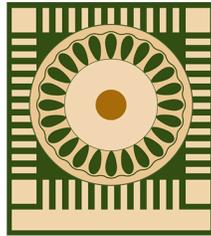


CITY OF HAYWARD

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



CITY OF
HAYWARD
HEART OF THE BAY

Agenda

Tuesday, January 28, 2020

7:00 PM

Council Chambers

City Council

CITY COUNCIL MEETING**CALL TO ORDER Pledge of Allegiance: Council Member Wahab****ROLL CALL****CLOSED SESSION ANNOUNCEMENT****PUBLIC COMMENTS**

The Public Comment section provides an opportunity to address the City Council on items not listed on the agenda or Information Items. The Council 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 Council is prohibited by State law from discussing items not listed on the agenda, your item will be taken under consideration and may be referred to staff.

ACTION ITEMS

The Council will permit comment as each item is called for the Consent Calendar, Public Hearings, and Legislative Business. In the case of the Consent Calendar, a specific item will need to be pulled by a Council Member in order for the Council to discuss the item or to permit public comment on the item. Please notify the City Clerk any time before the Consent Calendar is voted on by Council if you wish to speak on a Consent Item.

CONSENT

1. [MIN 20-013](#) Approve City Council Minutes of the Special City Council Meeting on January 14, 2020
Attachments: [Attachment I Draft Work Session Minutes of 1/14/2020](#)

2. [CONS 20-066](#) Adopt a Resolution Approving the City of Hayward Three-Year Strategic Roadmap (Fiscal Year 2021 - Fiscal Year 2023)
Attachments: [Attachment I Staff Report](#)
[Attachment II Resolution](#)
[Attachment III Strategic Roadmap](#)
[Attachment IV Comprehensive Log of Comments](#)

3. [CONS 20-069](#) Adopt a Resolution Authorizing the City Manager to Execute a Professional Services Agreement with RSC Engineering, Inc., for the Design of the Willimet Way & I-880 Sanitary Sewer Main Installation Project, in an Amount Not-to-Exceed \$154,300
Attachments: [Attachment I Staff Report](#)
[Attachment II Resolution](#)

4. [CONS 20-070](#) Adopt a Resolution Accepting the Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2019; and the Memorandum on Internal Control and Required Communications
- Attachments:** [Attachment I Staff Report](#)
 [Attachment II Resolution](#)
 [Attachment III Hayward June 30, 2019 CAFR](#)
 [Attachment IV Hayward Memorandum On Internal Controls](#)
5. [CONS 20-071](#) Adopt a Resolution Awarding a Contract to Vellutini Corporation dba Royal Electric Company for the Hayward High-Speed Fiber Optic Network Installation Project (Phase 1), Project No. 07275, in an Amount Not-to-Exceed \$2,407,944
- Attachments:** [Attachment I Staff Report](#)
 [Attachment II Resolution](#)
 [Attachment III High-Speed Fiber Optic Network Map](#)
 [Attachment IV Bid Summary](#)
6. [CONS 20-075](#) Adopt a Resolution Appointing Ms. Isabel Pimentel to the Community Services Commission to Fulfill the Unexpired Term of Mr. Ernesto Sarmiento Jr.
- Attachments:** [Attachment I Staff Report](#)
 [Attachment II Resolution](#)

PUBLIC HEARING

7. [PH 20-005](#) Financing of New Affordable Units at Terraces at Mission Apartments: Terraces at Mission Apartments: Public Tax and Equity Fiscal Responsibility Act Hearing as Required by the Internal Revenue Code of 1986, and Adoption of a Resolution Approving the Issuance by California Public Finance Authority of Tax-Exempt Bonds to Finance the Acquisition, Construction and Development of Terraces at Mission Apartments for 110 Units of Senior Affordable Housing by Preservation Partners Located at 28870 Mission Boulevard (Item Continued Until Further Notice)

LEGISLATIVE BUSINESS

8. [LB 20-006](#) Garbage and Recycling Annual Rate Increase: Adopt a Resolution Approving the Garbage and Recycling Rates for 2020-2021, Effective March 1, 2020 (Report from Public Works Director Ameri)

Attachments: [Attachment I Staff Report](#)
[Attachment II Resolution](#)
[Attachment III Garbage and Recycling Rates Survey](#)

CITY MANAGER'S COMMENTS

An oral report from the City Manager on upcoming activities, events, or other items of general interest to Council and the Public.

COUNCIL REPORTS AND ANNOUNCEMENTS

Council Members can provide oral reports on attendance at intergovernmental agency meetings, conferences, seminars, or other Council events to comply with AB 1234 requirements (reimbursable expenses for official activities).

COUNCIL REFERRALS

Council Members may bring forward a Council Referral Memorandum (Memo) on any topic to be considered by the entire Council. The intent of this Council Referrals section of the agenda is to provide an orderly means through which an individual Council Member can raise an issue for discussion and possible direction by the Council to the appropriate Council Appointed Officers for action by the applicable City staff.

ADJOURNMENT

NEXT MEETING, February 4, 2020, 7:00 PM

PUBLIC COMMENT RULES

Any member of the public desiring to address the Council shall limit her/his address to three (3) minutes unless less or further time has been granted by the Presiding Officer or in accordance with the section under Public Hearings. The Presiding Officer has the discretion to shorten or lengthen the maximum time members may speak. Speakers will be asked for their name before speaking and are expected to honor the allotted time. Speaker Cards are available from the City Clerk at the meeting.

PLEASE TAKE NOTICE

That if you file a lawsuit challenging any final decision on any public hearing or legislative business item listed in this agenda, the issues in the lawsuit may be limited to the issues that were raised at the City's public hearing or presented in writing to the City Clerk at or before the public hearing.

PLEASE TAKE FURTHER NOTICE

That the City Council adopted Resolution No. 87-181 C.S., which imposes the 90-day deadline set forth in Code of Civil Procedure section 1094.6 for filing of any lawsuit challenging final action on an agenda item which is subject to Code of Civil Procedure section 1094.5.

****Materials related to an item on the agenda submitted to the Council after distribution of the agenda packet are available for public inspection in the City Clerk's Office, City Hall, 777 B Street, 4th Floor, Hayward, during normal business hours. An online version of this agenda and staff reports are available on the City's website. Written comments submitted to the Council in connection with agenda items will be posted on the City's website. All Council Meetings are broadcast simultaneously on the website and on Cable Channel 15, KHRT. ****

Assistance will be provided to those requiring accommodations for disabilities in compliance with the Americans with Disabilities Act of 1990. Interested persons must request the accommodation at least 48 hours in advance of the meeting by contacting the City Clerk at (510) 583-4400 or TDD (510) 247-3340.

Assistance will be provided to those requiring language assistance. To ensure that interpreters are available at the meeting, interested persons must request the accommodation at least 48 hours in advance of the meeting by contacting the City Clerk at (510) 583-4400.



CITY OF HAYWARD

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

File #: MIN 20-013

DATE: January 28, 2020

TO: Mayor and City Council

FROM: City Clerk

SUBJECT

Approve City Council Minutes of the Special City Council Meeting on January 14, 2020

RECOMMENDATION

That the City Council approves the Special City Council minutes of January 14, 2020.

SUMMARY

The City Council held a special meeting on January 14, 2020.

ATTACHMENTS

Attachment I Draft City Council Minutes of 1/14/2020



MINUTES OF THE SPECIAL CITY COUNCIL MEETING
Conference Room 2A
777 B Street, Hayward, CA 94541
Tuesday, January 14, 2020, 6:00 p.m.

The Special City Council meeting was called to order by Mayor Halliday at 6:00 p.m., followed by the Pledge of Allegiance led by Mayor Halliday.

ROLL CALL

Present: COUNCIL MEMBERS Zermeño, Márquez, Mendall, Lamnin, Wahab, Salinas
MAYOR Halliday
Absent: NONE

PUBLIC COMMENTS

Ms. Peggy Guernsey, Hayward resident, urged the Council to bring businesses and manufacturing companies to Hayward.

Mr. Ben Granholm, Western Propane Gas Association representative, urged the Council to take a more holistic view of the complementary role propane plays with decarbonization efforts including solar, wind and other renewable fuels.

WORK SESSION

1. Work Session Regarding Proposed Workplan to Incentivize Housing Production in the City of Hayward (Report from City Manager McAdoo) **WS 20-001**

Staff report submitted by Deputy City Manager Ott, dated January 14, 2020, was filed.

Deputy City Manager Ott announced the report and introduced Housing Manager Morales who provided a synopsis of the staff report.

Mr. Ethan Elkind with Council of Infill Builders provided a high-level overview of the Accelerating Infill in Hayward – Options to Boost Housing report, which included vision for Hayward 2030 Infill Development, and barriers and solutions for infill development in Hayward.

There being no public comments, Mayor Halliday opened and closed the public comments section at 6:35 p.m.

Council Members were in general support of the proposed workplan to incentivize housing production and offered the following comments: while Development of Accessory Dwelling Units (ADUs) increase housing options, they also impact neighborhoods due to lack of parking; stress goals for low income and moderate income housing; consider moving up the timeline for review of

the Inclusionary Housing Ordinance; consider minimizing objectives, under each category, to two to three in order to achieve a realistic workplan; consider examining development impact fees for affordable units as opposed to reducing them; consider using “community building amenity” instead of “retail space”; have information prominent on the Development Services webpage to entice the development community to meet Regional Housing Need Assessment (RHNA) goals; consider the Economic Development Committee Concept Review process for smaller projects to help developers move projects faster; evaluate using affordable housing dollars to pay city fees for developments that have higher levels of affordability; prioritize preserving Hayward residents; ensure creating more affordable housing; consider adjusting the Affordable Housing Ordinance and lock fees for developers; ensure funding is allocated to affordable and moderate housing and potentially for residents that want to perform ADU upgrades; there was concern with an unequal distribution of ADUs. Council Members praised City staff for the work accomplished thus far related to housing efforts.

Mayor Halliday opened the public comments section at 7:21 p.m.

Ms. Macy Leung, Allied Housing-Abode Services representative, appreciated the opportunity to participate in the workplan as a development partner in support of staff's proposal.

Ms. Angela Andrews, Planning Commissioner, suggested the City Council hold a joint meeting with the Planning Commission for future housing discussions and also regarding climate change, asked to consider how infill projects are impacting neighborhoods and noted that infrastructure was needed to demand less parking to meet housing goals.

Ms. Peggy Guernsey, Hayward resident, noted neighborhoods are impacted with not enough parking spaces on the streets, commented that there should be a dedicated lane for buses, and urged the Council to help bring rapid bus lanes to Hayward.

Mayor Halliday closed the public comments section at 7:30 p.m.

PUBLIC COMMENTS

Mayor Halliday reopened the public comments section at 7:31 p.m., in response to public interest.

Mr. Mike Cox, Hayward resident, spoke about safety concerns attributed to illegal parking on Mission Boulevard and “no parking from 7-9am” signs that are not enforced.

Ms. Suzanne Cox, Hayward resident, spoke about lack of police support regarding illegal parking, garbage abandonment, inoperable vehicles, graffiti on public property, and homeless encampments.

Ms. Mirza Amado, Hayward resident, via an English-Spanish interpreter, expressed frustration with plan check inspections that were not approved and were collecting excessive fines, felt



MINUTES OF THE SPECIAL CITY COUNCIL MEETING
Conference Room 2A
777 B Street, Hayward, CA 94541
Tuesday, January 14, 2020, 6:00 p.m.

her rights were violated, and noted the issues were impacting her family and work. City staff was directed to connect with the speaker.

Ms. Araceli Orozco, Hayward resident, noted the situation expressed by Ms. Amado was an example of issues facing neighborhoods populated by people of color.

Mayor Halliday closed the public comments section at 7:45 p.m.

The City Council took a recess at 7:47 p.m. and reconvened the meeting at 7:55 p.m.

2. Work Session on City of Hayward Three-Year Strategic Roadmap (Fiscal Year 2021 - Fiscal Year 2023) (Report from City Manager McAdoo) **WS 20-002**

Staff report submitted by Deputy City Manager Ott, dated January 14, 2020, was filed.

City Manager McAdoo provided a synopsis of the staff report.

Mayor Halliday opened the public comments section at 7:58 p.m.

Mr. Carl Gorringer, Hayward resident, suggested the City put on a one or two-day annual event, heavily advertised, where people who live and work in Hayward get together to present issues and brainstorm solutions to increase community engagement.

Mayor Halliday closed the public comments section at 8:02 p.m.

Discussion ensued among Council Members and City staff regarding the proposed three-year strategic roadmap and implementation and reporting of Hayward's Six Priorities (Preserve, Protect & Produce Housing; Grow the Economy; Combat Climate Change; Improve Infrastructure; Improve Organizational Health; and Support Quality of Life) and their projects.

Council Members were in general support of the revised Vision and the three-year strategic roadmap and offered the following recommendations: use data from pilot projects to inform their effectiveness and usefulness to the community; consider how to demonstrate publicly the organization's day to day operations that are not reflected in the strategic workplan but help support the overall priorities; review the Resident Satisfaction Survey and the issues driving resident satisfaction and consider adding them to the strategic roadmap as key focus areas; consider adding the prohibition of short-term rentals and how they get enforced; and consider a plan to address illegal fireworks on the 4th of July holiday.

Suggestions for the Combat Climate Change Priority included: evaluate tracking food waste; add to Project 6, “increase from 800 trees to 1,000 annually with a contribution of up to 500 from staff and the rest from other partners (HARD, private developers, East Bay Regional Park District, HUSD, CSUEB, and Chabot College)”; modify Project 7 to, “Reduce Carbon Emissions - transition 15% of total city fleet to be electric, hybrid or other greener option by the third year; add to Project 6, “include older neighborhoods in tree planting efforts.”

Suggestions for the Improve Organizational Health Priority included: expand broadcasting City Council meetings via Facebook Live to other social media platforms; and add to Project 1b, language on “irrevocable trust for pension”.

A suggestion for the Support Quality of Life Priority included: evaluate adding bathrooms to the Heritage Plaza Park.

Council Members applauded the effort from City employees and input provided by community members. Mayor Halliday noted the Council would be reviewing the revised strategic roadmap on January 28, 2020.

CITY MANAGER’S COMMENTS

City Manager McAdoo announced the 34th Annual Dr. Martin Luther King Jr. Birthday Celebration at Chabot College, Reed L. Buffington Visual and Performing Arts Center on January 20, 2020, at 4:30 p.m.

COUNCIL REPORTS AND ANNOUNCEMENTS

Council Member Salinas acknowledged the work of students from various schools who helped the Kid’s Breakfast Club serve breakfast during the winter break.

Council Member Márquez invited all to the Keep Hayward Clean and Green Task Force Beautification event on January 25, 2020, at Mt. Eden Park; and acknowledged Books on B for its leading effort with the Passport Shopping Program.

Council Member Zermeño invited all to a Martin Luther King Jr. Birthday celebration at Hayward’s City Hall Plaza on January 20, 2020 at 9:30 a.m. and noted the event will include a march through downtown.

Council Member Wahab expressed concern at AC Transit’s consideration of removing seven low ridership bus routes in Hayward and suggested that the City’s liaisons to the AC Transit Inter-Agency Liaison Committee convey the concern.

Mayor Halliday echoed the invitation to the Martin Luther King Jr. Birthday celebrations on January 20, 2020.



MINUTES OF THE SPECIAL CITY COUNCIL MEETING
Conference Room 2A
777 B Street, Hayward, CA 94541
Tuesday, January 14, 2020, 6:00 p.m.

COUNCIL REFERRALS

There were none.

ADJOURNMENT

Mayor Halliday adjourned the special meeting at 9:13 p.m.

APPROVED

Barbara Halliday
Mayor, City of Hayward

ATTEST:

Miriam Lens
City Clerk, City of Hayward



CITY OF HAYWARD

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

File #: CONS 20-066

DATE: January 28, 2020

TO: Mayor and City Council

FROM: City Manager

SUBJECT

Adopt a Resolution Approving the City of Hayward Three-Year Strategic Roadmap (Fiscal Year 2021 - Fiscal Year 2023)

RECOMMENDATION

That the Council adopts a resolution (Attachment II) approving the City of Hayward Three-Year Strategic Roadmap (Attachment III).

SUMMARY

On December 17, 2019, staff presented a draft three-year strategic roadmap to City Council. This roadmap incorporated feedback from two Council work sessions (May 11, 2019 and October 7, 2019) and staff and community feedback gathered from May through December 2019. Additional background information on the strategic roadmap can be found online from the December Council work session.

During the December work session, Council provided initial feedback on the roadmap. Due to limited time at this work session, Council was invited to provide comments to the City Manager on the strategic roadmap through January 5, 2020. Staff returned to Council on January 14, 2020, to present an updated roadmap responsive to and inclusive of Council's feedback.

During the January 14, 2020 work session, Council provided additional feedback, including a request to identify the parallels between the 2019 Resident Satisfaction Survey and the strategic roadmap. As a result, staff has included this in the roadmap (Attachment III, page 28). An additional request was to include a project to evaluate the options for adding restrooms to Heritage Plaza, which has been included under Support Quality of Life.

Additionally, staff has summarized the feedback from January 14 and provided responses, as well as any corresponding recommended changes (Attachment IV). The culmination of this work has resulted in the updated and recommended three-year strategic roadmap found in Attachment III.

File #: CONS 20-066

ATTACHMENTS

Attachment I	Staff Report
Attachment II	Resolution
Attachment III	Strategic Roadmap
Attachment IV	Comprehensive Log of Comments



DATE: January 28, 2020

TO: Mayor and City Council

FROM: City Manager

SUBJECT: Adopt a Resolution Approving the City of Hayward Three-Year Strategic Roadmap (Fiscal Year 2021 - Fiscal Year 2023)

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Additionally, staff has summarized the feedback from January 14 and provided responses, as well as any corresponding recommended changes (Attachment IV). The culmination of this work has resulted in the updated and recommended three-year strategic roadmap found in Attachment III.

NEXT STEPS

If approved this evening, staff will integrate the strategic roadmap into the upcoming annual budget process, including updated and aligned performance metrics, and additionally,

develop a process for how to address modifications to the strategic roadmap as part of the Council referral process.

Prepared by: Jessica Lobedan, Management Analyst II

Recommended by: Jennifer Ott, Deputy City Manager

Approved by:

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

Kelly McAdoo, City Manager

HAYWARD CITY COUNCIL

RESOLUTION NO. 20-

Introduced by Council Member _____

RESOLUTION APPROVING AND ADOPTING THE CITY OF HAYWARD THREE-YEAR STRATEGIC RODMAP (FISCAL YEAR 2021 – FISCAL YEAR 2023)

WHEREAS, the City Council has convened in May 2019, October 2019, December 2019, and January 2020 to discuss the Three-Year Strategic Roadmap; and

WHEREAS, the City Council, with input from members of the community and City staff, has identified a vision for where the City should be in three years; and

WHEREAS, the City Council, with input from members of the community and City staff, has identified six strategic priorities to further progress the City towards this vision; and

WHEREAS, the City Council, with input from members of the community and City staff, has identified supporting projects within each priority; and

WHEREAS, all information detailed in the Strategic Roadmap is included in the January 28, 2020 report to the City Council, incorporated by reference herein,

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Hayward approves and adopts the City of Hayward Three-Year Strategic Roadmap (Fiscal Year 2021 – Fiscal Year 2023).

