15,485)</b>
<b>Beginning Balance</b>	<b>\$36,877</b>	<b>\$32,114</b>	<b>\$24,914</b>	<b>\$10,747</b>	<b>(\$4,047)</b>
<i>Net Change in Reserve - Surplus / (Shortfall)</i>	<i>(4,763)</i>	<i>(7,200)</i>	<i>(14,168)</i>	<i>(14,793)</i>	<i>(15,485)</i>
<b>Ending Balance</b>	<b>\$32,114</b>	<b>\$24,914</b>	<b>\$10,747</b>	<b>(\$4,047)</b>	<b>(\$19,531)</b>
Target to maintain 20% GF Reserves in Operating Expenses	\$35,390	\$36,126	\$38,062	\$39,288	\$40,572
General Fund Reserve Level as % of Total Expenses	18.1%	13.8%	5.6%	(2.1%)	(9.6%)
Amount Above or (Below) Target 20%	(\$3,276)	(\$11,211)	(\$27,315)	(\$43,335)	(\$60,103)
Percentage Above or (Below) Target 20%	(0.93%)	(31.0%)	(71.8%)	(110.3%)	(148.1%)

The updated Model (Attachment II) provides a snapshot of the City's long-term outlook. The City faces the continuing challenges of rising CalPERS rates, unfunded accrued liabilities, and structural deficits that have a significant impact on the projected expenditures in future years.

Attachment III provides an overview of key revenue and expenditure assumptions included in this update to the Model. A summary of these changes is below:

- Property tax projections assume a flattening of revenues through FY 2024
- Increased RPTT revenue from the passage of Measure T;
- Recession scenario beginning in FY 2021;
- Sales tax is projected to be flat for FY 2020, and contract in FY 2021
- Cannabis tax revenue for FY 2020 shows no tax as no businesses have made it through the entitlement process. Future revenues are estimated at \$250,000 for FY 2021, growing to \$500,000 per year by FY 2030.

It should be noted that the projected property tax revenue does not include increases to property tax expected from future developments. Property tax projections are expected to improve as the Route 238 properties are developed. Staff will adjust projections accordingly as development timelines become clearer and the value of the properties can be more accurately projected.

*Council Supported Fiscal Strategies - Long-Term Financial Outlook:*

In October 2017, City Council held a Fiscal Sustainability work session, where staff unveiled the updated Model, and Council discussed various options in four categories to address the City's structural budget deficit, which included (1) revenue generating options, (2) cost shifting options, (3) expenditure control options, and (4) changes in provision of services that Council could implement to assist in closing the City's long-term structural budget gap.

Table 3 is a summary of Council supported strategies at the October 2017 fiscal sustainability work session. A status of each strategy is included to provide the Committee with an update on strategies that have yet to be implemented and may be reviewed and recommended for the full Council's consideration, to assist with closing the project structural budget gap.

**TABLE 3: FISCAL SUSTAINABILITY STRATEGIES (OCTOBER 2017)**

Council Supported Fiscal Sustainability Strategies	Status
<b>Revenue Generation Strategies:</b>	
Real Property Transfer Tax (RPTT): \$8.5 per \$1,000 (Place ballot in 2018)	<b>Complete</b> - Voters' passed Measure T in November 2018.
Cannabis Tax Revenue	<b>Complete</b> - While the City has not realized revenue from the source, the voters have approved a cannabis tax.
Transient Occupancy Tax (TOT) @ 12% - Projected annual revenue to \$1,200,000 with new hotels	Option considered viable by staff; however, formal action from Council is necessary prior to further pursuing the option.
Business License Tax (BLT) (Up from \$19.06-\$26.02 per capita- Projected annual revenue from \$2.9M to \$4.0M	Option considered viable by staff; however, formal action from Council is necessary prior to further pursuing the option.
<b>Expenditure Controls/Cost Shifts:</b>	
In partnership with and through the collective bargaining process with our employee groups identify potential cost saving strategies related to wages, benefits, and working conditions	<b>Complete.</b>
Update Cost Allocation Plan	Staff is finalizing an update to the cost allocation plan; however, the impact to the General Fund is not significant.
<b>Service Delivery Changes:</b>	
Prioritized Use of Measure C Revenue after projects completed	<b>Ongoing</b> – This strategy is reviewed and discussed annually during the City's budget process.
Fleet Utilization Improvements (5% fleet removal) (\$39,675 annual maintenance + \$82,300 replacement cost)	<b>In Progress</b> - Fleet Utilization Study currently underway.