IN COUNCIL, HAYWARD, CALIFORNIA _____, 2020

ADOPTED BY THE FOLLOWING VOTE:

AYES: COUNCIL MEMBERS:
 MAYOR:

NOES: COUNCIL MEMBERS:

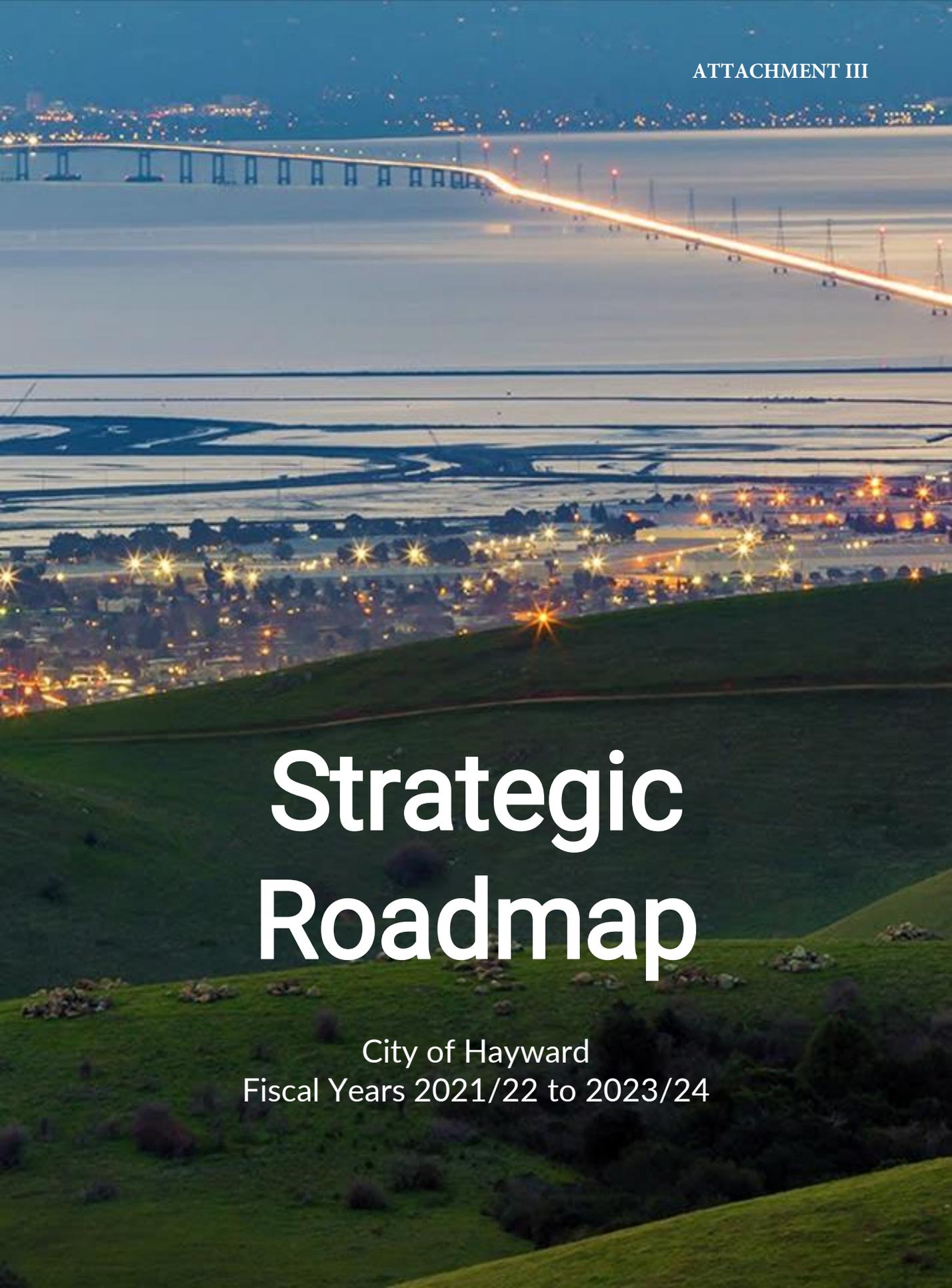
ABSTAIN: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ATTEST: _____
 City Clerk of the City of Hayward

APPROVED AS TO FORM:

City Attorney of the City of Hayward



Strategic Roadmap

City of Hayward
Fiscal Years 2021/22 to 2023/24



Welcome

In May 2019, City Council and the City Manager's Office set out to create a Strategic Roadmap to guide Hayward over the next three years. We wanted a Roadmap that was bold in its vision for the future but also grounded in a realistic assessment of existing staff capacity and resource constraints. We also wanted to reflect the needs of the community and integrate input from diverse city employees who understand the City's daily operations, competing priorities, and current strategies. This Strategic Roadmap outlines where we see our highest priorities in the next three years and a roadmap of specific actions to get us there.

About the Roadmap

The Roadmap starts with a shared Hayward **vision** for 2024. From that shared vision, we identified six core **priorities** required to achieve the vision. To accomplish each priority, we developed key **projects**, named responsible departments, and created a timeline. Together, this effort puts us on a path toward achieving our ideal Hayward 2024 vision.



The Process

Council Retreat
May 2019

City Council outlined their three-year vision, strategic priorities, and top projects per priority.

**Council/Staff
Workshop**
Sept 2019

The Executive Team joined City Council to revise the strategic priorities and identify a preliminary list of projects for each priority.

Project Creation
Sept/Oct 2019

Each department amended the project lists, taking into consideration their own capacity, priorities, and mandates. Next, relevant department heads, managers, and analysts met in cross-department meetings, divided by strategic priority, to consolidate, debate, and finalize an organizational-wide project list. In addition, sub-tasks were identified for many projects, broken out by year and department.

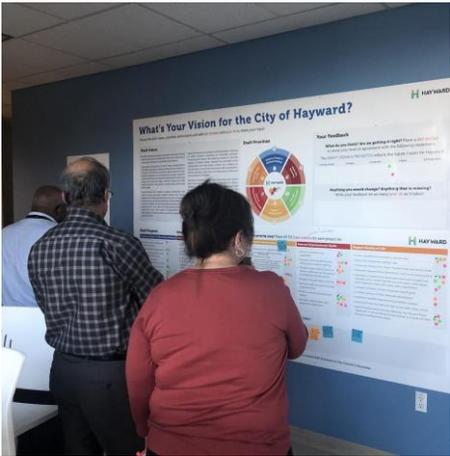
**Community/Staff
Engagement**
Oct/Nov 2019

The City hosted a series of pop-up engagement events and an online survey to gather input from the community and city employees on the draft vision, priorities, and projects. Each event included three engagement posters to share project information and solicit input on the draft Strategic Roadmap. An estimated 130+ community members and 50+ staff people participated while many more learned about the effort.

Draft & Approval
Dec 2019 to Jan 2020

As a result of the community/staff engagement and staff meetings, Council reviewed changes and made additional suggestions. These suggestions were incorporated into this final Strategic Roadmap.

Community & Staff Engagement



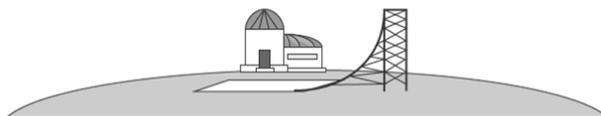
Vision

Creating the Vision

If you could teleport to the City of Hayward in 2024, what would you see, hear, and feel? The vision attempts to answer this question by painting a clear, specific, compelling picture of what the city & organization will ideally look like in three years. We use this as our guidepost to identify priorities and projects. If the General Plan vision represents our long-term north star, this one acts as our near-star, our interim step toward an even more ambitious vision.



Resources
The resources and funding currently available



Inspired by: Stanford Social Innovation Review

Vision 2024

By 2024, Hayward is growing in population and stature. Existing residents are proud to call Hayward home, and it is becoming a community of choice for new families and employers.

Hayward attracts new, higher-paying jobs, allowing existing and new residents to live and work in the same community. Because demand is high, blighted properties are re-developed and occupied. Hayward's attractive downtown and neighborhood business corridors draw people from across the region featuring unique and locally-owned restaurants, music and art, outdoor dining, and inviting public spaces.

Diverse families live in healthy, 'complete communities' with stable housing, safe streets, excellent schools, and inclusive neighborhoods. Hayward has started construction of thousands of new housing units at all income levels. To reduce displacement of existing residents, the City is especially focused on affordable housing options with many new high-density developments located near transit. The number of people without housing has decreased, and they are able to access the necessary social services to thrive.

Hayward continues to be a leader in climate resilience, reducing its carbon footprint, improving its sustainable practices, increasing green spaces, and preparing residents to face the impacts of climate change. Hayward has prioritized active transportation and multi-modal corridors over a reliance on cars and roads. As a result, the City sees less traffic, less pollution, and less speeding. Clean, leafy and landscaped corridors are more walkable and bikeable.

Internally, employees feel city-wide priorities are aligned to their work and are able to grow and thrive in their roles. Employees from diverse backgrounds are recruited, retained and celebrated, and staff provide culturally informed services to our community. The City is streamlining processes and using technology more effectively to provide better customer service. Hayward is also developing important partnerships between education institutions, transit services, and other regional agencies.

Overall, there is a rising sense of pride among employees and residents alike. While there is much more to do, the City of Hayward is a place where people want to be.

Strategic Priorities

Creating the Strategic Priorities

In order to achieve the vision in three years, what must the City prioritize? With limited resources and capacity, the City can't do everything. What will make the largest improvements in the most important areas over the next three years? In answer to this question, we arrived at the six overarching focus areas, or **strategic priorities**, that structure this Roadmap.



What is Strategic?

The City performs a number of essential day-to-day services such as public safety, permits and maintenance. Like an iceberg where the bulk of the mass lies below the water's surface, these core services take the majority of Hayward's staff time and resources, many out of the public's view. In addition, the community faces a number of critical and emerging issues such as homelessness and climate change. While these are often more visible issues (the tip of the iceberg), the City has limited remaining resources and capacity to tackle them. The Strategic Roadmap is the City's best effort to prioritize and address these pressing issues in order to fulfill the 2024 vision.

Strategic Priorities



Essential Services

Strategic Priorities

The critical focus areas to achieve the vision.



Preserve, Protect & Produce Housing

Construct new housing at all income levels, stabilize rents to reduce displacement, and provide shelter and services to those who are unhoused.



Grow the Economy

Attract and retain businesses, stimulate a vibrant economy, provide high paying jobs, and ensure a strong business community.



Combat Climate Change

Continue to reduce our carbon footprint, improve sustainable practices, increase green spaces, and better prepare residents for climate change.



Improve Infrastructure

Reduce traffic and improve our roads, transit and active transport options. Upgrade city buildings, water, sewer, and the broadband network.



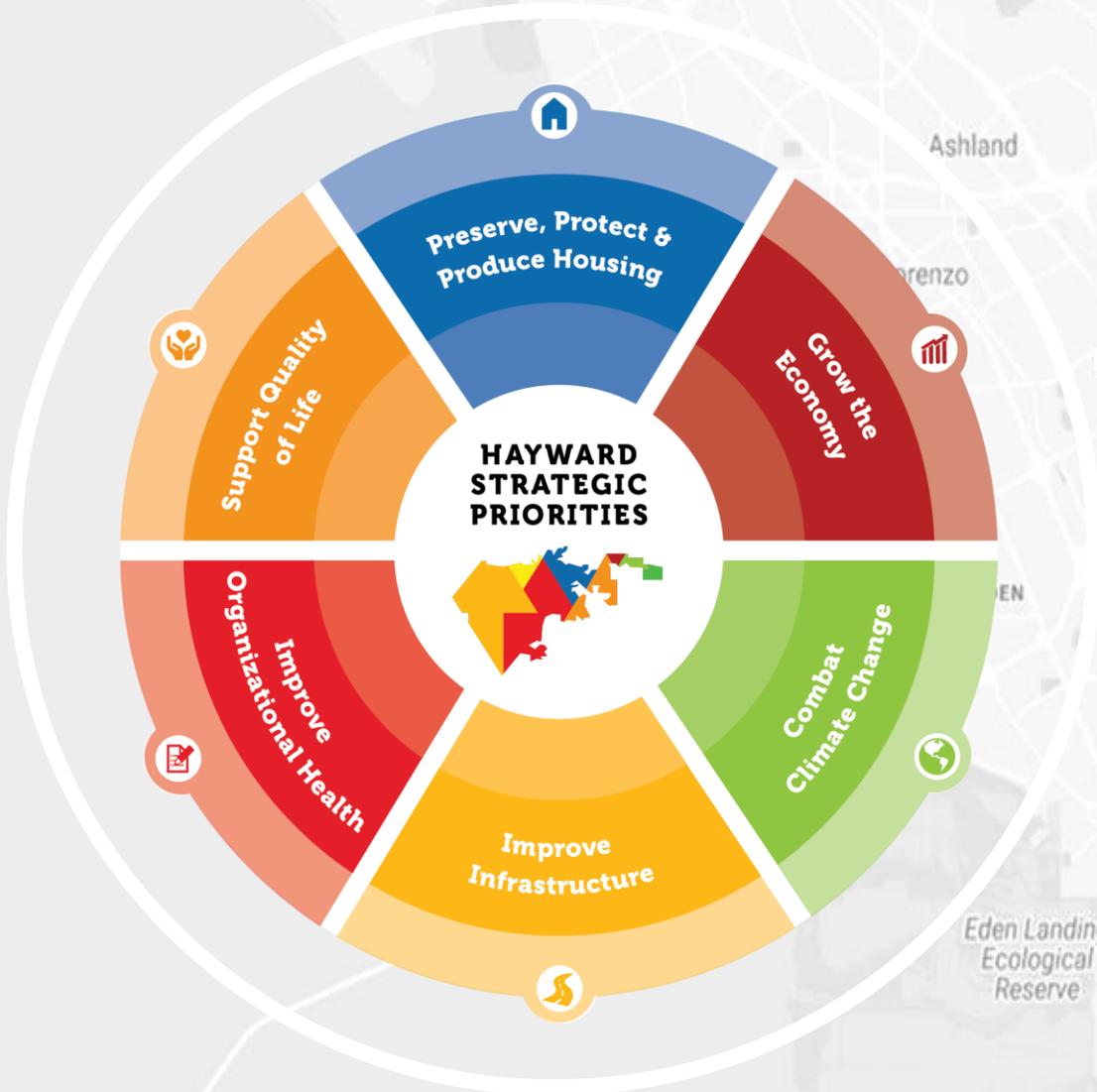
Improve Organizational Health

Attract and maintain a diverse, capable workforce. Collaborate to be more fiscally sustainable, data-driven, and engaged with our community.



Support Quality of Life

Optimize city services and public safety, clean and beautify the City, and better prepare for natural disasters.



**HAYWARD
STRATEGIC
PRIORITIES**



Preserve, Protect & Produce Housing

Grow the Economy

Combat Climate Change

Improve Infrastructure

Improve Organizational Health

Support Quality of Life

P Projects

At a joint workshop, City Council and the Executive Team generated an initial list of projects. Afterward, each department amended the draft project lists, taking into consideration their subject matter expertise, staff capacity and legal mandates. Community members and staff were invited to select their top projects and suggest changes. Next, staff met in cross-department meetings organized by strategic priority to consolidate, debate, and finalize each project list. Finally, the Executive Team reviewed all the project lists together and discussed workload, priority, and sequencing.

The following pages detail the projects by priority area. Below is a key to the organization of information.



🏠 Preserve, Protect & Produce Housing

City Manager

Housing

Development Services

#	* = needs funding ** = statutory requirement	Projects	Lead Dept	Support	Y1	Y2	Y3	Y3+
1	Sustain the Navigation Center to house and support the homeless							
1a.	Identify sustainable funding source for the Navigation Center*		CSD	FIN	■			
1b.	Oversee operations of the Navigation Center (i.e. funding administration, contract management, data collection, and performance monitoring)		CSD		■	■	■	■
2	Create a Homelessness Reduction Strategic Plan							
2a.	Create a Homelessness Reduction Strategic Plan modeled on an empowerment approach and best practices, as well as after Alameda County's EveryOne Home Plan		CSD	H, PL, PD, M	■			
2b.	Implement the Homelessness Reduction Strategic Plan		CSD			■	■	■
3	Provide winter temporary shelters							
3a.	Partner with Alameda County to transition from Winter Warming Shelters to Winter Shelters (open nightly, regardless of temperature)		CSD	DSD, HSD, PL	■			
3b.	Continue partnership with Alameda County to implement winter shelters*		CSD			■	■	
4	Implement housing incentives and production work plan in accordance to state housing limits							
4a.	Explore moderate-income financing model		H		■			
4b.	Amend Density Bonus Ordinance**		DSD		■	■	■	
4c.	Update Accessory Dwelling Unit (ADU) Ordinance**		DSD		■	■	■	
4d.	Develop an Overlay Zoning District to allow RS zoned properties (single family residential) to develop into a variety of housing types at densities permitted under the applicable General Plan designation		DSD		■			
4e.	Explore program to convert tax-defaulted properties to affordable housing		H			■		
4f.	Create marketing materials for incentivizing housing production		H			■		
4g.	Expand emergency shelter sites in Hayward		H		■	■	■	■

Preserve, Protect & Produce Housing con't



City Manager



Housing



Development Services

5	Evaluate the Affordable Housing Ordinance						
5a.	Add a section to Housing and Housing Development staff reports to track accomplishments of Housing Element goals and programs including progress toward meeting RHNA goals	H					
5b.	Hold work session for potential revisions	H					
6	Expend the Affordable Housing Trust funds						
6a.	Hold a work session on establishing funding priorities for Affordable Housing Trust including the potential for affordable rental housing, homeownership, co-ops, and shelter opportunities	H					
6b.	Issue Notice of Funding Availability (NOFA) or establish programs consistent with Council funding priorities	H					
7	Recommend updates to the Rent Stabilization Ordinance						
7a.	Provide 6-month update on the implementation of the Rent Stabilization Ordinance and recommend amendments	H					
7b.	Monitor the implementation of the Rent Stabilization Ordinance and prepare a statistical report	H					
8	Pursue state housing funding opportunities						
8a.	Identify and respond to regulations to ensure that Hayward or Hayward-supported projects qualify for state housing funding	H	All				
8b.	Apply for state housing funding to support strategic partnerships and Council priorities	H	All				
9	Update the Housing Element Plan	DSD					
10	Implement a soft story ordinance	DSD					



Grow the Economy

 Economic Development

 Development Services

 City Manager

#	Projects * = needs funding ** = statutory requirement	Lead Dept	Support	Y1	Y2	Y3	Y3+
1	Update and implement a marketing plan, including an Opportunity Zone campaign						
1a.	Update the marketing plan	ED	CMR				
1b.	Implement the marketing plan	ED	CMR				
2	Implement the Vacant Building Property Ordinance and develop a strategy to engage chronic vacant property owners and activate sites						
2a.	Enforce ordinance*	DSD					
2b.	Engage owners and encourage activation of vacant sites	ED					
3	Strengthen workforce development pipelines						
3a.	Devise plan to maximize workforce development pipelines	ED					
3b.	Re-establish the Business Engagement Program and referral process to Alameda County Workforce Development Department to address businesses' immediate workforce needs	ED					
3c.	Collaborate with Hayward Unified, Eden Area ROP, Hayward Adult School, CSU East Bay, Chabot College, Life Chiropractic, the YSFB, and local nonprofits to assist in connecting their training, internship, and placement programs with local businesses	ED					
3d.	Collaborate with workforce development partners to organize, host and sponsor job fairs, manufacturing/STEM career awareness events to support a local workforce pipeline	ED					
4	Deconstruct the former City Center building and commence discussions regarding future redevelopment of the City Center properties						
4a.	Complete deconstruction	CM	DSD PW&U				
4b.	Commence discussions on property redevelopment	CM	DSD				
4c.	Finalize disposition & development agreement	CM	DSD				
4d.	Implement disposition & development agreement	CM	DSD				

Grow the Economy con't

Economic Development
 Development Services
 City Manager

5	Facilitate disposition and development of Route 238 Corridor lands**						
5a.	Finalize planning on redevelopment of 6 remaining parcel groups	CM	DSD				
5b.	Finalize disposition & development agreements for all parcels	CM	DSD				
5c.	Implement disposition & development agreements for all parcels	CM	DSD				
6	Update and implement a revised cannabis ordinance to incorporate best practices to better support cannabis businesses	DSD					
7	Develop and implement a local minimum wage ordinance*	DSD					
8	Revise alcohol use regulations to support existing and encourage more full-service restaurants	DSD					
9	Update form-based zoning codes along Mission Boulevard to streamline new development, focus commercial development where appropriate, and create a cohesively designed corridor	DSD					
10	Revamp community preservation ordinance to combat blight and enhance neighborhood livability	DSD					
11	Explore a public art program and prioritize gateway locations	DSD					
12	Explore the concept of a business incubator with CEDC, CSUEB, Chabot College and the Chamber	ED					
13	Continue supporting business development through concierge service, incentives/grants/loans, collaborations with the chamber and SBA, and the newly updated events grants	ED					



Combat Climate Change

Public Works & Utilities

Maintenance Services

Development Services

#	Projects * = needs funding ** = statutory requirement	Lead Dept	Support	Y1	Y2	Y3	Y3+
1	Reduce dependency on fossil fuels						
1a.	Ban natural gas in new residential buildings	PW&U	DSD				
1b.	Require EV charging infrastructure in new construction	PW&U	DSD				
1c.	Explore feasibility of banning natural gas in non-residential (commercial) buildings (for next code update)	PW&U	DSD ED				
1d.	Prepare a plan to facilitate transition of natural gas appliances to electric in City Facilities	MS	PW&U				
2	Work with EBCE to transition citywide electricity use to 100% carbon free^{1,2} ¹ . Requires working with income-qualified and medical baseline residential customers and direct-access commercial/industrial customers. ² . Income-qualified residential customers are those who qualify for PG&E's California Alternate Rates for Energy (CARE) or Family Electric Rate Assistance Program (FERA) programs. Direct access customers are those who purchase their electricity directly from third party electric service providers.	PW&U	MS				
3	Transition electricity use in city operations to 100% renewable energy	PW&U	MS				
4	Adopt & implement 2030 GHG Goal & Roadmap*	PW&U	DSD				
5	Work with StopWaste to promote a Circular Economy and Explore Regulation of Single Use Products						
5a.	Conduct outreach regarding single-use disposables	PW&U	DSD				
5b.	Develop ordinance regulating single-use food ware in restaurants and coordinate with county-wide efforts	PW&U	DSD				
6	Plant 1,000 trees annually (500 trees per year by City staff, 500 additional trees by other partners (HARD, HUSD, CSU, Chabot, and private developers))	MS	DSD				
7	Reduce Carbon Emissions - transition 15% of total city fleet to EV/hybrid models*	MS	PW&U				
8	Adopt and implement the 2019 Building Code & Fire Code	DSD	FD				
9	Complete Shoreline Master Plan	DSD	PW&U				
9a.	Complete EIR for Shoreline Master Plan	DSD	PW&U				
10	Update Tree Preservation Ordinance	DSD	MS				



Improve Infrastructure

Public Works & Utilities

#	Projects * = needs funding ** = statutory requirement	Lead Dept	Support	Y1	Y2	Y3	Y3+
OVERALL: Investigate outside funding opportunities: Look for outside funding from state, federal, and regional sources for new infrastructure projects like the recycled water facility, the corp yard, and a new police station							
Multi-Modal Transportation							
1	Improve access and mobility in downtown Hayward						
1a.	Implement downtown parking plan	PW&U	MS				
1b.	Prepare Downtown Specific Plan - Implementation Plan	PW&U	DSD				
2	Implement major corridor traffic calming initiatives						
2a.	Complete Hayward Boulevard feasibility study	PW&U					
2b.	Implement Hayward Boulevard traffic calming plan	PW&U					
2c.	Complete Tennyson Road feasibility study	PW&U					
2d.	Implement Tennyson Boulevard traffic calming plan	PW&U					
2e.	D Street Traffic Calming Plan Feasibility Study	PW&U					
2f.	Implement D Street Traffic Calming Plan	PW&U					
3	Develop and submit a Traffic Impact Fee	PW&U					
4	Increase transit options and ridership						
4a.	Work with AC Transit Interagency Liaison Committee to make bus transit more convenient and reliable	PW&U	CSD				
4b.	Work with Alameda County Transportation Commission (ACTC) to develop a rapid bus project along Mission Blvd.	PW&U	DSD				
4c.	Work with Alameda County Transportation Commission (ACTC) to implement a rapid bus project along Mission Blvd.	PW&U	DSD				
4d.	Continue to require new development adopt transportation demand management strategies to reduce the use of single occupancy vehicles and encourage the use of alternative modes of travel						
4e.	Continue to work with BART to encourage transit-oriented development on BART owned property in Hayward						

Improve Infrastructure con't

Public Works & Utilities

Maintenance Services

5	Maintain and improve pavement						
5a.	Maintain Pavement Condition Index (PCI) at 70*	PW&U					
5b.	Prepare OHHA pavement improvement program design and financing structure	PW&U					
5c.	Construct various OHHA pavement improvements	PW&U					
6	Develop a micro-mobility policy (eBikes, eScooters)		PW&U				
7	Improve Mission Boulevard as a key 'Gateway to the City'						
7a.	Complete construction of Mission Boulevard Phase 2	PW&U					
7b.	Explore funding of Mission Boulevard Phase 2 and Linear Park	PW&U					
7c.	Complete design of Mission Boulevard Phase 3 and construction*	PW&U					
8	Implement the Bike & Ped Master Plan						
8a.	Add 2 miles of sidewalks per year*	PW&U					
8b.	Add 10 lane miles of bike lanes per year	PW&U					
8c.	Assess Safe Routes to School	PW&U					
8d.	Implement Safe Routes School*	PW&U					
8e.	Assess Safe Route for Seniors in the downtown area	PW&U					
8f.	Implement Safe Route for Seniors in the downtown area*	PW&U					
8g.	Conduct a feasibility study of Jackson Street Improvements*	PW&U					
9	Expand EV charging infrastructure for city fleet and employees*						
9a.	Conduct analysis of future demand	MS	PW&U				
9b.	Construct additional EV charging facilities	MS	PW&U				

Improve Infrastructure con't

Public Works & Utilities

City Manager

City Buildings & Facilities						
10	Investigate major municipal building upgrade needs					
10a.	Conduct a site and cost analysis of a new Police building	PW&U	PD			
10b.	Conduct a needs assessment of upgrading the Corp Yard	PW&U	MSD			
10c.	Investigate funding options for new Police building and Corp Yard	CM	PW&U FIN			
11	Upgrade and maintain Airport infrastructure and facilities					
11a.	Rehabilitate the pavement in phases	PW&U				
11b.	Design, enclose, and construct open sections of Sulphur Creek adjacent to runways	PW&U				
11c.	Design and construct Engineered Materials Arresting System (EMAS) at the departure end of Runway 28L	PW&U				
11d.	Design and construct capital improvements to Airport hangars	PW&U				
12	Construct the fire station and Fire Training Center					
		PW&U	FD			
Water Supply, Sanitation & Storm Sewers						
13	Upgrade water system infrastructure					
13a.	Develop and launch Advanced Metering Infrastructure (AMI) customer portal	PW&U	FIN			
13b.	Replace 4-6 miles of water pipelines annually	PW&U				
14	Update Water Pollution Control Facility Phase II Plan					
14a.	Design the upgrade	PW&U				
14b.	Construct the upgrade	PW&U				
15	Upgrade sewer collection system by replacing 3-4 miles of sewer lines annually					
		PW&U				
16	Implement phase 2 of solar project and investigate interim usages of additional energy					
		PW&U				

Improve Infrastructure con't

 Public Works & Utilities

 City Manager

 IT Department

17	Meet regulatory requirements for zero trash in stormwater by installing trash capture devices							
17a.	Install trash capture devices	PW&U						
17b.	Perform related trash reduction activities	PW&U						
18	Expand recycled water facilities							
18a.	Complete RW project construction (initial phase)	PW&U						
18b.	Develop a Recycled Water Master Plan	PW&U						
Information Technology								
19	Improve broadband network							
19a.	Investigate the use of dark fiber	IT						
19b.	Finalize implementation of fiber grant	CM						
19c.	Complete installation of dark fiber	PW&U	IT					

Improve Organizational Health

 Finance

 City Manager

 Human Relations

#	Projects * = needs funding ** = statutory requirement	Lead Dept	Support	Y1	Y2	Y3	Y3+
Fiscal Sustainability							
1	Maintain and expand fiscal sustainability						
1a.	Evaluate an increase in the Transient Occupancy Tax	FIN					
1b.	Continue to investigate funding tools and cost reduction strategies for PERS, other post employment benefits (OPEB) liability, and other health care costs	FIN					
1c.	Redo the Business License Tax	FIN					
Racial Equity							
2	Develop and implement a racial equity action plan to best serve our community and support our employees (follow up action from the Committee for an Inclusive, Equitable, and Compassionate Community)						
2a.	Create a language accessibility policy	CM GARE	All				
2b.	Create a training policy	CM GARE	All				
3	Work across Strategic Roadmap priorities to include racial equity lens	CM GARE	All				
4	Continue city participation in the Government Alliance for Race and Equity	CM	All				
Employee Engagement, Professional Development & Retention							
5	Continue to support and build capacity for lean innovation throughout the organization	CM	All				
6	Performing staff resource allocation and workforce and prioritization analysis to support annual budget process and explore succession planning efforts*	FIN	HR All				
6a.	Develop talent acquisition plan for citywide and critical positions	HR					
7	Increase employee homeownership by rolling out a down payment assistance program for City Staff	FIN	HR CM				
8	Re-engineer performance management process to align with organizational values	HR	All				

Improve Organizational Health con't

 Human Relations

 IT

9	Continue employee engagement initiatives and develop employee recognition program(s)	HR CM					
10	Interdepartmentally collaborate to formalize, expand and promote the onboarding program to improve new employee experience	HR	All				
10a.	Create an interdepartmental team to develop standards for creation of citywide operating protocols and desk manuals in preparation for loss of institutional knowledge	HR	All				
10b.	Develop a template/checklist departments can use to standardize and ease on-boarding	HR	All				
10c.	Continue the one-on-one coaching program including speed coaching events and establish a "buddy" System for new employees; explore new coaching and mentoring opportunities	HR	All				
10d.	Use technology to create efficiencies	HR	All				
11	Develop talent development initiatives and training platform that involves interdepartmental representation	HR	All				
11a.	Develop training academy to cultivate leadership skills	HR	All				
11b.	Develop training calendar to expand and share resources citywide	HR	All				
11c.	Explore a path to higher education for employees (i.e: working scholar's)	HR	All				
12	Develop a managerial course to cultivate leadership skills						
12a.	Identify training areas	HR	All				
12b.	Roll out pilot course	HR	All				
12c.	Integrate with performance evaluations	HR	All				
13	Centralize training platforms to reap greater use and efficiencies	HR	All				
Efficient, Safe & Collaborative Work Environment							
14	Establish and implement solutions which increase our security footprint and reduce the risk of system outages for business-critical systems (security & business continuity)						
14a.	Establish an Information security awareness training and outreach program	IT					
14b.	Upgrade water utility technology	IT	PW&U				

Improve Organizational Health con't



IT



Finance



Community & Media Relations

15	Extract and publish data from existing city systems to assist in key decision making across the City as well as providing deeper access to our residents and stakeholders (data-driven).							
15a.	Explore additional modules in Opengov to assist with visibility and awareness of current spending and future projections	IT						
15b.	Implement new online planning and permitting solution	IT	DSD PW&U					
16	Deliver products and services that facilitate access to the city's technology-based tools beyond the confines of the office (mobile-focused)							
16a.	Improve IT asset management program	IT						
16b.	Establish new mobile device management solution	IT						
17	Identify, assess and upgrade systems, infrastructure, and technology to modern architecture and design (modernize technology and systems)							
17a.	Replace aging fiber optic lines between City facilities	IT						
17b.	Upgrade City network connections and speeds	IT						
18	Analyze and shift technology solutions and services to external web-based platforms and providers (cloud-first transition)							
18a.	Assess current ERP solution, investigate new offerings available and implement appropriate solutions.	FIN	IT					
Communications								
19	Maintain and expand communications efforts to better inform and gather input from the community							
19a.	Conduct a website audit and update	CMR						
19b.	Conduct a public opinion survey on the Transient Occupancy Tax	CMR						
19c.	Inform the public about the 2020 Census	CMR						
19d.	Reconstitute the Citywide Communications Committee	CMR						
19e.	Relaunch In the Loop	CMR						
19f.	Issue an RFP for translation services	CMR						
19g.	Explore using additional social media channels to broadcast City Council Meetings	CMR						
19h.	Create a CRM operations desk manual	CMR						
19i.	Conduct the Biennial Resident Satisfaction Survey	CMR						
19j.	Continue working with local partners to promote and recognize Hayward events and accomplishments, as appropriate	CMR						

Support Quality of Life



#	Projects * = needs funding ** = statutory requirement	Lead Dept	Support	Y1	Y2	Y3	Y3+
1	Oversee the rebuilding of the South Hayward Youth and Family Center (the Stack)*						
1a.	Finalize financing	CM	Lib, CS				
1b.	Design and construct center	PW&U					
1c.	Continue working with service providers to ensure a mix of services and opportunities that best address the needs of the corridor.	CM					
2	Complete gateway and corridor landscape beautification*						
2a.	Complete Tennyson corridor landscape beautification	MS	PW&U				
2b.	Complete Jackson corridor landscape beautification	MS	PW&U				
3	Implement mental health comprehensive assessment teams (CAT) to provide targeted mental health services and avoid inefficient use of public safety resources						
3a.	Assess findings from pilot	PD, FD	Lib, CS				
3b.	Roll out permanent CAT program (outside of County)	PD, FD	Lib, CS				
4	Update comprehensive emergency services plan for community and staff						
4a.	Update and approve community emergency plan	FD	MS PW&U PD				
4b.	Implement updated plan	FD	All				
4c.	Conduct a 'risk & resilience' assessment of water system and update emergency response plan**	PW&U	FD				
5	Update Fire Department strategic plan						
5a.	Update and adopt strategic plan	FD					
5b.	Implement strategic plan	FD					

Support Quality of Life con't



6	Plan library operations and hours to leverage the new facility						
6a.	Conduct survey of library hours need and analysis of use	Lib					
6b.	Conduct strategic planning and implementation	Lib					
7	Implement targeted illegal dumping prevention program*						
7a.	Pilot programs and analysis	MS	PD				
7b.	Roll out permanent program	MS	PD				
8	Implement Hayward Police Department Community Advisory Panel	PD					
9	Expand existing support services offered by the Hayward Police Department Youth and Family Services Bureau to include life skills, education and restorative justice	PD					
10	Implement a strategy to compel Union Pacific to clean up their unsafe and blighted properties, mitigate public safety risk, and reduce inefficient use of staff resources	CM	CAO DSD PW&U FD,PD MS				
11	Implement a vaping ban	DSD					
12	Complete La Vista Park						
12a.	Design La Vista Park	PW&U					
12b.	Construct La Vista Park	PW&U					
13	Evaluate options for adding bathrooms to Heritage Plaza for Council consideration	PW&U					

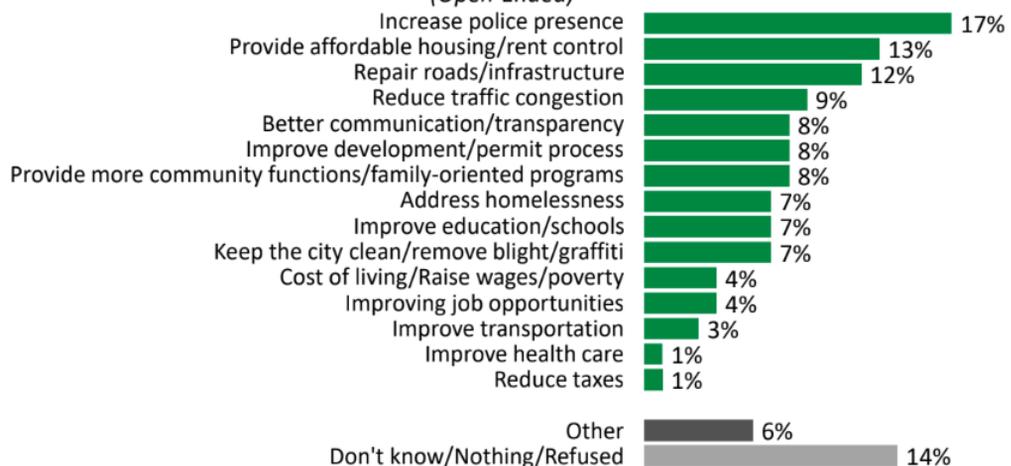
Resident Satisfaction Survey

In April 2019, the City conducted a resident satisfaction survey via online and phone in both English and Spanish. The effort captured data from 663 interviews with registered voters in Hayward and was weighted to reflect the adult population of the city (per the US Census). City Council and the Executive Team used this input to help develop the priorities and projects in the Strategic Roadmap.

Top Resident Priorities for Improvement

In your opinion, what is the most important thing the City of Hayward can do to improve City services for the people who live and/or work here?