While long-term financial projections show a significant continued structural deficit despite the successful passage of Measure T and the additional revenues it is expected to generate, there are two remaining supported strategies that can be deployed to positively impact the long-term fiscal health of the City. Staff is requesting feedback and confirmation from the Committee of prior Council direction on the remaining two revenue strategies: an increase to the City's TOT and/or an overhaul of the City's Business License Tax Ordinance (changes proposed would be to the level that would require voter approval to achieve the impact to revenues shown above) to the full Council. Analysis of additional strategies and updates to the Model will be provided to Council on an ongoing basis for their continued policy leadership in helping to ensure fiscal sustainability for the City while ensuring the highest level of service availability to the Hayward community.

The City of Hayward's TOT rate of 8.5 percent is the twelfth lowest among sixteen Bay Area cities of 100,000 or more residents, according to analysis provided by Management Partners for the October 2017 work session. Staff analysis performed in 2018 estimated that an increase in TOT to a new rate of 12.0 percent would generate an additional \$986,000 annually.<sup>3</sup> Assuming the passage of a ballot measure in 2020, the Model estimates that a 12.0 percent TOT rate will generate an additional \$519,240 million in FY 2021 and an average of \$859,900 annually through FY 2030.

Based on FY 2015 actual financial data, Hayward's per capita business license tax ranks 13 out of the 16 Bay Area cities with populations greater than 100,000. While this data has not been updated since, it is highly unlikely that Hayward would have gone higher on the list. The City's ordinance has not been significantly updated and both rates and categories are outdated and no longer accurately reflect the categories of businesses which operate in the community.

At this time, staff is seeking the Committee's direction as to whether it would recommend the presentation of either or both strategies to the full Council for consideration to place on the November 2020 ballot. Based on previous Council direction to potentially place the TOT increase on the November 2020 ballot, staff has solicited a survey proposal (Attachment IV) from the consultant used by City for the successful effort to pass Measure T in 2018. If the Committee is supportive of moving forward, staff would proceed with preliminary polling in March and would return to the Committee for further direction later in the spring.

## **ECONOMIC IMPACT**

There is no economic impact associated with this report as it is informational only.

## **FISCAL IMPACT**

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<sup>3</sup> City of Hayward City Council Meeting on July 17, 2018

<https://hayward.legistar.com/LegislationDetail.aspx?ID=3553050&GUID=5504B467-533C-4C23-9243-448F969C92EB&Options=&Search=>

There is no fiscal impact associated with this report; however, staff will continue to refine and update the General Fund Long Range Financial Model as economic factors change.

## **PUBLIC CONTACT**

The Model has been presented at numerous public meetings beginning in October 2017.

## **NEXT STEPS**

Upon direction and recommendation from the Committee, staff will present to the full Council potential long-term financial strategies that may be employed to help the City achieve long-term fiscal sustainability.

*Prepared by:* Rick Rivera, Management Analyst I  
Nicole Gonzales, Deputy Director of Finance

*Recommended by:* Dustin Claussen, Director of Finance

*Approved by:*

A handwritten signature in black ink, appearing to read 'K. McAdoo', is written over a horizontal line.

Kelly McAdoo, City Manager

SUMMARY FORECAST (\$ in Thousands)	Actual	Actual	Actual	Actual	Adjusted	Actual	Adopted	Adjusted	Projected	Projected	Projected	Projected	Projected	Projected	Projected
	2014-15	2015-16	2016-17	2017-18	Budget	2018-19	Budget	Budget	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Property Tax	\$42,128	\$44,159	\$47,196	\$51,236	\$53,267	\$54,468	\$56,949	\$56,949	\$58,282	\$57,258	\$59,244	\$61,281	\$63,395	\$64,827	\$66,302
Sales Tax	31,058	33,059	34,839	33,389	35,220	\$35,024	35,122	35,372	34,665	36,163	37,730	39,370	40,513	41,693	42,913
UUT	15,681	22,041	20,754	17,488	18,600	16,935	18,135	18,135	18,271	18,705	19,149	19,604	19,996	20,396	20,804
Real Property Transfer Tax	5,710	7,849	8,350	9,168	12,978	12,256	15,500	15,500	15,035	15,561	16,106	16,670	17,003	17,343	17,690
Transient Occupancy Tax	2,033	2,591	2,560	2,808	2,077	2,823	2,600	2,600	2,806	3,188	3,300	3,415	3,483	3,553	3,624
Cannabis Revenue	-	-	-	-	50	-	250	-	250	270	292	315	340	367	397
Other Taxes/Franchises	14,618	14,915	14,337	14,531	15,735	14,750	16,044	16,044	16,091	16,451	16,820	17,197	17,508	17,825	18,148
Permits & Fees	9,939	12,218	14,917	8,486	9,561	10,298	9,205	9,205	9,092	9,391	9,699	10,017	10,243	10,474	10,711
Other Revenue	9,784	13,136	11,754	17,336	14,283	17,893	14,670	14,420	14,966	15,174	15,319	15,503	15,800	16,104	16,413
Transfer In-Other Funds	4,515	3,845	3,855	3,960	14,057	17,357	3,964	3,964	3,969	3,979	3,990	4,001	4,012	4,023	4,035
Transfer In-Measure C	-	213	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenues	135,466	154,026	158,561	158,401	175,827	181,804	172,439	172,189	173,428	176,140	181,648	187,373	192,294	196,607	201,038
Salaries/Wages	63,732	67,543	70,003	71,681	78,059	73,975	79,767	79,767	82,368	84,464	86,523	88,837	90,853	92,914	95,027
Overtime	6,973	8,592	9,254	10,370	3,320	9,574	3,320	3,330	3,415	3,498	3,577	3,657	3,740	3,824	3,911
Retirement	18,008	20,675	23,021	23,366	28,088	26,951	31,952	31,952	33,945	37,652	39,675	41,722	44,010	45,597	47,208
Health/Other Benefits	12,241	12,196	12,437	12,341	14,448	12,222	14,580	14,580	15,370	16,194	17,062	17,984	18,952	19,976	21,059
Retiree Medical	4,308	3,880	2,847	3,794	5,020	5,020	5,678	5,678	7,838	9,798	10,197	10,615	10,976	11,336	11,759
Workers Comp	5,324	5,732	6,284	6,207	6,599	6,786	7,142	7,142	7,375	7,562	7,746	7,954	8,134	8,319	8,508
Interdept Charges	(3,731)	(4,450)	(4,015)	(5,155)	(4,361)	(3,803)	(4,361)	(4,361)	(4,485)	(4,594)	(4,698)	(4,804)	(4,912)	(5,023)	(5,136)
Vacancy Savings	-	-	-	-	(3,439)	-	(2,631)	(2,596)	(2,068)	(2,124)	(2,182)	(2,247)	(2,331)	(2,393)	(2,457)
Subtotal Personnel	106,855	114,168	119,831	122,604	127,734	130,724	135,448	135,493	143,758	152,449	157,900	163,718	169,421	174,550	179,878
Supplies & Services	10,767	9,559	10,113	11,050	12,042	12,238	10,636	10,942	10,758	10,973	11,192	11,416	11,644	11,877	12,115
Internal Service Fees	11,553	13,336	14,413	11,863	15,504	15,504	17,162	17,162	17,506	17,856	18,213	18,577	18,949	19,328	19,714
Debt Service	3,299	3,445	3,572	3,283	2,930	2,857	3,434	3,434	2,790	2,790	2,790	2,790	2,790	2,790	2,790
Capital Outlay/Projects	1,924	2,141	1,653	2,858	6,357	8,784	1,935	6,431	2,265	2,625	2,665	2,610	2,615	2,615	2,585
Economic Development / Other Funds	350	-	350	350	550	3,550	350	350	350	350	350	350	350	350	350
Insurance	2,338	2,338	2,889	2,907	2,950	2,950	3,139	3,139	3,202	3,266	3,331	3,398	3,466	3,535	3,606
Additions/(Reductions)	-	6,023	3,977	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal O&M	30,230	36,843	36,967	32,310	40,333	45,884	36,656	41,459	36,870	37,859	38,541	39,140	39,813	40,494	41,159
Total Expense	137,085	151,011	156,798	154,914	168,067	176,608	172,104	176,952	180,628	190,308	196,441	202,858	209,234	215,045	221,037
Chng in Res-Surplus/(Shortfall)	(1,620)	3,015	1,763	3,487	7,760	5,196	336	(4,763)	(7,200)	(14,168)	(14,793)	(15,485)	(16,941)	(18,438)	(19,999)
Beginning Balance	33,420	31,684	30,829	29,679	32,385	32,385	40,145	36,877	32,114	24,914	10,747	(4,047)	(19,531)	(36,472)	(54,910)
CAFR Adjustments	(116)	(3,870)	(2,913)	(781)		(704)									
Ending Balance	31,684	30,829	29,679	32,385	40,145	36,877	40,481	32,114	24,914	10,747	(4,047)	(19,531)	(36,472)	(54,910)	(74,909)
Balance as % of Total Expense	23.1%	20.4%	18.9%	20.9%	23.9%	20.9%	23.5%	18.1%	13.8%	5.6%	-2.1%	-9.6%	-17.4%	-25.5%	-33.9%
Balance at 20% of Expenses	27,417	30,202	31,360	30,983	33,613	35,322	34,421	35,390	36,126	38,062	39,288	40,572	41,847	43,009	44,207
Amt Above or (Below) 20%	4,267	627	(1,681)	1,402	6,532	1,555	6,061	(3,276)	(11,211)	(27,315)	(43,335)	(60,103)	(78,319)	(97,919)	(119,117)