(Open-Ended)



Resident Priorities Alignment

The top resident priorities from the 2019 residential survey are mapped to Roadmap projects below:

Top Resident Priorities (2019 Survey)	Corresponding Strategic Roadmap Projects
Increase police presence	<ul style="list-style-type: none"> ● Quality of Life Project 3. Provide targeted mental health services to avoid inefficient use of public safety resources.
Provide affordable housing/rent control	<ul style="list-style-type: none"> ● Housing Project 4. Implement housing incentives and production work plan. ● Housing Project 8. Recommend updates to the Rent Stabilization Ordinance.
Repair roads/infrastructure	<ul style="list-style-type: none"> ● Infrastructure Project 5. Maintain and improve pavement. ● Infrastructure Project 7. Improve Mission Boulevard as a key 'Gateway to the City.'
Reduce traffic congestion	<ul style="list-style-type: none"> ● Infrastructure Projects 1 - 9. Implement major corridor traffic calming initiatives, improve access and mobility downtown, and increase transit and bicycle options.
Better communication/transparency	<ul style="list-style-type: none"> ● Organizational Health Project 19. Maintain and expand communications efforts to better inform and gather input from the community. ● Organizational Health Project 15. Publish data from existing city systems to assist in key decision making across the City as well as providing deeper access to our residents.
Improve development/permit process	<ul style="list-style-type: none"> ● Organizational Health Project 15b. Implement new online planning and permitting solution.
Provide more community functions/family-oriented programs	<ul style="list-style-type: none"> ● Quality of Life Project 1. Oversee the rebuilding of the South Hayward Youth and Family Center (the Stack). ● Quality of Life Project 6. Plan library operations and hours for the new facility.
Address homelessness	<ul style="list-style-type: none"> ● Housing Project 1. Sustain the Navigation Center to house and support the homeless. ● Housing Project 2. Create a Homelessness Reduction Strategic Plan. ● Housing Project 3. Provide winter temporary shelters.
Improve education/schools	<ul style="list-style-type: none"> ● Economy Project 3. Strengthen workforce development pipelines.
Keep the city clean/remove blight/graffiti	<ul style="list-style-type: none"> ● Quality of Life Project 7. Implement targeted illegal dumping prevention. ● Economy Project 10. Revamp community preservation ordinance to combat blight and enhance neighborhood livability. ● Quality of Life Project 10. Implement a strategy to compel Union Pacific to clean up their unsafe and blighted properties.

N Next Steps

The creation of the Strategic Roadmap is just the beginning. To implement it, we will integrate the strategic priorities into the budget, define metrics to measure successful project completion, and determine the cadence by which the Roadmap will be updated to account for shifting priorities and new opportunities.



Budget Integration

Use the Roadmap to inform the municipal budget process and align funding with the strategic priorities.



Success Metrics

Determine metrics to measure progress and ultimate outcomes of the Roadmap.



Regular Assessments

Develop a timeline to periodically update the Strategic Roadmap and update the way Council makes referrals to staff.

T Thank You

This Strategic Roadmap is the culmination of multiple stakeholders collaborating and negotiating over an eight-month period. Below are some of the champions of the project, although we realize there are countless others who contributed to this document. Thank you!

**Hayward
City Council**

Kelly McAdoo
City Manager

**Hayward Executive &
Management Teams**

Jessica Lobedan
Management Analyst

**Staff
Participants**

**Community
Participants**

CivicMakers

The background image shows a large, multi-story building with a dark roof and light-colored facade, illuminated from within. The sky is a vibrant mix of orange, red, and purple, suggesting a sunset or sunrise. In the foreground, there are silhouettes of trees and some streetlights. The overall mood is serene and professional.

Hayward Strategic Roadmap

Report prepared by  CivicMakers

#	Project Reference	Question/Comment	Staff Response	Recommended Change
Combat Climate Change ("Climate")				
1	Climate, project 1d	Change from "Prepare transition plan to facilitate a phased transition of natural gas appliances to electric" to "Prepare a plan to facilitate transition of natural gas appliances to electric in City Facilities"	Staff agrees and recommends changing the wording of the project accordingly.	Change to "Prepare a plan to facilitate transition of natural gas appliances to electric in City Facilities."
2	Climate, project 2	Project 2- add two footnotes: 1 - Requires working with income-qualified and medical baseline residential customers and direct-access commercial/industrial customers. 2 - Income-qualified residential customers are those who qualify for PG&E's California Alternate Rates for Energy (CARE) or Family Electric Rate Assistance Program (FERA) programs. Direct access customers are those who purchase their electricity directly from third party electric service providers.	Staff agrees and recommends changing the wording of the project accordingly.	Add footnotes: 1 - Requires working with income-qualified and medical baseline residential customers and direct-access commercial/industrial customers. 2 - Income-qualified residential customers are those who qualify for PG&E's California Alternate Rates for Energy (CARE) or Family Electric Rate Assistance Program (FERA) programs. Direct access customers are those who purchase their electricity directly from third party electric service providers.
3	Climate, project 4	Project should have one asterisk not two asterisks.	Staff agrees and recommends changing accordingly.	Remove one asterisk.
4	Climate, project 6	Request to include older neighborhoods in the tree planting effort.	MSD has confirmed that appropriate trees will be selected for planting including in any locations that the City may install bulbouts as a traffic calming measure, which is likely to include older neighborhoods.	No change.
5	Climate, project 6	Request to increase from 800 trees annually to 1,000 trees annually and keep staff contribution at 500 trees annually	Staff agrees and recommends changing the wording of the project accordingly.	Change to "Plant 1,000 trees annually (500 trees per year by City staff, 500 additional trees by other partners (HARD, HUSD, CSU, Chabot, and private developers))"
6	Climate, project 7	Why was the fleet electrification goal of 15% by 2022 replaced with squishier language?	Staff agrees to make the goal less vague and recommends changing the wording of the project accordingly.	Change to "Reduce Carbon Emissions - transition 15% of total city fleet to EV/hybrid models"
7	Climate, project 9	Add a row for "Complete EIR for Shoreline Master Plan" and show it to be completed in Year 2. The Shoreline Master Plan will be completed in Year 1.	Staff agrees and recommends changing the wording of the project accordingly.	Add new sub project 9a. "Complete EIR for Shoreline Master Plan" and show it to be completed in Year 2. The Shoreline Master Plan will be completed in Year 1.
Improve Infrastructure ("Infrastructure")				
8	Infrastructure, project 2e	Should occur in year 2	Staff agrees and recommends changing the wording of the project accordingly.	Change to Year 2.
9	Infrastructure, new sub project 2f	Add new sub project, "Implement D Street Calming Plan" and this should occur in year 3 and year 3+	Staff agrees and recommends changing the wording of the project accordingly.	Add 2f. "Implement D Street Traffic Calming Plan", show for Years 3 and 3+
10	Infrastructure, project 8b	Update to 10 lane miles annually	Staff agrees and recommends changing the wording of the project accordingly.	Change to "Add 10 lane miles of bike lanes per year."
Improve Organizational Health ("Organizational Health")				
11	Organizational Health, project 1b	Include language on "irrevocable trust for pension"	Staff will include PERS in this project to address the need to investigate funding tools for this unfunded accrued liability.	Change to "Continue to investigate funding tools and cost reduction strategies for PERS, other post employment benefits (OPEB) liability, and other health care costs"
12	Organizational Health, project 19g	Request to expand from just Facebook Live to other social media platforms (such as Tik Tok)	Community and Media Relations staff suggests not naming specific social media channels in the project but instead to broaden the Project Name to include exploring broadcasting options on additional social media channels.	Change to "Explore using additional social media channels to broadcast City Council Meetings."
Support Quality of Life ("Quality of Life")				
13	Quality of Life, new project	Add bathrooms to Heritage Plaza Park	Staff will be evaluating the options for adding bathrooms to Heritage Plaza and bring these options and associated costs back to the Council for consideration.	Add project, "Evaluate options for adding bathrooms to Heritage Plaza for Council consideration."



CITY OF HAYWARD

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

File #: CONS 20-069

DATE: January 28, 2020

TO: Mayor and City Council

FROM: Director of Public Works

SUBJECT

Adopt a Resolution Authorizing the City Manager to Execute a Professional Services Agreement with RSC Engineering, Inc., for the Design of the Willimet Way & I-880 Sanitary Sewer Main Installation Project, in an Amount Not-to-Exceed \$154,300

RECOMMENDATION

That Council adopts a resolution (Attachment II) authorizing the City Manager to execute a Professional Services Agreement (PSA) with RSC Engineering, Inc., for engineering services related to the design of the Willimet Way & I-880 Sanitary Sewer Main Installation Project, in an amount not to exceed \$154,300.

SUMMARY

The Public Works Department replaces the City's undersized or structurally damaged sewer mains through capital improvement projects. These projects reduce the risk of potential sanitary sewer overflows which can cause untreated wastewater to flow into public waterways. The FY 2020 Capital Improvement Program includes the Willimet Way & I-880 Sanitary Sewer Main Installation Project, which would install approximately 160 linear feet of 12-inch sanitary sewer main at a new location to increase pipeline capacity and replace a damaged sewer main between Willimet Way and the Highway 92W/Interstate 880N on-ramp. The new sanitary sewer main would be installed using a trenchless technology to minimize construction impacts. Staff recommends executing an agreement with RSC Engineering, Inc. (RSC Engineering) for engineering services related to the design of the Willimet Way & I-880 Sanitary Sewer Main Installation Project, in an amount not to exceed \$154,300.

ATTACHMENTS

Attachment I	Staff Report
Attachment II	Resolution



DATE: January 28, 2020

TO: Mayor and City Council

FROM: Director of Public Works

SUBJECT: Adopt a Resolution Authorizing the City Manager to Execute a Professional Services Agreement with RSC Engineering, Inc., for the design of the Willimet Way & I-880 Sanitary Sewer Main Installation Project, in an Amount Not-to-Exceed \$154,300

RECOMMENDATION

That Council adopts a resolution (Attachment II) authorizing the City Manager to execute a Professional Services Agreement (PSA) with RSC Engineering, Inc., for engineering services related to the design of the Willimet Way & I-880 Sanitary Sewer Main Installation Project, in an amount not to exceed \$154,300.

SUMMARY

The Public Works Department replaces the City’s undersized or structurally damaged sewer mains through capital improvement projects. These projects reduce the risk of potential sanitary sewer overflows which can cause untreated wastewater to flow into public waterways. The FY 2020 Capital Improvement Program includes the Willimet Way & I-880 Sanitary Sewer Main Installation Project, which would install approximately 160 linear feet of 12-inch sanitary sewer main at a new location to increase pipeline capacity and replace a damaged sewer main between Willimet Way and the Highway 92W/Interstate 880N on-ramp. The new sanitary sewer main would be installed using a trenchless technology to minimize construction impacts. Staff recommends executing an agreement with RSC Engineering, Inc. (RSC Engineering) for engineering services related to the design of the Willimet Way & I-880 Sanitary Sewer Main Installation Project, in an amount not to exceed \$154,300.

BACKGROUND

The existing sanitary sewer main located between two residential properties from Willimet Way to the Highway 92W/Interstate 880N on-ramp was selected for improvement based on staff analysis of the video inspection results. The existing sewer main is approximately 16 feet deep on the residential side and 8 feet deep within the Caltrans’ right-of-way. The video recording indicates an offset at a pipe joint causing a significant reduction in the pipeline’s

design capacity and a risk of sewer overflow on Willimet Way. In addition, the existing defective 8-inch sanitary sewer main goes through a stormwater inlet, which puts the stormwater system at risk of contamination. Due to the location of the offset and a casing around the sewer pipe in Caltrans' right-of-way, repair on the existing sewer main is not recommended. Therefore, a new sanitary sewer main is proposed to be installed at a new location between two residential properties. The new pipeline would be installed using trenchless technology to minimize construction impacts. Staff has contacted the property owners and they have agreed to dedicate a sanitary sewer line easement to the City. Staff will continue to work with the property owners to finalize the easement dedication.

DISCUSSION

On December 10, 2019, the City issued a request for proposals for the design of the Willimet Way & I-880 Sanitary Sewer Main Installation Project. The scope of work addresses the tasks necessary to complete final design documents for construction of the project and provide engineering services during construction. Specifically, these services include surveying, geotechnical engineering services, coordination with Caltrans, and providing bid phase services and design services during construction.

The City received five (5) proposals from Woodard & Curran, Carollo Engineers, Kier & Wright, RSC Engineering, and Ruth and Going, Inc. The proposals were evaluated and ranked by a team of staff members based on qualifications, experience, work plan, and the reasonableness of the labor hours and rates. Based on an objective evaluation, staff recommends RSC Engineering.

RSC Engineering proposed a knowledgeable and experienced project team with demonstrated experience working on other sewer installation projects that utilized trenchless technology. Their estimated fee was in the middle of the range of cost proposals submitted by the five firms. RSC Engineering has committed to meeting the City's timeline of completing the design by late spring, which includes sufficient time for staff review. The number of labor hours and hourly rates are reasonable for the scope of work.

Given the scope of work, staff has negotiated a not-to-exceed amount of \$139,300 for the basic engineering design services and \$15,000 for additional services that the City may authorize, for a total not-to-exceed contract amount of \$154,300. The additional services budget is needed to address potential changes in the project design that may be needed based on actual field conditions, such as determining the exact foundation type and depth of the existing Caltrans sound wall, and other issues that will need to be coordinated with Caltrans. Staff believes that the final negotiated not-to-exceed cost of \$154,300 is reasonable for the scope of services negotiated.

ECONOMIC IMPACT

There are no economic impacts to Hayward residents or businesses.

FISCAL IMPACT

The current Ten-Year Capital Improvement Program includes \$500,000 for the Willimet Way & I-880 Sanitary Sewer Main Installation Project, Project No. 07717. The maximum cost for the engineering services provided under the proposed PSA is \$154,300. There would be no impact on the City's General Fund.

STRATEGIC INITIATIVES

This agenda item is a routine operational and maintenance item and does not directly relate to one of the Council's Strategic Initiatives.

SUSTAINABILITY FEATURES

The repair and replacement of deteriorating sewer lines reduces the risk of sewer overflows, which can cause untreated wastewater to flow into public waterways.

Where appropriate, the use of trenchless technology to install sewer main reduces the amount of equipment used and disturbance to the ground, which reduces air emissions and particulates, as compared to the open-cut method.

PUBLIC CONTACT

This project is statutorily exempt from environmental review under the California Environmental Quality Act (CEQA) Section 15282(k), which allows for the installation of new pipeline or maintenance, repair, restoration, removal, or demolition of an existing subsurface pipeline, provided the project does not exceed one mile in length.

Staff has been in contact with the two property owners on Willimet Way that would be directly affected by the project. During construction, notices will be provided to other affected residents and property owners to inform them of the nature and purpose of the work, potential impacts, work schedule and City contact for additional information.

NEXT STEPS

The estimated schedule for this project is summarized as follows:

Notice to Proceed for Design	February 2020
Complete Design	May 2020
Advertise for Construction	mid-May 2020
Complete Construction	October 2020

Prepared by: Saeed Saebi, Associate Civil Engineer

Recommended by: Alex Ameri, Director of Public Works

Approved by:

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

Kelly McAdoo, City Manager

HAYWARD CITY COUNCIL

RESOLUTION NO. 20-

Introduced by Council Member _____

RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH RSC ENGINEERING, INC., FOR ENGINEERING SERVICES RELATED TO THE DESIGN OF THE WILLIMET WAY & I-880 SANITARY SEWER MAIN INSTALLATION PROJECT, PROJECT NO. 07717, IN AN AMOUNT NOT-TO-EXCEED \$154,300.

WHEREAS, the FY 2020 Capital Improvement Program includes funding for the Willimet Way & I-880 Sanitary Sewer Main Installation Project, Project No. 07710, which would replace a structurally damaged portion of sewer main from Willimet Way to the Highway 92W/Interstate 880N on-ramp; and

WHEREAS, the City issued a request for proposals for the design of the Willimet Way & I-880 Sanitary Sewer Main Installation Project; and

WHEREAS, on January 6, 2020, the City received five (5) proposals and after objectively evaluating proposals, has determined that RSC Engineering, Inc., possesses the necessary experience, knowledge and technical expertise to perform the work, and that the proposed fee is reasonable and consistent with fees charged for other design projects with similar complexity; and

WHEREAS, the City and RSC Engineering, Inc. have negotiated a not-to-exceed amount of \$154,300 for engineering services related to the design of the Willimet Way & I-880 Sanitary Main Installation Project.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Hayward that the City Manager is hereby authorized to execute a Professional Services Agreement with RSC Engineering, Inc., for the Willimet Way & I-880 Sanitary Sewer Main Installation Project, Project No. 07717, in an amount not-to-exceed \$154,300, in a form to be approved by the City Attorney.

IN COUNCIL, HAYWARD, CALIFORNIA _____, 2020

ADOPTED BY THE FOLLOWING VOTE:

AYES: COUNCIL MEMBERS:
 MAYOR:

NOES: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ATTEST: _____
 City Clerk of the City of Hayward

APPROVED AS TO FORM:

City Attorney of the City of Hayward



CITY OF HAYWARD

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

File #: CONS 20-070

DATE: January 28, 2020

TO: Mayor and City Council

FROM: Director of Finance

SUBJECT

Adopt a Resolution Accepting the Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2019; and the Memorandum on Internal Control and Required Communications

RECOMMENDATION

That the Council adopts a Resolution (Attachment II) to receive and file the City's Comprehensive Annual Financial Report (CAFR) (Attachment III) and the Memorandum on Internal Control and Required Communications (Attachment IV) for the fiscal year ended June 30, 2019.

SUMMARY

Each year, the City conducts an independent financial audit, which is performed by an external contractor. Auditing standards require auditors to formally communicate the results directly to the agency's governing body; to establish direct and effective two-way communication with Council and staff, convey audit matters, the scope of work, difficulties encountered, adjustments to financial statements, or any possible disagreements with management. As in previous years, the auditor's opinion on the City's financial statements for fiscal year 2019 is without exception and is unmodified. There were no significant findings with respect to either the City's FY2018 financial statements or the FY2019 statements.

ATTACHMENTS

Attachment I	Staff Report
Attachment II	Resolution
Attachment III	Comprehensive Annual Financial Report (CAFR)
Attachment IV	Memorandum on Internal Control and Required Communications



DATE: January 28, 2020

TO: Mayor and City Council

FROM: Director of Finance

SUBJECT: Adopt a Resolution Accepting the Comprehensive Annual Financial Report for the Year Ended June 30, 2019; and the Memorandum on Internal Control and Required Communications

RECOMMENDATION

That the Council adopts a Resolution (Attachment II) to receive and file the City's Comprehensive Annual Financial Report (CAFR) (Attachment III) and the Memorandum on Internal Control and Required Communications (Attachment IV) for the fiscal year ended June 30, 2019.

SUMMARY

Each year, the City conducts an independent financial audit, which is performed by an external contractor. Auditing standards require auditors to formally communicate the results directly to the agency's governing body; to establish direct and effective two-way communication with Council and staff, convey audit matters, the scope of work, difficulties encountered, adjustments to financial statements, or any possible disagreements with management. As in previous years, the auditor's opinion on the City's financial statements for fiscal year 2019 is without exception and is unmodified. There were no significant findings with respect to either the City's FY2018 financial statements or the FY2019 statements.

BACKGROUND

The City's independent external auditor, Maze and Associates, has completed its audit of the City's financial statements for the fiscal year ended June 30, 2019. In addition to the audited financial statements, the auditors have completed and provided the required *Memorandum on Internal Control and Required Communications*. The City's Comprehensive Annual Financial Report (CAFR) represents all funds of the City, including the General Fund, Water, Sewer, Airport, all other enterprise, special revenue, and capital funds.

Auditing standards require auditors to formally communicate the results directly to the agency's governing body, to establish direct and effective two-way communication with

Council and staff, convey audit matters, the scope of work, difficulties encountered, adjustments to financial statements, or any possible disagreements with management.