# GENERAL FUND LONG RANGE BUDGET MODEL REVENUE & EXPENDITURE ASSUMPTIONS

ATTACHMENT III

## REVENUE ASSUMPTIONS

- **Property Tax** – Projections based on information provided by HdL Coren & Cone. Projections includes an assumed recession in 2021. Annual growth ranges from -1.76% immediately following the projected recession year to 3.47% during recovery. For context the City saw an increase of 7.11% in assessed valuation in FY 2020. Unsecured Property Tax is approximately 1.5% annual growth for FY 2021, these taxes are not tied to property and therefore market value is not a factor. Projections also include RPTTF (RDA Redistribution of funds).
- **Sales Tax** – Projections based on information provided by Avenu Insights & Analytics. The sales tax shows contraction in FY 2020 and FY 2021. Flat growth in FY 2020. The FY 2021 contraction stems from a recession scenario ranging from -2.0% to 4.3% growth over the next five years. With an assumption of 2.9% growth annually for years information not provided.
- **Utility Users Tax (UUT)** – 2.0% growth annually.
- **Cannabis Tax Revenue** – Projections reduced to \$0 for FY 2020. Model assumes revenue of \$250,000 for FY 2021, growing to \$500,000 by FY 2030.
- **Other Taxes** - 2.0% growth annually.
- **RPTT** – New voter-passed rate increased to \$8.50 per \$1000 property value. Budgeted for \$15.5M in 2020, with 2% annual growth.
- **Franchise Fees** - 2.0% growth annually.
- **Construction Related Permits/Fees** - 2.0% growth annually.
- **Public Safety Fees/Services and Residential Rental Inspections** - 2.0% growth annually.
- **Licenses & Permits** - 3.0% growth annually.
- **Fairview Fire Protection District**- 2.0% growth annually.
- **Intergovernmental Revenue** - 2.0% growth annually.
- **Fines & Forfeitures** -2.0% growth annually.
- **Parking Citations-In House** - 2.0% growth annually.
- **Interest and Rental** - 2.0% growth annually.
- **Transfers to General Fund** - \$800,000 in loan repayments from Redevelopment Agency Successor Fund through FY 2028.
- **Does not include use of one-time funds** (e.g. proceeds from 238 sales).