DISCUSSION

Comprehensive Annual Financial Report – Staff is pleased to report that, as in previous years, the auditor’s opinion on the financial statements for fiscal year 2019 is without exception and is unmodified. That is, the auditor’s report is not restricted (modified) in any manner, nor does it take exception with any of the information contained in the City’s financial statements. While a modification or exception is not necessarily detrimental, the ability to report that the City’s financial statements continue to earn a “clean opinion” is a positive statement about the City’s financial management and oversight.

An electronic copy of the CAFR can be found at <https://www.hayward-ca.gov/sites/default/files/pdf/191230-annual-cafr.pdf>

Staff has submitted the fiscal year 2019 CAFR to the Government Finance Officers Association (GFOA) award program, a national award recognizing conformance with the highest standards for preparation of local government financial reports. The City of Hayward has received this award for the last thirty-three consecutive years.

Communication Letters from Auditors – The *Required Communications* letter is intended to identify any communication issues and present new accounting standards pronouncements that may affect the audit. The auditor did not report any difficulties in performing the audit or any disagreements with management.

The second letter presented to management is the *Memorandum on Internal Control*. This letter has two major objectives: (1) to advise the governing body or City Council of any significant deficiencies or material weaknesses in the City’s systems of internal financial controls; and (2) to communicate to the Council any opportunities for improved controls or efficiencies that the auditors noted during their audit. This letter may also advise the Council of upcoming accounting regulations, which may affect the City’s financial records. Staff’s responses to the auditor’s comments and recommendations are noted in the Letter.

FY 2019 Finding

There were no significant audit findings.

FY 2018 Finding

There were no significant audit findings.

STRATEGIC INITIATIVES

This agenda item is a routine operational item that does not relate to any of the Strategic Initiatives.

FISCAL IMPACT

There is no direct fiscal impact resulting from the approval of the annual audit.

PUBLIC CONTACT

On October 2, 2019, Maze & Associates presented to the Council Budget and Finance Committee an overview of the fiscal year 2019 audit process and the role of the external auditor. Staff presented the final audit findings and the CAFR to the Council Budget and Finance Committee on December 4, 2019. The Committee recommended that staff present the documents to the full Council for their approval.

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

Approved by:

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

Kelly McAdoo, City Manager

HAYWARD CITY COUNCIL

RESOLUTION NO. 20-

Introduced by Council Member _____

RESOLUTION ACCEPTING THE COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2019; AND THE MEMORANDUM ON INTERNAL CONTROL AND REQUIRED COMMUNICATIONS

WHEREAS, the audit of the financial statements and internal controls of the City of Hayward has been completed for the year ended June 30, 2019 by the City's independent auditors, Maze & Associates.

BE IT RESOLVED by the City Council of the City of Hayward that the City Council accepts and files the Comprehensive Annual Financial Report for the Year Ended June 30, 2019; and the accompanying Memorandum on Internal Control and Required Communications letters.

HAYWARD, CALIFORNIA _____, 2020

ADOPTED BY THE FOLLOWING VOTE:

AYES: COUNCIL MEMBERS:
MAYOR:

NOES: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ATTEST: _____
City Clerk of the City of Hayward

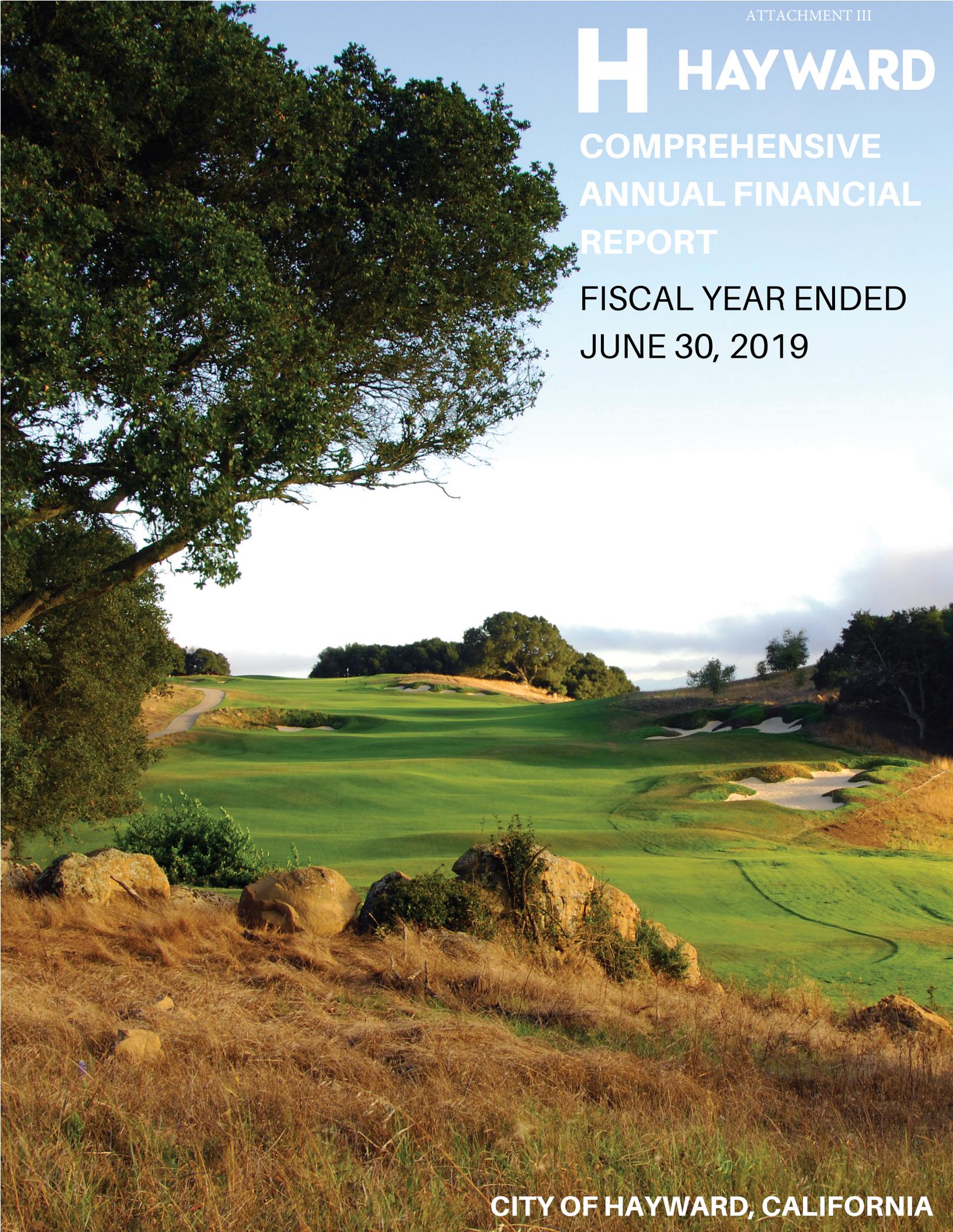
APPROVED AS TO FORM:

City Attorney of the City of Hayward

H HAYWARD

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED
JUNE 30, 2019



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CITY OF HAYWARD, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR FISCAL YEAR ENDED JUNE 30, 2019

Prepared by:

Accounting Division, Department of Finance

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INTRODUCTORY SECTION

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CITY OF HAYWARD, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR FISCAL YEAR ENDED JUNE 30, 2019

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December 19, 2019

Honorable Mayor, Members of the City Council, and Residents of the City of Hayward, California:

It is my pleasure to submit the Comprehensive Annual Financial Report (CAFR) of the City of Hayward for the fiscal year ended June 30, 2019. Responsibility for the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. In the opinion of management, the data is accurate in all material respects, is presented in a manner designed to fairly set forth the financial position and results of operations of the City, and contains all disclosures necessary to enable the reader to understand the City's financial affairs. The financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP) as promulgated by the Government Accounting Standards Board (GASB).

FINANCIAL STATEMENT PRESENTATION

This report consists of management's representations concerning the finances of the City of Hayward, California. Consequently, management assumes full responsibility for the completeness and reliability of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP.

The City's financial statements have been audited by Maze and Associates, a public accounting firm fully licensed and qualified to perform audits of local governments within the State of California. The goal of the independent auditor is to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2019 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Hayward, California's financial statements for the year ended June 30, 2019, are fairly presented in conformity with GAAP. The Independent Auditors' Report is presented as the first component of the financial section of this Report.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of Federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis related to and involving the administration of Federal Awards. These reports are available in the City's separately issued Single Audit Report (issued in March 2020).

This CAFR is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, the City's organizational chart, and a list of principal officials. The financial section includes the basic financial statements and the combined financial statements and schedules, the independent auditor's report on these financial statements and schedules, and management's discussion and analysis (MD&A). The statistical section includes selected financial and demographic information, generally presented on a multiyear basis.

The independent auditor's report is presented as the first component of the financial section of the CAFR, followed by the MD&A, which provides a narrative introduction, overview, and analysis to accompany the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

CITY PROFILE & SERVICES

With a population currently estimated at 159,433, Hayward is the sixth largest city in the San Francisco Bay Area and the third largest city in Alameda County. Hayward is located fourteen miles south of Oakland in the San Francisco Bay Area. The City area includes sixty-one square miles lying between the eastern shore of the San Francisco Bay and the southern Oakland-Berkeley Hills. Hayward serves as a major transportation hub and a center of commercial and industrial activity, with immediate access to major interstate freeways, rail lines, and public transit routes such as Bay Area Rapid Transit (BART). The community has more than 50,000 homes and residences of all types; and considerable commercial and industrial development. Major institutional facilities include California State University-East Bay, Chabot Community College, one major hospital, a variety of private and vocational educational institutions; and state and county offices.

City Structure

The City was incorporated in 1876. Under the City Charter adopted in 1956, the City government is organized in the Council-Manager form. The Mayor is directly elected to a four-year term of office and serves as a voting member and the presiding officer of the City Council. The City Council includes six other members, each of whom is elected at-large to overlapping four-year terms. The Mayor and City Council serve as the legislative and policy-making body of the City government and appoint a City Manager, a City Clerk, and a City Attorney. The City Manager is the City's chief executive officer and appoints all other City staff. The City Manager is responsible for the daily administration of the City government and provides overall direction to all City departments.

City Services

Hayward provides a full range of services to its residents including: law enforcement; fire prevention and protection; paramedic services; housing and economic development; land use development services and regulations; community planning; street construction and maintenance; landscape maintenance services; transportation planning; and contracted curbside recycling and refuse collection. In addition, the City operates and maintains facilities for water distribution, storm water, and sanitary sewer collection and disposal. The City also operates a general aviation executive airport, downtown parking facilities, a main and branch library, and a civic center. Park and recreation services are provided through partnership with the regional Hayward Area Recreational District (HARD), headquartered in the City. This partnership includes two public golf courses under operational lease to HARD. After school homework and tutoring programs and literacy classes are provided through the City Library system and are located in the Library and on school campuses in partnership with Hayward Unified School District (HUSD).

Component Units

The City Council is also financially accountable for the Successor Agency of the Hayward Redevelopment Agency, the Hayward Public Financing Authority, the Hayward Housing Authority, and the Hayward Business Improvement District; therefore, these component unit activities are included in the accompanying basic financial statements. Furthermore, the City participates in a number of joint ventures and authorities, which exist due to joint exercise of power agreements. An equity interest is reported for the East Bay Dischargers Authority (www.ebda.org/). The complete financial activities have not been included for this entity, as the City Council is not financially accountable for them. Other entities, which have been excluded, that do not meet the established criteria for inclusion in the reporting entity are the Hayward Area Recreation and Park District (www.haywardrec.org/) and Hayward Unified School District (www.husd.k12.ca.us/).

ECONOMIC CONDITION AND OUTLOOK

The information presented in the financial statements is best understood when it is considered within the broader perspective of the specific environment in the City of Hayward.

Local Economy

Hayward is a diverse city with a diverse economy – comprised of a well-established and growing business community that represents a balance of retail, industrial, and advanced technologies. In fiscal year 2019, the City of Hayward economy experienced a modest improvement similar to the rest of the State – as did other cities in the San Francisco Bay Area.

Reports indicate that the State of California’s economy continues to improve and the Hayward economy reflects this improvement. The Employment Development Department data reflects that the unemployment rate in Alameda County as of October 2019 was 2.8%, which is down from .1% in 2018. In addition, Hayward has seen a 7.2% increase in its assessed valuation in 2019. The median residential home value is about \$647,000 in October 2019 versus \$673,500 a year ago.

Growth in the City of Hayward’s property tax revenue continues to reflect a healthy and thriving community. The City has increased total Assessed Valuation from \$15.2 billion in FY 2012 to \$22.7 billion in FY 2019, owing to real estate values that have been restored, higher sales prices, and new developments. The City property tax revenues increased by 7% in FY 2019 as compared to FY 2018.

From 2008-2012 the City saw a cumulative loss of \$12.4 million in sales tax revenue, due in large part to lagging automobile sales, along with decreases in business-to-business, construction, and other retail sectors. While the City has seen an erosion in some business segments, this revenue source has been fully restored to pre-recession levels. The City’s Measure C District tax revenues as approved by the voters in 2014, (\$16.9 million in FY 2019) dramatically increased total Sales Tax revenues. However, these revenues are targeted for specific activities as outlined in the documents to place the measure on the ballot in 2014; therefore, to get the true story of the City’s Sales Tax, these revenues should be considered separately.

On May 19, 2009, the voters of the City of Hayward approved Measure A allowing for the collection of a 5.5% utility users tax to maintain key essential services and prevent further reductions to basic City services. The tax was extended to FY 2039 after the voters approved Measure D in 2016. The utility users’ tax revenue for fiscal year 2019 was \$16.9 million.

While increasing City revenues provides optimism, management has mixed views regarding the outlook for the future due to the continued growth of expenditures related to employee benefits and deferred infrastructure improvements. Controlling expenditures has been a key element in responding to the City's fiscal challenges. Management and employee groups have successfully partnered to implement significant structural savings and cost-sharing that will assist the City in achieving long-term fiscal sustainability.

Factors Affecting the City's Financial Condition

The City faces similar challenges to other local jurisdictions in California. In addition to rising operating and capital costs, the City has lost over \$100 million in local revenues to the State since 1994. The State's ability to take local government revenues, the loss of the City's redevelopment agency being a prime example, has significantly hampered the future plans of local governments for years to come. In addition, the State's continued policy to push services down to the local level without reallocating revenue to support the service delivery is a continued challenge.

Long-term Perspective

The City has been prudent with its financial resources and has contained costs by implementing both structural and one-time budget savings. While the City has consistently worked to balance its budget, Hayward must continue this effort and make additional adjustments to its general fund expenditures to address and resolve an ongoing structural deficit largely driven by rising employee benefit costs.

The City employs long-term planning as the framework for its fiscal decisions and recently updated its forecasting model to provide a comprehensive and agile tool projecting the City's finances for a ten-future fiscal year period for the General Fund as well as other key operating funds. While the General Fund structural budget gap has been greatly reduced as compared to years past, the City continues its efforts to eliminate structural gaps and achieve a more stable fiscal outlook on a long-term basis.

While Hayward's underlying economy is viewed as stable and positive in the long-term, today's economic challenges, notably to the City's General Fund, must be dealt with immediately to ensure long-term economic stability. The other enormous challenge is continuing to provide an ever-increasing high level of service to the community with limited resources and rising employee benefit costs – while ensuring long-term economic stability.

MAJOR INITIATIVES & ACCOMPLISHMENTS

In its role of providing direction and general oversight, the City Council adopted four overarching priorities: Safe, Clean, Green, and Thrive. Council also adopted three supporting initiatives: Land Use, Fiscal Stability, and Organizational Health.

Through the budget planning process, and with City Council direction, the management team aligned its program priorities and service delivery objectives with these priorities. The operating budget provides details related to the progress made in each department related to these City Council priorities. Some of the City's efforts toward accomplishing these initiatives are discussed below.

Capital Improvement Program

An example of one of the strategies to meet Council priorities is through the City's Capital Improvement Program, which for FY 2019 was budgeted at \$152 million in all funds, and over the Ten-Year Planning Cycle, the Capital Improvement Program totals \$503 million in project allocations. These projects will improve the economic base of the City as well as improve the safety and reliability of City infrastructure for residents, businesses, and visitors.

Neighborhood Partnership Program: The City continues to maintain strong connections to residents and businesses throughout the community. Staff and Council conduct regular Neighborhood Partnership meetings in many Hayward neighborhoods, as well as continue to partner with the City's civilian-based Keep Hayward Clean and Green Task Force and many proactive neighborhoods to clean up and maintain the community and to prevent and abate graffiti.

Graffiti Prevention Program: The City has contracted with local artists to complete many murals throughout the community, as well as covering multiple utility boxes with art. The program was developed and is funded as a graffiti prevention program and has been very successful in that walls and boxes covered in art rarely, if ever, get tagged with graffiti. The City was honored with the Helen Putnam Award from the League of California Cities for this program, has provided webinars on the program for the Alliance of Innovation, and has been asked by other cities in the Bay Area to assist them in developing a similar program.

In addition, Hayward continues to enjoy the active support and involvement of its Keep Hayward Clean and Green Task Force, which is a group of residents and business owners who are dedicated to keeping Hayward free of graffiti and litter. Through their efforts and the impacts of the mural/utility box program, Hayward is becoming one of the cleanest and most graffiti-free cities along the I-880 corridor. Visit http://www.hayward-ca.gov/mural/?page_id=26 to view a sample of our utility box art; or <http://user.govoutreach.com/hayward/faq.php?cid=11713> for our murals.

USEPA Grant for Storm Drain Trash Capture Device Installation: The City completed the fourth year of its Youth-Based Trash Capture, Reduction and Watershed Education project, which is funded by an \$800K U.S. Environmental Protection Agency grant. The effort involves partnering with local school groups to install two large trash capture devices in the City's municipal storm sewer system, characterize and quantify trash collected from each device, assess trash sources, and implement trash reduction initiatives based on the trash collected. The first of these devices was successfully installed in May 2017, and the second trash capture device is scheduled to be installed in 2020. The youth-based school programs were completed in 2019, including outreach to over twenty schools and over 1,000 students.

21st Century Library and Community Learning Center: The 58,000 square foot Library and Community Learning Center is constructed as a Leadership in Energy and Environmental Design (LEED) Platinum eligible building and Net Zero Energy facility. The Library and the adjacent plaza will meet the community's needs through 2050 and beyond. The project was financed by the June 2014 approval by the Hayward voters of a ½ cent local sales tax increase. The final design for this project, with an expected cost of \$65.7 million, was completed and approved for bid in FY 2015, and construction began in FY 2016. The library building opened last September to the public and the plaza is expected to be completed in spring 2020.

Fire Stations 1-5 Improvements: At an expected final cost of \$10,830,000, this project provides major renovations to the existing Fire Stations 1-5 including seismic retrofit, energy efficient buildings, quicker call response time, and accessibility upgrades. Design work was completed in December 2016 and construction commenced in April 2017. The project reached different substantial completion dates which allowed fire personnel to reoccupy Fire Station (1-5) between from November 2017 and July 2018. There are closeout documentation remaining to be provided by the contractor for final completion which is expected by January 2020.

Fire Station 6 and Fire Training Center Improvement: Located on West Winton Avenue and adjacent to the Hayward Executive Airport, this project will replace the existing Fire Station 6 and Fire Training Center which currently consists of four main buildings that will be replaced with nine new buildings/structures. This project will replace the existing Fire Station 6 and Fire Training Center with a new Fire Station 6/Classroom Building, Apparatus Building, Training Tower, Burn Building, Storage Building, Hangar Building, USAR/BART Training Structure, Outdoor Classroom, Entry Canopy and parking lot. The project also includes installation of Bay-Friendly Landscaping, storm water treatment, LED lighting, solar PV panels and is planned to be rated as LEED Silver or better and achieve Net Zero Energy in the habitable buildings. The project is estimated to cost \$76 million. Design work is expected to be completed during the winter of 2019 with an estimated construction start during spring 2020 and completion during summer 2022.

Mission Boulevard Corridor Improvements Phase 2: The Phase 2 project, a continuation of the Phase 1 project, is improving Mission Boulevard from Industrial Parkway to the south City limit past Blanche Street. The project is designed to accommodate multi-modal access, which includes the installation of new sidewalk, curb ramps, pavement, traffic signals, street lighting, bike lanes, transit improvements, landscaping and underground of overhead utilities. The project also includes sustainability features such as drought tolerant plants, permeable pavers, reuse of existing pavement, and energy efficient LED streetlights with dimming feature. The project is expected to cost \$32.5 million. Design work was completed in September 2017, and construction started in March 2018 with an expected completion date in March 2020.

Main Street Complete Street Project: Council took several actions to develop a policy that ensures the City streets are safe and convenient for travel regardless of age or ability, and that accommodate all modes of transportation. On March 19, 2013, Council adopted Resolution No. 13-027, supporting a city-wide Complete Streets Policy to support the design and development of a comprehensive, integrated transportation network to allow for safe, convenient travel along and across streets for all users.

Council prioritized Main Street as one of the key streets requiring improvement due to its location in the core downtown area and close proximity to BART and other public transit services, which offers a wide-range of housing choices (existing and planned future), including affordable housing options, retail stores, and services.

Consistent with this policy and Council's priority of implementing complete streets elements, City staff successfully applied for and Hayward was awarded a \$1.675 million Measure BB grant from Alameda County Transportation Commission towards design and construction of this project.

The Main Street Complete Streets project will improve pedestrian facilities and add bicycle lanes to create a safe, friendly environment for multimodal travel in the Downtown Hayward Priority Development Area.

The proposed project will reduce the roadway from four to two lanes, add bulb-outs (curb extensions) at intersections, potentially add bike lanes, improve Americans with Disabilities Act (ADA) access with new curb ramps, widen sidewalks, create on-street parking opportunities that provide door zone protection for bicyclists, resurface and restripe roadways, and create an attractive, sustainable landscaping buffer along sidewalks. The award for design is anticipated in the spring of 2020 with construction commencing in early 2021.

New Garin Reservoir and Pump Station Improvements Project: The Garin water system was upgraded to accommodate new developments and meet increased water demand. The project consisted of constructing a new 750,000-gallon welded steel water tank adjacent to the existing 1,250,000-gallon tank and increasing the capacity of the existing pump station. Work also included site grading, site paving, and installation of new pumps, pipes, and electrical equipment. Construction started in October 2017 and the project reached substantial completion at the reservoir site in FY 2019 when the tank was put in service in June 2019. The construction was completed in September 2019, increasing the capacity and improving the capability and reliability of the Garin water system. The project was fully funded by developers' contribution.

Land Use and Sustainability

Recycled Water: The City obtained a State Revolving Loan through the State Water Resources Control Board for the construction of a recycled water distribution system that will deliver recycled water to suitable sites within close proximity to the Water Pollution Control Facility. The system will distribute 260,000 gallons of tertiary treated wastewater per day for irrigation and industrial use, which conserves the City's drinking water supplies. The pipeline construction began in late June 2018 and was completed in June 2019, nearly a year ahead of schedule. Construction of the storage tank and pump station is scheduled for completion in November 2019 and installation and startup of the recycled water treatment facility is scheduled for January 2020. Work needed to connect customers to the new recycled water distribution system began in November 2019, with recycled water deliveries to customers anticipated to start by the end of FY 2020.

Water Meter Replacement and Advanced Metering Infrastructure (AMI): The City initiated a comprehensive meter replacement project through which AMI technology is being installed in every water meter throughout the City to allow for remote meter reading. The system will also enable customers to better manage their water use by syncing with a customer web portal that will provide access to valuable account insights, like real-time meter reads. The AMI equipment installation and system implementation were completed in early August 2018 and all customer usage is currently read and billed through the AMI system. The City is currently soliciting proposals to pilot test and select a customer web portal by the end of FY 2020.

Water Conservation: The City continues to offer a suite of water conservation programs to customers and has enhanced its customer outreach efforts relating to water conservation and efficiency. The City remains in compliance with all State conservation regulations and continues to monitor prohibited wasteful water practices.

Mission Blvd. (Route 238): Mission Boulevard, formerly Route 238, is now a City street that stretches north to south from one end of the City to the other. There are several proposed projects related to this corridor. One major project relates to the disposition of over four hundred parcels of property accumulated by the State Department of Transportation (Caltrans) in preparation for the old 238 bypass freeway. This planned project was abandoned by Caltrans through pressure and litigation by the community and housing advocates. Caltrans, in cooperation with the City, has recently completed the sale of almost all of these surplus properties, moving most of these parcels back onto the Property Tax rolls; and assuring that many long-term tenants on these properties had the necessary assistance to purchase their home if they desired. In order to ensure the development of sustainable communities with adequate public improvements that meet community goals the City acquired ten groups of undeveloped or under-developed parcels from Caltrans. Two of these groups have been sold to William Lyon Homes for their SOHAY development project. The City is actively negotiating the sale of six additional groups and has and will continue to gather community input prior to seeking planned development proposals from the development community for the remaining groups.

Development at Hayward Executive Airport: The main runway at the airport was reconstructed in 2016 and the project was completed in just five days working around the clock. Work was completed on two private terminals at the airport in 2016 and 2017. The terminals provide a variety of services for local and visiting aircraft, and they provide employment opportunities for Hayward residents. Two new hotels are slated to begin construction at the airport in 2020 that will offer amenities including a restaurant and conference facilities. The hotels will also provide employment opportunities for Hayward residents. On a final note, design work commenced on the Sulphur Creek project during FY 2019, with final design to be completed by the end of FY 2020.

FINANCIAL INFORMATION

Organizational Health and Fiscal Stability

Long Range Financial Planning: The City continues to refine its long range financial planning tools as part of managing the annual budget for the General Fund, other key revenue funds such as internal service and enterprise funds, and the Capital Improvement Program. Utilizing a ten-year approach has helped the City identify and plan accordingly to manage potential future structural deficits.

Long-term Debt Ratings: The City maintains excellent ratings on all of its debt issuances. In recent fiscal years, the City has received very high ratings from the various rating agencies, including a AA rating from both Fitch and Standard & Poor's of the 2015 Certificates of Participation and a AA+ rating by Standard & Poor's for the 2013 Water Bonds. The City also has an implied general obligation rating of AA+ with a stable outlook from both rating agencies. Standard & Poor's Ratings Services recently reviewed the rating of the 2004 and 2006 TABS and upgraded its rating from A- to A and affirmed a stable outlook. In October, 2019, Fitch affirmed the City's AA+ Issuer Default Rating and maintained the City's outlook as stated. This opinion is likely to improve given recent changes to the City's fiscal outlook. A critical component of the rating agency review is the City's financial management status - i.e., appropriate reserve levels, plans to reduce liabilities, fiscal policies, etc. If the City fails to maintain these areas of fiscal control, the City could see a reduction in future ratings.

Internal Controls: The City’s management is responsible for establishing and maintaining an internal control structure designed to ensure that adequate accounting data is compiled to prepare the City’s financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the calculation of costs and benefits requires estimates and judgments by management.

Budgetary Controls & Financial Policies

The City Council adopts financial policies that provide guidance to critical areas such as budget administration and long-term planning, debt and cash management, fund balance/reserve levels, and risk management.

Budget Control: Budgetary controls ensure compliance with legal provisions embodied in the annual budget approved by the City Council. Per the City Charter, the City Council is required to adopt an annual budget resolution prior to July 1 of each fiscal year. Activities of all funds, except agency funds, are included in the Annual Budget. The City also adopts a ten-year capital improvement program, appropriating the current year’s expenditures in the annual budget. The level of control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the fund level. The City Manager may authorize transfers of appropriations in the adopted budget within funds; however, any revisions which alter the total expenditures of any fund must be approved by the City Council.

Long-term Planning: One of the financial policies noted above outlines the City’s goals related to long-range financial forecasting. As recommended by the policy, the City annually prepares and adopts a ten-year financial plan for the General Fund as part of the operating budget.

In addition, the City maintains long-range forecasting models for other key operating funds, including a capital improvement program plan. The City adopts a ten-year Capital Improvement Program annually, that includes planned capital projects in the areas of transportation, low to moderate income housing, pedestrian access, utilities, airport, and internal services capital replacements. All these investments in the various areas reflect the City Council’s commitment to maintain or improve the City of Hayward and provide the citizens with the highest possible service and level of infrastructure possible given constrained funding.

Debt Administration: Even as a charter city, Hayward has adopted a comprehensive debt management policy that guides the issuance and management of City debt. The policy includes establishing the legal debt limits (per State law this equates to 15% of assessed value of all real and personal property of the city); identifying the types of debt that can be issued and purposes for which debt proceeds can be used; establishing financial limits affecting debt issuance; and identifying guidelines regarding the structuring of debt (such as term). At the end of fiscal year 2019, the City had total debt outstanding of \$135.7 million, which complies with, and is significantly under, the current policy limits. This is further detailed in the accompanying Management Discussion and Analysis (MD&A) section of this document.

Cash Management: The City’s investment policy is conservative and is supported by the annual adoption by the City Council of a Statement of Investment Policy that defines the objectives and priorities of the investment program, which stresses the safety and liquidity of funds as the highest priority. The final priority is to achieve the maximum yield possible within the constraints and limits stated in the policy. The City hired a third-party investment manager in July 2012 to assist in managing and balancing the City’s pooled cash portfolio, and improving the overall yield within policy guidelines.

Reserve Policies: In complying with the provisions of GASB Statement 54 (fund balance reporting and fund type definitions), some of the current reserve designations have changed. For FY 2019, the policy states that General Fund reserves for economic uncertainty and liquidity should be no less than two months of city operating costs or at least 20% of budgeted General Fund operating expenditures. While further delineated in the accompanying MD&A, at the end of fiscal year 2019, the unassigned fund balance of the General Fund was \$30.6 million, while the total fund balance was \$50.6 million (includes non-cash outstanding receivables of over \$6.1 million and \$13.7 million in Measure C District Tax cash balance). The unassigned fund balance represents 15.5% of total General Fund expenditures of \$197.7 million (including Transfers Out).

AWARDS AND ACKNOWLEDGEMENTS

Award Recognition

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the City of Hayward for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018. This was the thirty third consecutive year that the City of Hayward has received this prestigious national award. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized CAFR. This Report must also satisfy both GAAP and applicable legal requirements.

A *Certificate of Achievement for Excellence in Financial Reporting* from the GFOA is valid for a period of one year. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement requirements and staff will submit it to the GFOA to determine eligibility for another certificate.

Acknowledgements

The preparation of this report would not have been possible without the dedicated efforts of the entire Finance Department staff, as well as the audit firm of Maze & Associates. All those who contributed to the preparation of this report deserve commendation for their dedication and hard work. I would like to express special appreciation to Marichu Maramba, Accounting Manager; Denise Robles, Accountant; Michele Tan, Accountant; and the entire Accounting Division staff.

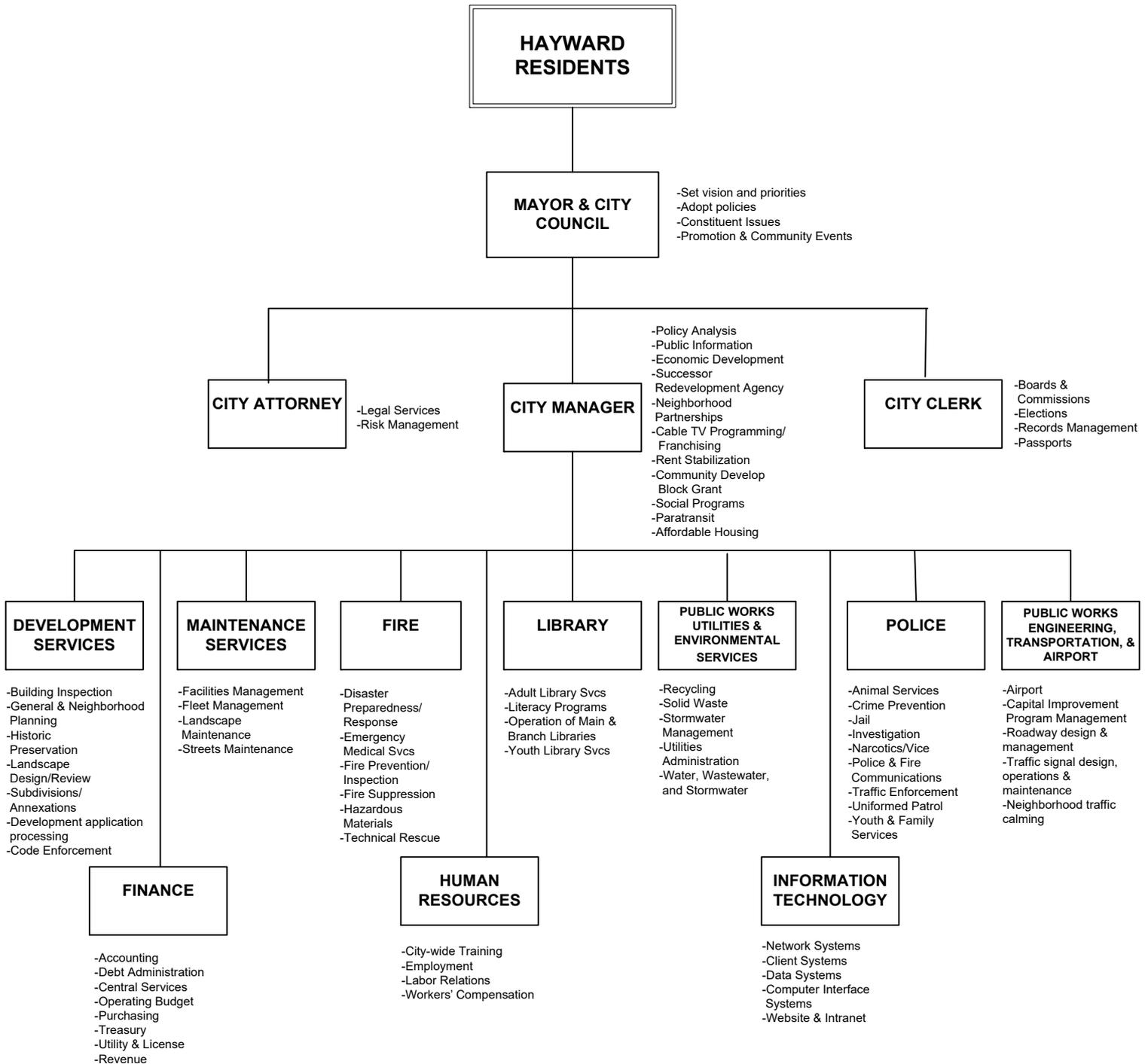
I also wish to recognize the commitment of the City Manager, the Mayor, and the City Council to the high standards embodied in this report and express appreciation to them and each City department for their cooperation and support in conducting the fiscal operations of the City.

Respectfully Submitted,



Dustin Claussen
Director of Finance
City of Hayward

CITYWIDE ORGANIZATION



ELECTED OFFICIALS

The Mayor and six Council members represent Hayward residents, adopt public policy, and approve resource allocations consistent with community priorities. The City Council generally meets the first, third, and fourth Tuesday of each month at 7:00 p.m. in Council Chambers, 2nd Floor of 777 B Street, Hayward, CA 94541. The public is invited and encouraged to attend Council meetings.



Barbara Halliday
Mayor
Term Expires 2018



Marvin Peixoto
Council Member
Term Expires 2018



Sara Lamnin
Council Member
Term Expires 2018



Mark Salinas
Council Member
Term Expires 2020



Elisa Márquez
Council Member
Term Expires 2020



Francisco Zermeño
Council Member
Term Expires 2020



Al Mendall
Council Member
Term Expires 2020

ADMINISTRATIVE STAFF

Appointed by City Council

City Manager	Kelly McAdoo
City Attorney	Michael Lawson
City Clerk	Miriam Lens

Department Directors

Assistant City Manager	Maria Hurtado
Development Services	Laura Simpson
Finance	Dustin Claussen
Fire	Chief Garrett Contreras
Human Resources	Nina Morris Collins
Information Technology	Adam Kostrzak
Library & Community Services	Jayanti Addleman
Maintenance Services	Todd Rullman
Police	Chief Mark Koller
Public Works - Engineering, Transportation & Airport	Alex Ameri
Public Works - Utilities & Environmental Services	Alex Ameri



Government Finance Officers Association

Certificate of
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in Financial
Reporting

Presented to

**City of Hayward
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S OPINION

To the Honorable Members of the City Council
City of Hayward, California

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hayward, (City) California, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Management adopted the provisions of the following Governmental Accounting Standards Board Statement, which became effective during the year ended June 30, 2019:

Governmental Accounting Standards Board Statement 88 – *Certain Disclosures Related to Debt including Direct Borrowings and Direct Placements*. See Notes 6 and 19 to the financial statement for relevant disclosures.

The emphasis of this matter does not constitute a modification to our opinion.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and other required supplementary information as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Introductory Section, Supplemental Information, and Statistical Section as listed in the Table of Contents are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The Supplemental Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplemental Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2019 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Maze & Associates

Pleasant Hill, California
December 19, 2019

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CITY OF HAYWARD, CALIFORNIA **Management's Discussion and Analysis**

As management of the City of Hayward (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with additional information furnished in the Letter of Transmittal, which can be found in the preceding introductory section of this report, and with the City's basic financial statements and accompanying notes to those financial statements.

Financial Highlights

- ❑ At the close of the most recent fiscal year, the assets of the City exceeded its liabilities by \$369.0 million (*total net position*). Excluding the \$417.5 million net pension liability, \$267.4 million of unrestricted net position is available to meet the City's ongoing obligations to residents and creditors.
- ❑ The City's total net position increased by \$44.3 million over fiscal year 2018. Governmental activities, including the General Fund, increased by \$13.9 million and Business-type activities, increased by \$30.4 million.
- ❑ As of June 30, 2019, the City's governmental funds reported combined fund balances of \$155.5 million, a decrease of \$2.8 million from the prior year.
- ❑ At the end of fiscal year 2019, total fund balance for the General Fund was \$50.6 million, an increase of \$0.7 million over fiscal year 2018. The total fund balance is comprised of \$6.1 million in non-spendable (illiquid reserves), \$14.0 million in assigned (liquid reserves designated for specific purposes), and \$30.6 million in spendable fund balance designated for contingencies, economic uncertainty, emergencies, and liquidity by City Council. The \$30.6 million represents 16.8% of total General Fund expenditures including Transfers Out. The \$6.1 million in non-spendable reserves offsets a long-term loan receivable (General Fund loan to the Redevelopment Successor Agency).
- ❑ Fiscal year 2019 ended with a net increase to the General Fund, General Purpose Fund Reserve of \$4.5 million (net of Measure C district sales tax revenues).
- ❑ As of June 30, 2019, the City's enterprise funds (Sewer, Water, Stormwater and Airport) reported a combined ending net position of \$320.5 million; an increase of \$30.4 million from the previous year.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition to the basic financial statements, this report also contains required supplementary budget vs. actual information and other statistical supplementary information.