## EXPENDITURE ASSUMPTIONS

### **NOTE: The Model as presented assumes no increase in budgeted FTE.**

- **Salary Increases** – Based on negotiated contracts through FY 2021 for Miscellaneous groups and FY 2024 for Police & Fire. All salary increases in subsequent years are projected at 2% annually.
- **Merit/Turnover Rate** – Ranges from .25% to 1.27% in FY2020 and FY2021, with .25% annual growth in out years.
- **PERS Employer Contribution** - Projections based on actuarial. Total normal cost, plus UAL for Misc. Plan ranges from 33.7% to 40.2% of GF payroll for FY 2021 through FY 2030. Fire Plan ranges from 57.9% to 68.0%. Police Plan ranges from 65.6% to 75.6%.
- **PERS Cost Share; Employee Contributions towards Employer Rate** – Clerical/Maintenance bargaining units – 4.5% through FY2020, and an increase to 5% in FY2021. Public Safety bargaining units – 6.0%. HAME/Local 21/Unrep-Non-Exempt/Unrep-Exempt/Mayor & City Council – 3.0%. Unrep Dept. Heads/Appointed – 5.0%.
- **Medical** – 6.0% annual growth.
- **Dental** - 2.0% annual growth.
- **Vision, Life Insurance, and Other Benefits** – 2.0% annual growth.
- **Workers' Compensation** – Based on fixed 8.95% of annual salary projections, excluding overtime.
- **Medicare** – 2.0% annual growth.
- **Retiree Medical\*** – Misc & Fire Plans – 0% growth due to fixed cap. Police Plan – 6.0% annual growth, additional contributions to ARC of \$2M in FY2019, \$2.6M in FY2020, \$4.6M in FY2021, \$6.4M in FY2022, fully funding the ARC beginning in 2022..
- **Maintenance & Utilities** – 2.0% annual growth.
- **Services & Supplies** – 2.0% annual growth.
- **Internal Service Fees** – 2.0% annual growth.
- **CIP Transfers Out** – One-time \$4.4M transfer to Capital Fund (Fund 405) in FY 2020 for the demolition of City Center.
- **Other appropriations since the start of FY 2020** for operating expenses have been added subsequent to City Council approval.

\* The City's Police & Fire groups agreed through negotiations to voluntarily contribute 1% towards funding the retiree medical ARC beginning in FY 2019, and will continue through the end of the contract terms.



OPINION  
RESEARCH  
& STRATEGY

**TO:** Chuck Finnie  
City of Hayward

**FROM:** Dave Metz and Miranda Everitt  
FM3 Research

**RE:** Proposal to Conduct Opinion Research for the City of Hayward

**DATE:** November 25, 2019

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Fairbank, Maslin, Maullin, Metz & Associates (FM3) is pleased to submit this short scope of work to conduct research assessing a potential transient occupancy tax (TOT) measure in the City of Hayward, as well as to collect updated voter views of community issues and policies under consideration. The balance of this memo includes research approach, associated costs, and a potential timeline.