Government-wide Financial Statements. (pages 19-21) The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* (see Table 1 below on page 8) presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. It should be noted that net position includes liquid and illiquid assets (cash and non-cash).

The *statement of activities and change in net position* (see Table 2 below on page 9) presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flow impacts in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both of the *government-wide financial statements* distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the City include: general government; public safety; public works and transportation; library and community services; planning and building; maintenance services; and interest on long-term debt. The business-type activities of the City include: sewer and water services; storm water runoff management; and the Hayward Executive Airport.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds; proprietary funds; and fiduciary funds.

Governmental Funds. (pages 24-30) Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financial requirements.

Because the focus of governmental funds are more narrow than that of the government-wide financial statements, it is useful to compare the information presented for *government funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental fund and governmental activities.

The City maintains twenty two individual government funds for financial reporting. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balance for the General Fund, Federal Grants, Housing Authority, Route 238 Corridor Improvement Fund and General Capital Projects Fund all of which are considered to be major funds. Data from the other eighteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* in the *Non-major Governmental Funds* section of this Report. *Combining statements* present and summarize all the details of the non-major funds.

The City adopts an annual appropriated budget for all its governmental funds. A budgetary comparison statement is provided for all governmental funds with annually adopted budgets. The budget comparison statements for the General Fund, Federal Grants Special Revenue Fund, Housing Authority Capital Project Fund, the Route 238 Corridor Improvement Capital Project Fund and General Capital Projects Fund are located in the financial statements starting on page 110 of this report. All other major and non-major funds with legally adopted annual budgets are located in the supplementary information section.

Proprietary Funds. (pages 32-34) The City maintains two different types of *proprietary funds*, the Enterprise Funds and the Internal Service Funds. The *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its sewer, water, storm water runoff, and airport operations. The *Internal Service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its Workers Compensation, General Liability, Fleet Management, Facilities, Information Technology, and Employee Benefits Funds. Because these services predominately benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary fund statements provide the same type of information as the *government-wide financial statements*, only in more detail. The proprietary fund financial statements provide separate information for the Sewer and Water Funds which are considered to be major funds. Conversely, the Airport Fund and internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* in the *Internal Service Funds* section of this Report.

Fiduciary Funds. (pages 36-37) Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs.

Notes to the Basic Financial Statements. (pages 39-93) The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, supplementary information on major and non-major governmental funds and internal service funds are presented in this report. Combining and individual fund statements and schedules can be found beginning on page 118 of this Report.

Government-wide Financial Analysis

The *statement of net position* and the *statement of activities* of the City's governmental activities and business-type activities are presented below in Tables 1 and 2.

Statement of Net Position. As noted earlier, net position may serve as a useful indicator of a government's financial position over time. In the case of the City, total assets exceeded total liabilities by \$369.0 million at the close of the current fiscal year, an increase from the prior year of \$44.3 million. The change in the combined net position includes an increase of \$13.9 million in Governmental Activities, and an increase of \$30.4 million in Business-type Activities.

Table 1 – City of Hayward Statement of Net Position *(in millions)*

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Assets						
Current and other assets	\$216.8	\$231.6	\$219.7	\$194.3	\$436.5	\$425.9
Capital assets	413.4	396.4	191.8	177.8	605.3	574.2
Total assets	630.2	628.0	411.5	372.1	1,041.8	1,000.1
Deferred outflows	61.3	70.1	3.9	4.0	65.2	74.1
Liabilities						
Long term debt outstanding	86.5	92.7	39.9	32.3	126.4	125.0
Other liabilities	541.8	556.3	53.5	52.2	595.3	608.5
Total liabilities	628.3	649.0	93.4	84.5	721.7	733.5
Deferred inflows	14.7	14.5	1.6	1.5	16.3	16.0
Net position:						
Net investments in capital assets	329.5	324.4	148.4	142.0	477.9	466.4
Restricted	41.1	37.8	0.0	0.0	41.1	37.8
Unrestricted*	(322.1)	(327.6)	172.1	148.1	(150.0)	(179.5)
Total net position	\$48.5	\$34.6	\$320.5	\$290.1	\$369.0	\$324.7

* Unrestricted net position for June 30, 2019, included the City's \$417.5 million net pension liability, which is not a claim on current financial assets.

The largest portion of the fiscal year 2019 City's net position, \$477.9 million, reflects its investment in capital assets (e.g. land, buildings, street infrastructure, sewer and water pipelines, machinery and equipment) less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources (future revenue), since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the City's net position, \$41.1 million, represents the resources that are subject to external restrictions on how they may be used. Almost all of the restricted net position is related to City's special revenue and capital projects funds. Excluding the \$417.5 million net pension liability, \$267.4 million of unrestricted net position is available to meet the City's ongoing obligations to residents and creditors.

Statement of Activities. The Statement of Activities provides information about all the City's revenues and expenses, with an emphasis on measuring net revenues or expenses of each of the City's programs and explains in detail the change in Net Position for the year. The City's governmental activities net position increased by a net total of \$13.9 million.

Table 2 – City of Hayward Statement of Activities and Change in Net Position *(in millions)*

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Program revenues						
Charges for services	\$26.0	\$23.0	\$105.6	\$92.4	\$131.6	\$115.4
Operating contributions and grants	14.9	10.6	-	-	14.9	10.6
Capital contributions and grants	4.8	2.5	-	-	4.8	2.5
	45.7	36.1	105.6	92.4	151.3	128.5
General revenues						
Property tax	56.0	52.1	-	-	56.0	52.1
Sales tax	52.9	48.6	-	-	52.9	48.6
Utility user tax	16.9	17.5	-	-	16.9	17.5
Real property transfer tax	12.3	9.2	-	-	12.3	9.2
Franchise fees	9.7	9.6	-	-	9.7	9.6
Other taxes	15.5	13.8	-	-	15.5	13.8
Investment earnings	3.3	1.3	4.3	0.9	7.6	2.2
Gain on sale of land for resale	11.0	-	-	-	11.0	-
Loss from equity investment	-	-	(0.1)	-	(0.1)	-
Miscellaneous	7.8	5.5	-	0.1	7.8	5.6
General revenues subtotal	185.4	157.6	4.2	1.0	189.6	158.6
Total Revenues	231.1	193.7	109.8	93.4	340.9	287.1
Expenses by activity						
General Government	26.8	36.7	-	-	26.8	36.7
Public safety	130.1	136.6	-	-	130.1	136.6
Public works and transportation	26.1	24.1	-	-	26.1	24.1
Library and neighborhood services	10.0	10.7	-	-	10.0	10.7
Economic development	2.2	1.5	-	-	2.2	1.5
Planning and building	10.7	11.1	-	-	10.7	11.1
Maintenance services	12.0	11.5	-	-	12.0	11.5
Interest on long term debt	2.9	3.2	-	-	2.9	3.2
Sewer	-	-	22.1	19.8	22.1	19.8
Water	-	-	46.8	52.1	46.8	52.1
Airport	-	-	4.0	4.2	4.0	4.2
Stormwater	-	-	2.8	2.8	2.8	2.8
Total expenses	220.8	235.4	75.7	78.9	296.5	314.3
Increase (decrease) before transfers	10.3	(41.8)	34.1	14.5	44.4	(27.2)
Transfers	3.7	2.6	(3.7)	(2.6)	-	-
Change in Net Position	13.9	(39.1)	30.4	11.8	44.4	(27.2)
Beginning Net Position	34.6	73.7	290.1	278.2	324.7	351.9
Ending Net Position (June 30)	\$48.5	\$34.6	\$320.5	\$290.1	\$369.0	\$324.7

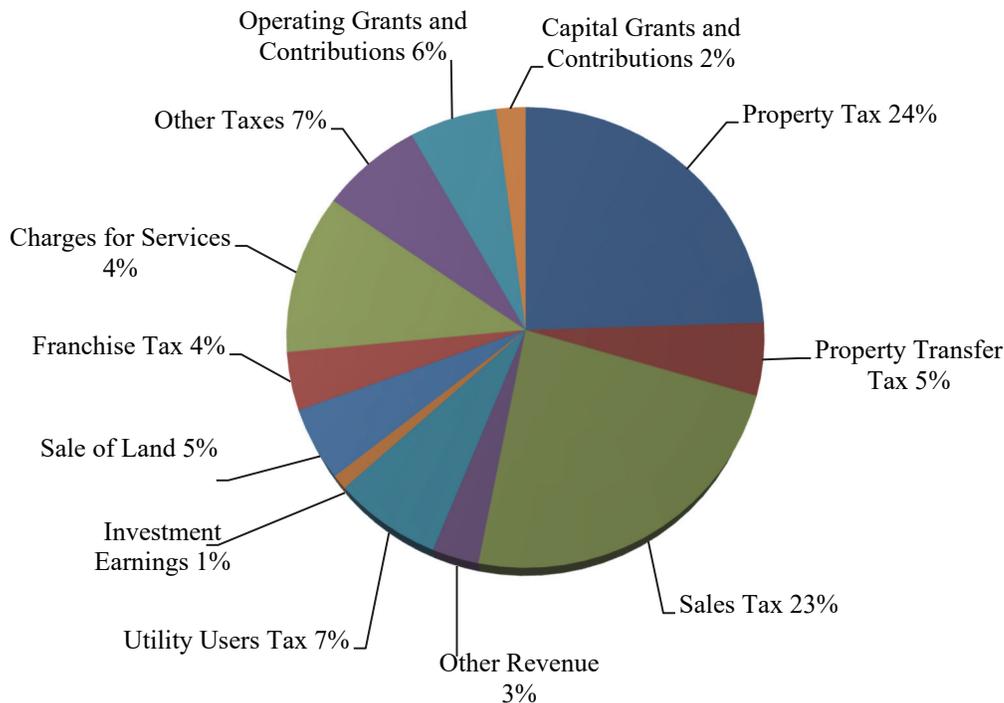
Governmental Activities Revenues

Governmental revenues are categorized as Program Revenues and General Revenues. Program revenue includes charges for services such as traffic safety fines, licenses, permits, plan check fees, building inspection and other construction related fees. Contributions and grants include amounts contributed by developers and grants from state and federal government, of which the majority is public works capital grants. General Revenues includes general taxes (property, sales, etc.). Total revenues increased by \$37.4 million:

- A Gain on Sale of Land for Resale increased revenues by \$11 million, primarily due to the sale of city property along the Route 238 corridor.

- ❑ Charges for Services increased by \$3.0 million over the prior year, primarily due to park development fees.
- ❑ Operating contributions and grants increased by \$4.3 million over the prior year due to growth in the amount of award grant money from outside agencies.
- ❑ Capital contributions and grants increased by \$2.3 million over the prior year, largely due to increased Community Development Block Grant (CDBG) funding.
- ❑ Property Taxes increased by \$3.9 million over the prior year due to increases in assessed valuation.
- ❑ Sales Taxes increased by \$4.3 million over the prior year, of which \$1.7 million are Measure C district sales tax revenues, primarily due to growth in transportation and business to business sales.
- ❑ Real Property Transfer Tax increased by \$3.1 million over the prior year. In November 2018, voters approved an increase in Real Property Transfer Tax from \$4.50 to \$8.50 per \$1,000, effective January 1, 2019.

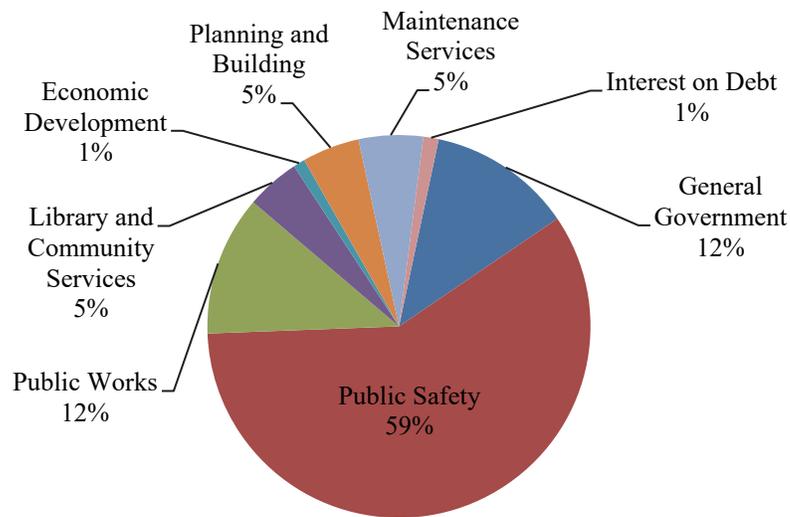
Chart 1 – Revenues by Source – Governmental Activities for Fiscal Year 2019



Governmental Activities Expenses

The governmental expenses (excluding transfers) decreased by \$14.6 million to \$220.8 million, largely attributed to cost reductions in general government; public safety; planning and building; maintenance services; and interest on long term debt costs. Chart 2 summarizes governmental expenses by category.

Chart 2 – Expenses by Function – Governmental Activities for Fiscal Year 2019



Business-Type Activities. The net position of business-type activities was \$320.5 million at June 30, 2019, an increase of \$30.4 million from last fiscal year. Program revenues totaled \$105.6 million, while program expenses totaled \$75.7 million.

As the *Revenue by Source* chart indicates, charges for utility services account for 96.2% of the revenue for the City’s enterprise funds. The majority of the revenues are generated by the Water and Sewer enterprises.

Chart 3 – Revenues by Source – Business-type Activities

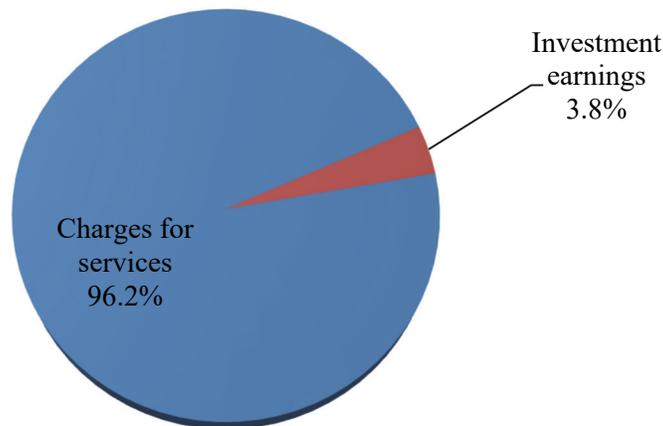
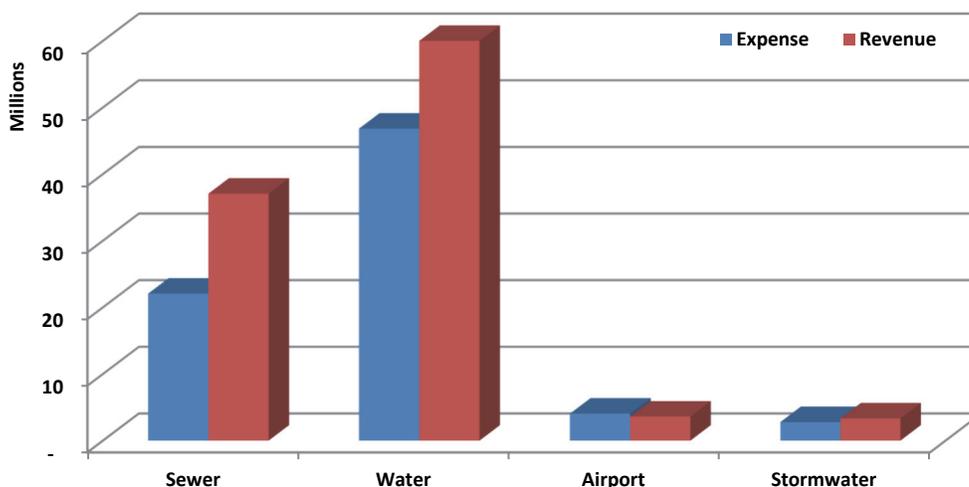


Chart 4 – Expenses and Program Revenues – Business-type Activities



The *Expenses and Program Revenues* chart above illustrates both expenditures and revenues for operations and capital improvements for the City’s business-type activities.

Water, Sewer and Stormwater Funds increased their net position. Sewer saw an increase of \$15.6 million, water increased by \$14.8 million and Stormwater increased by \$0.5 million. Given future capital expenses to be borne by these funds and increased water usage, this is an appropriate level of revenue growth. The Airport Fund experienced a decrease in net position of \$0.5 million despite a minor increase in revenues and a minor decrease in operating expenses.

Financial Analysis of the Government’s Funds

Governmental Funds. The purpose of the City’s governmental fund statements is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City’s funding requirements. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the year. It should be noted that unassigned amounts are designated by City Council for specific purposes.

At the end of fiscal year 2019, the City’s governmental funds reported combined ending fund balances of \$155.5 million, a decrease of \$2.8, due to increases in operational costs across all city functions. Approximately \$130.1 million of the fund balance or 84.2% represents Non-Spendable, Restricted, and Assigned fund balances; and \$24.6 million or 15.8% is Unassigned and is available for spending at the City’s discretion pursuant internal and statutory restrictions, this amount represents the General Fund Reserve balance.

General Fund. The General Fund, by definition, is a major governmental fund and represents all funds not required to be accounted for or presented as other funds. The General Fund accounted for 79.2% of the total governmental revenues and 74.0% of the total expenditures. A number of primary City services are accounted for in the General Fund, including public safety (police and fire services), general government, development services, maintenance services, and library and community services.

At the end of fiscal year 2019, the General Fund’s Unassigned fund balance was \$30.6 million (exclusive of Measure C), an increase of \$5.3 million from the prior year. The total fund balance, inclusive of Non-spendable and Assigned balances, was \$50.6 million, an increase of \$0.7 million over the prior year

As a measure of the General Fund’s liquidity, it may be useful to compare the unassigned fund balance to total fund expenditures. The unassigned fund balance represents 15.5% of total General Fund expenditures of \$190.7 million (including Transfers Out).

General Fund Budgetary Highlights. Fiscal year 2019 ended with a Net Change in Fund Balance of \$0.7 million (GAAP Basis).