### Research Approach

The last few years have seen significant changes in the ways many Americans use telephones and other communications technology. In particular, the use and prevalence of the Internet has exploded as an increasingly greater proportion of the population has access through a mobile device. These changes have had a significant impact on the discipline of public opinion research. While the traditional methodology of conducting randomized telephone surveys continues to provide highly-accurate data on public sentiments in a cost-effective manner, the rise of call-screening behavior presents growing challenges for survey projects attempting to achieve generalizable results.

The contemporary approach for gathering statistically reliable data is to employ the traditional telephone survey methodology alongside the latest online survey applications. While many respondents are willing to offer their opinions through a telephone survey, there are several identifiable segments of the population who are more likely to respond to an online version of the survey. Combining the telephone and online survey data produces an all-inclusive, representative sample of the City's voters. Using this modern dual-mode survey methodology, FM3 collects data in two phases:

#### Phase I: Online Interviews

During this phase, FM3 will pull a randomized sample of likely voters. FM3 will collect email addresses for respondents in this sample from two sources:

- Registrar of Voters
- Matching the names of those who do not have an email address on file with the Registrar(s) of Voters against a list of email addresses obtained from commercially available consumer records

Once FM3 has identified email addresses for the desired number of respondents, an invitation will be sent to the individuals for whom an email address is available. To encourage the greatest level of participation in the survey, we recommend using the City's seal or logo for this email invitation, with the invitation electronically "signed" by a senior official and explaining that the City has hired an independent public opinion research firm to conduct a survey about local issues that are relevant to its residents. The email invitation will provide a link for the voter to take the survey online. Three to four days after this initial email invitation is sent, a second reminder email will be directed to recipients who have not yet taken the survey, requesting that they do so.

## Phase II: Telephone Interviews

Within a week of the initial email's distribution, FM3 will conduct a thorough examination of the demographic characteristics of those who have taken the survey online. By comparing the demographic characteristics of those who have completed the survey online with the attributes of the City's likely voter population as a whole, FM3 will note specific subsets that are either overrepresented or underrepresented in the online sample. In many communities, those who opt to take a survey online tend to be younger, more-recent voter registrants, and have higher incomes and levels of formal education than the broader electorate.

FM3 will then conduct further interviews with additional respondents by telephone, both landlines and cell phones. The telephone interviews will be conducted primarily among respondents who were underrepresented in the online sample, thereby producing an overall survey sample using both methodologies (online and telephone) that mirrors the City's likely voter population.

Given the composition of those who generally opt to take surveys online, it is likely that telephone interviews will be heavily concentrated among respondents ages 50 and over, and other groups that are less likely to have an email address on public record. FM3 will conduct a smaller number of telephone interviews among individuals whose demographic profile matches that of the online survey participants (but for whom no email address is available) to ensure the accuracy of the data produced by the initial online portion of the survey.

Our proposed research specifications are as follows:

<b>Sample</b>	400 to 600 registered voters likely to participate in the November 2020 election
<b>Margin of</b>	$\pm 4.9$ percent in 95 out of 100 cases for a sample of 400 interviews
<b>Sampling Error</b>	$\pm 4.0$ percent in 95 out of 100 cases for a sample of 600 interviews
<b>Questionnaire</b>	15 to 20 minutes
<b>Language</b>	English and Spanish by phone; English only online

## Deliverables

Following the completion of the survey, we will provide:

- A questionnaire with the topline results of the survey for easy reference
- A complete set of crosstabs in an easy-to-read, comprehensive format
- Verbatim responses to any open-ended questions
- A complete analysis of survey results in PowerPoint
- A presentation of the survey results

FM3 will also be available for ongoing consultation and any further analysis of the research.

## Cost

**Error! Reference source not found.** The table below contains the total estimated costs for this research. These prices are comprehensive, and include all costs for questionnaire design, sample acquisition and preparation, translation, programming, email invitations, survey hosting, telephone interviewing, data entry and analysis, and reporting.

Survey Length	Number of Interviews	
	400	600
15 minutes	\$29,500	\$32,500
20 minutes	\$32,250	\$37,500

Each additional language we would conduct interviews in, such as Tagalog or Chinese, would add \$3,000 to the costs listed above.

Of course, any number of alternative survey structures are possible, which may result in higher or lower costs. FM3 is committed to working with the City of Hayward to tailor the research plan to fit your budget and meet your research needs.

## Timeline

One of FM3's strengths is the ability to complete a course of research quickly and efficiently. A draft outline of the timeframe within which project milestones will be completed follows below. We can accelerate or otherwise adjust this timeline to best meet the City's needs.

Date	Task
Week of March 9	Kick-off call to discuss survey objectives First draft of survey available
Week of March 16	Edit survey and circulate second draft Determine sample size and order sample records Draft and approve online invitation email
Week of March 23	Edit survey and circulate final draft for approval Program online survey Translate survey for phone interviews
Week of March 30	Conduct online interviews Program phone survey
Week of April 6	Conduct phone interviews Topline and cross-tabulated results available
Week of April 13	Analyze survey results for presentation Staff briefing via WebEx or in person
Week of April 20	Revise presentation per City recommendations Present to City Council
Ongoing	Availability for presentation, analysis and strategic considerations

FM3 can conduct additional analysis of the survey data upon request; we view each survey's results as an ongoing resource for our clients.

## Contact

We would welcome the opportunity to work with you on this research, and if you have any questions or if there is any further information we can provide, please do not hesitate to contact us.

Dave Metz

Fairbank, Maslin, Maullin, Metz & Associates (FM3)

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Oakland, CA 94612

(510) 451-9521 (Office)

[Dave@FM3Research.com](mailto:Dave@FM3Research.com)



# CITY OF HAYWARD

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**File #:** RPT 20-012

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**DATE:** January 15, 2020

**TO:** Council Budget and Finance Committee

**FROM:** Director of Finance

**SUBJECT**

Review FY 2020 Agenda Planning Calendar

**RECOMMENDATION**

That the Committee reviews and comments on the Council Budget and Finance Committee FY 2020 Agenda Planning Calendar.

**SUMMARY**

Staff recommends that the Committee reviews and comments on the FY 2020 Agenda Planning Calendar.

**ATTACHMENTS**

Attachment I      FY 2020 Agenda Planning Calendar



**COUNCIL BUDGET AND FINANCE COMMITTEE**  
**FY 2020 Agenda Planning Calendar**  
**January 15, 2020**

**Meeting Location:** 777 B STREET - CITY HALL - 4<sup>TH</sup> FLOOR CONFERENCE ROOM 4A  
HAYWARD, CALIFORNIA

**Meeting Time:** 5:00 P. M.

**Meeting Dates:** The Council Budget & Finance Committee generally meet monthly on the 3<sup>rd</sup> Wednesday of the month, except for 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)
October 2, 2019	FY 2019 Annual Audit Process (Oral Presentation by External Auditor) Investment Portfolio Review and FY 2020 Statement of Investment Policy Update (External Investment Manager) Measure C Annual Report
November 20, 2019	canceled
December 4, 2019	Presentation of FY 2019 Audit Consideration of Revisions to Performance Measures
January 15, 2020	Update of General Fund Long Range Financial Model Employee Home Loan Program Update (Oral Presentation)
February 19, 2020	Affordable Care Act FY 2020 Mid-Year Review
March 18, 2020	Discussion on Mayor & City Council FY 2021 Budget FY 2021 Budget Process Update (Oral Presentation)
April 15, 2020	FY 2021 Proposed Budget Discussion (Oral Presentation)
May 20, 2020	Annual Review of City Issued Debt Annual City Benefit Liabilities and Funding Plan Review
June 17, 2020	Measure C Annual Report
July 15, 2020	FY 2021 Budget Process Debrief (Oral Presentation)

**Non-scheduled future agenda topics:**

- Fleet Utilization Study
- Community Foundation Funding
- Public Banking Update
- Controlling Health Benefits Costs