Table 3 – Fiscal Year 2019 General Fund Budget Summary *(in thousands)*

<i>(reflected in thousands)</i>	A 2019 Adopted	B 2019 Adjusted	C 2019 Actual	Variance (C-B)	Variance %
Revenues	170,356	176,856	182,270	5,413	3.1%
Expenditures	155,043	165,411	166,104	693	0.4%
Transfers In/(Out)	(22,505)	(14,813)	(15,506)	(693)	4.7%
Net Change in Fund Balance (Budget Basis)	(7,192)	(3,368)	660	4,028	

The net change in fund balance for fiscal year 2019 based on actual performance (column C) is positive \$4.0 million. The net change in fund balance is primarily attributed to an increase in revenue, specifically investment earnings, sales tax, grant funding, and property tax. This fund balance summary on page 110 reflects the Net Change in Fund Balance on a budget basis. Generally accepted accounting principles (GAAP Basis) require that all funds not required to be accounted for in other funds be included in the General Fund, resulting in several general ledger funds being combined and reported as the General Fund in the financial statements. These adjustments represent the GAAP Basis Fund balance and form a Net Change in Fund Balance of positive \$0.7 over prior year.

Other Major Governmental Funds. In addition to the General Fund, there are four other governmental funds considered to be major due to significant balances or activities in the current year and warrant a separate discussion in the management discussion and analysis: Federal Grants, Housing Authority Capital Projects Fund and General Capital Projects Fund.

Federal Grants Fund accounts for various federal grants received by the City, with each grant segregated within the fund to account for specific grant allocations and expenditures for specific purpose, activity or program.

The Housing Authority Fund Capital Projects Fund maintains loans for affordable housing projects.

The General Capital Projects Fund Accounts for General Fund and special revenue fund acquisition and construction of general purpose public facilities, street resurfacing and improvements.

Proprietary Funds. The City’s proprietary-enterprise funds provide the same type of information found in the government-wide financial statements, but in more detail. At the end of fiscal year 2019, the unrestricted net position of the Sewer and Water Funds amounted to \$86.7, and \$76.5 million, respectively. Sewer net position increased by \$15.6 million and Water net position increased to \$14.8 million.

Wholesale water rates have increased more than 67% over since fiscal year 2013-2014, due to the San Francisco Public Utilities Commission (SFPUC) increasing water purchase costs in the Water and Sewer Funds. The major factor for the increases is implementation of the Water System Improvement Program (WSIP) by the SFPUC. The WSIP is a series of projects to rebuild and retrofit the aging regional water system in order to improve water supply reliability, seismic safety, and to ensure that water quality standards will continue to be met. Two thirds of the cost of fixing the regional system will be borne by wholesale customers of SFPUC water, including Hayward.

Fiduciary Funds. The Successor Agency to the Redevelopment Agency Private Purpose Trust Fund provides information about the City’s former Redevelopment Agency. In fiscal year 2019 the fund ended with a net position of \$3.6 million, an increase of \$2.3 million over prior fiscal year.

Capital Asset and Debt Administration

Capital Assets. As of June 30, 2019, the City’s investments in capital assets for its governmental and business-type activities are \$605.3 million (net of accumulated depreciation) as presented below in Table 4. The investment in capital assets includes land, buildings, land improvements, machinery and equipment, vehicles, and street infrastructure such as roads, bridges, streetlights, traffic signals, airport hangers, sewer, and water pipelines. The City’s investment in capital assets for the current fiscal year increased by 5.4%, mainly attributable to the completion of the 21st Century Library and Community Learning Center, as well as several larger sewer replacement projects, Recycled Water Storage and Distribution System project, and improvements associated with the Water Pollution Control Facility.

Table 4 – City of Hayward Capital Assets *(in millions)*

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$19.0	\$13.7	\$4.8	\$4.8	\$23.8	\$18.5
Construction in progress	77.0	61.4	41.3	18.7	118.3	80.1
Buildings	29.7	31.1	15.6	16.3	45.3	47.4
Improvements other than buildings	18.2	9.3	-	-	18.2	9.3
Machinery and equipment	22.3	24.1	27.6	29.0	49.9	53.1
Street infrastructure	247.3	256.8	-	-	247.3	256.8
Sewer infrastructure	-	-	65.3	69.3	65.3	69.3
Water infrastructure	-	-	28.4	30.1	28.4	30.1
Airport infrastructure	-	-	8.9	9.6	8.9	9.6
Total	\$413.4	\$396.4	\$191.8	\$177.8	\$605.4	\$574.2

Additional information on the City’s capital assets can be found in Note 5 to the basic financial statements.

Debt Administration. At the end of fiscal year 2019, the City had total bonded debt outstanding of \$135.7 million as presented in Table 5. This represents an increase of \$2.3 million over the prior year. The increase over fiscal year 2018 reflects an additional loan received from the State Water Resources Control Board in fiscal year 2019 to finance the City’s Recycled Water Project. Of the total outstanding bond debt, \$84.5 million represents certificates of participation debt for Civic Center Project (City Hall) and 21st Century Library; \$5.2 million represents lease revenue bonds for capital improvements; \$2.4 million represents capital leases for a solar power generator, fleet vehicles, computer, and telephone equipment; \$38.4 million represents State Water Board financing for a water pollution control facility; \$4.1 million private placement lease; \$1.2 million loan represents loan from State Energy Resources Conservation and Development Commission.

With the dissolution of the City’s Redevelopment Agency, tax allocation bonds for redevelopment projects are no longer reflected in the City’s financial statements as this debt is now part of the Successor Agency to the Hayward Redevelopment Agency.

Table 5 – City of Hayward Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Certificates of Participation	\$84.5	\$89.2	-	-	\$84.5	\$89.2
Lease Revenue Bonds	0.2	0.2	5.0	5.8	5.2	6.0
Capital Lease Obligations	2.4	3.3	-	-	2.4	3.3
Private Placement Loan	4.1	4.4	-	-	4.1	4.4
State Water Resources Control Board Loan	-	-	38.4	30.0	38.4	30.0
State Energy Resources Conservation	1.2	1.5	-	-	1.2	1.5
Total Long-Term Debt	\$92.3	\$98.6	\$43.4	\$35.8	\$135.7	\$134.4

Local Improvement Districts (LIDS) in different parts of the City and a Community Facilities District #1 (Eden Shores) have also issued debt to finance infrastructure and facilities construction in their respective districts. As described in Note 8 to the financial statements, the City has sponsored special assessment debt issues, but has no legal liability for repayment. Therefore, these are not included in the City’s governmental debt. As of June 30, 2019, a total of \$5.9 million in special assessment district debt was outstanding by four special assessment districts. (Further detail regarding the City debt can be found in Note 8 to the financial statements.)

Economic Outlook and Major Initiatives

The economy of the City and major initiatives are discussed in the Transmittal Letter located in the Introductory Section of the CAFR.

Contacting the City's Financial Management

This report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Additional financial information is available on our website at: www.hayward-ca.gov . Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Hayward Finance Department, 777 B Street, Hayward, California 94541-5007.

CITY OF HAYWARD, CALIFORNIA

STATEMENT OF NET POSITION AND STATEMENT OF ACTIVITIES

The Statement of Net Position and the Statement of Activities summarize the entire City's financial activities and financial position. They are prepared on the same basis as is used by most businesses, which means they include all the City's assets and deferred outflows and all its liabilities and deferred inflows, as well as all its revenues and expenses. This is known as the full accrual basis—the effect of all the City's transactions is taken into account, regardless of whether or when cash changes hands, but all material internal transactions between City funds have been eliminated.

The Statement of Net Position reports the difference between the City's total assets and deferred outflows of resources and the City's total liabilities and deferred inflows of resources, including all the City's capital assets and all its long-term debt. The Statement of Net Position focuses the reader on the composition of the City's Net Position, by subtracting total liabilities and deferred inflow of resources from total assets and deferred outflow of resources.

The Statement of Net Position summarizes the financial position of the entire City's Governmental Activities in a single column, and the financial position of the entire City's Business-Type Activities in a single column; these columns are followed by a total column that presents the financial position of the entire City.

The City's Governmental Activities include the activities of its General Fund, along with all its Special Revenue, Capital Projects and Debt Service Funds. Since the City's Internal Service Funds service these Funds, their activities are consolidated with Governmental Activities, after eliminating inter-fund transactions and balances. The City's Business-Type Activities include all its Enterprise Fund activities.

The Statement of Activities reports increases and decreases in the City's Net Position. It is also prepared using the full accrual basis of accounting, which means it includes all the City's revenues and all its expenses, regardless of when cash changes hands. This differs from the “modified accrual” basis used in the Fund financial statements, which reflect only current assets, current liabilities, available revenues and measurable expenditures.

The format of the Statement of Activities presents the City's expenses first, listed by program, and follows these with the expenses of its business-type activities. Program revenues—that is, revenues which are generated directly by these programs—are then deducted from program expenses to arrive at the net expense of each governmental and business-type program. The City's general revenues are then listed in the Governmental Activities or Business-type Activities column, as appropriate, and the Change in Net Position is computed and reconciled with the Statement of Net Position.

Both these Statements include the financial activities of the City, the Hayward Public Financing Authority, the Hayward Business Improvement District and the Hayward Housing Authority, which are legally separate but are component units of the City because they are controlled by the City, which is financially accountable for activities.

These financial statements along with the fund financial statements and footnotes are called *Basic Financial Statements*.

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CITY OF HAYWARD
STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash, cash equivalents, and investments (Note 2)	\$148,590,620	\$185,676,368	\$334,266,988
Cash, cash equivalents, and investments with fiscal agents (Note 2)	13,349,949	284,167	13,634,116
Accounts receivable, net	4,711,033	14,821,150	19,532,183
Due from other governments	12,243,738	10,900	12,254,638
Interest receivable	193,265	57,416	250,681
Internal balances (Note 4)	(3,166,508)	3,166,508	
Loans receivable (Note 3)	27,422,298	590,201	28,012,499
Long-term loans to the Private Purpose Trust Fund (Note 19)	9,939,979		9,939,979
Land held for resale (Note 1)	3,448,652		3,448,652
Deposits, parts, supplies and other	31,510	4,823,904	4,855,414
Investment in East Bay Dischargers Authority (Note 16)		10,262,420	10,262,420
Capital assets (Note 5):			
Land	18,950,817	4,757,492	23,708,309
Construction in progress	77,017,806	41,295,586	118,313,392
Depreciable capital assets, net	317,478,065	145,776,416	463,254,481
Total assets	<u>630,211,224</u>	<u>411,522,528</u>	<u>1,041,733,752</u>
DEFERRED OUTFLOWS OF RESOURCES			
Related to pensions (Note 12)	55,126,701	2,970,032	58,096,733
Related to OPEB (Note 14)	5,415,074	959,087	6,374,161
Deferred loss on refunding (Note 6)	749,772		749,772
Total deferred outflow of resources	<u>61,291,547</u>	<u>3,929,119</u>	<u>65,220,666</u>
LIABILITIES:			
Accounts payable	8,713,293	4,687,674	13,400,967
Accrued interest	482,661	267,206	749,867
Accrued liabilities	27,691,640	380,929	28,072,569
Unearned revenue	694,293	621,736	1,316,029
Refundable deposits	5,526,415	2,752,148	8,278,563
Accrued reclamation costs (Note 10):			
Due within one year		125,000	125,000
Compensated absences (Note 1):			
Due within one year	6,617,532	968,145	7,585,677
Due in more than one year	668,900	92,842	761,742
Long-term debt (Note 6):			
Due within one year	5,771,005	3,505,950	9,276,955
Due in more than one year	86,533,519	39,880,191	126,413,710
Net pension liabilities, due in more than one year (Note 12)	393,632,062	23,818,912	417,450,974
Net OPEB obligations, due in more than one year (Note 14)	91,955,798	16,286,708	108,242,506
Total liabilities	<u>628,287,118</u>	<u>93,387,441</u>	<u>721,674,559</u>
DEFERRED INFLOWS OF RESOURCES:			
Related to pensions (Note 12)	7,412,510	274,841	7,687,351
Related to OPEB (Note 14)	7,257,259	1,285,364	8,542,623
Total deferred inflow of resources	<u>14,669,769</u>	<u>1,560,205</u>	<u>16,229,974</u>
NET POSITION (Note 9):			
Net investments in capital assets	329,532,552	148,443,353	477,975,905
Restricted for:			
Public safety	436,370		436,370
Debt service	9,005,585		9,005,585
Public works and transportation	11,815,212		11,815,212
Planning and building	14,208,156		14,208,156
Economic development activities	5,654,072		5,654,072
Total restricted net position	<u>41,119,395</u>		<u>41,119,395</u>
Unrestricted	(322,106,063)	172,060,648	(150,045,415)
Total net position	<u>\$48,545,884</u>	<u>\$320,504,001</u>	<u>\$369,049,885</u>

See accompanying notes to basic financial statements

CITY OF HAYWARD
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES:				
General government	\$26,842,761	\$3,328,124	\$6,744,063	
Public safety	130,098,500	4,837,363	4,699,595	
Public works and transportation	26,136,150	6,061,761	3,270,942	\$4,831,794
Library and community services	10,026,345	3,101,839	153,415	
Economic development	2,177,009			
Planning and building	10,688,978	7,052,017		
Maintenance services	11,993,462	1,652,433		
Interest on long-term debt	2,863,705			
Total Governmental Activities	220,826,910	26,033,537	14,868,015	4,831,794
BUSINESS-TYPE ACTIVITIES:				
Sewer	22,065,651	37,064,893		
Water	46,827,858	61,614,956		
Airport	4,045,984	3,611,746		
Stormwater	2,793,121	3,328,818		
Total Business-type Activities	75,732,614	105,620,413		
Total	\$296,559,524	\$131,653,950	\$14,868,015	\$4,831,794

GENERAL REVENUES:

Taxes:
Property taxes
Sales taxes
Utility users tax
Real property transfer tax
Franchise tax
Business tax
Excise tax
Other taxes
Motor vehicle in-lieu, unrestricted
Gain on sale of land for resale
Loss from equity investment (Note 16)
Investment earnings
Miscellaneous
TRANSFERS (Note 4)

Total General Revenues And Transfers

CHANGE IN NET POSITION

BEGINNING NET POSITION

ENDING NET POSITION

See accompanying notes to basic financial statements

Net (Expense) Revenue and
Changes in Net Position

Governmental Activities	Business-type Activities	Total
(\$16,770,574)		(\$16,770,574)
(120,561,542)		(120,561,542)
(11,971,653)		(11,971,653)
(6,771,091)		(6,771,091)
(2,177,009)		(2,177,009)
(3,636,961)		(3,636,961)
(10,341,029)		(10,341,029)
(2,863,705)		(2,863,705)
<u>(175,093,564)</u>		<u>(175,093,564)</u>
	\$14,999,242	14,999,242
	14,787,098	14,787,098
	(434,238)	(434,238)
	<u>535,697</u>	<u>535,697</u>
	<u>29,887,799</u>	<u>29,887,799</u>
<u>(175,093,564)</u>	<u>29,887,799</u>	<u>(145,205,765)</u>
55,970,615		55,970,615
52,917,415		52,917,415
16,935,327		16,935,327
12,256,155		12,256,155
9,730,173		9,730,173
4,415,292		4,415,292
2,329,766		2,329,766
8,637,556		8,637,556
77,775		77,775
10,982,198		10,982,198
	(111,379)	(111,379)
3,277,620	4,305,963	7,583,583
7,837,732		7,837,732
3,665,266	(3,665,266)	
<u>189,032,890</u>	<u>529,318</u>	<u>189,562,208</u>
13,939,326	30,417,117	44,356,443
<u>34,606,558</u>	<u>290,086,884</u>	<u>324,693,442</u>
<u>\$48,545,884</u>	<u>\$320,504,001</u>	<u>\$369,049,885</u>

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CITY OF HAYWARD, CALIFORNIA

FUND FINANCIAL STATEMENTS

The Fund financial statements include only individual major funds are presented, while non-major funds are combined in a single column. Major funds are defined generally as having significant activities or balances in the current year.

MAJOR GOVERNMENTAL FUNDS

The funds described below were determined to be Major Funds by the City in fiscal year 2019. Individual non-major funds are reported in the Supplemental Section.

General Fund is used for all the general revenues of the City not specifically levied or collected for other City funds and the related expenditures. The general fund accounts for all financial resources, which are not accounted for in another fund.

Federal Grants accounts for various federal grants received by the City, with each grant segregated within the fund to account for specific grant allocations and expenditures for specific purpose, activity or program.

Housing Authority – Under a cooperation agreement with the former Redevelopment Agency, the Housing Authority will use resources for purposes consistent with the California Health and Safety Code. The fund accounts for the activities financed by grants of the tax increment revenue from the former Redevelopment agency.

General Capital Projects Fund – Accounts for General Fund and special revenue fund acquisition and construction of general purpose public facilities, street surfacing and improvements.

Route 238 Corridor Improvement Fund – Accounts for various roadway improvements along Foothill Boulevard and Mission Boulevard between northern city limits and Industrial Parkway including a downtown one way loop street system, peak hour traffic lanes, pedestrian and bicycle improvements, and landscaping enhancements.

CITY OF HAYWARD
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2019

	<u>General*</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>
		<u>Federal Grants</u>	<u>Housing Authority</u>
ASSETS:			
Cash, cash equivalents, and investments (Note 2)	\$39,475,945	\$1,909,196	\$8,586,235
Cash, cash equivalents, and investments with fiscal agents (Note 2)			
Accounts receivable, net	2,994,396	5,250	
Due from other governments	10,210,595		
Interest receivable	12,502	590	2,654
Due from other funds (Note 4)	7,381,767		
Loans receivable (Note 3)		12,718,022	9,051,437
Long-term loans to the Private Purpose Trust Fund (Note 19)	6,036,442		3,876,516
Land held for resale (Note 1)			707,539
Deposits, parts, supplies and other	31,376		
Total Assets	<u>\$66,143,023</u>	<u>\$14,633,058</u>	<u>\$22,224,381</u>
LIABILITIES:			
Accounts payable	\$1,387,921	\$68,262	\$205
Accrued liabilities	6,066,612		2,348
Due to other funds (Note 4)			
Long-term interfund payables (Note 4)	3,166,508		
Unearned revenue			
Refundable deposits	4,939,866		
Total Liabilities	<u>15,560,907</u>	<u>68,262</u>	<u>2,553</u>
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenue		5,250	
Total Deferred Inflows of Resources		<u>5,250</u>	
FUND BALANCES (Note 9):			
Nonspendable	6,067,818		
Restricted			
Public safety			
Public works and transportation			
Planning and building		14,559,546	
Economic development			22,221,828
Debt service			
Assigned	13,959,459		
Unassigned	30,554,839		
Total Fund Balances (Deficit)	<u>50,582,116</u>	<u>14,559,546</u>	<u>22,221,828</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$66,143,023</u>	<u>\$14,633,058</u>	<u>\$22,224,381</u>

See accompanying notes to basic financial statements

* Includes balances related to the City's Measure C District Sales Tax.

Capital Projects Funds			
General Capital Projects	Route 238 Corridor Improvement	Other Governmental Funds	Total Governmental Funds
\$13,967,104	\$1	\$44,169,306	\$108,107,787
13,237,650		26,677	13,264,327
521,152	611,818	205,082	4,337,698
		2,033,143	12,243,738
61,254	25,776	77,948	180,724
			7,381,767
		5,652,839	27,422,298
			9,912,958
	2,741,113		3,448,652
			31,376
<u>\$27,787,160</u>	<u>\$3,378,708</u>	<u>\$52,164,995</u>	<u>\$186,331,325</u>
\$930,765	\$1,838,101	\$3,232,858	\$7,458,112
5,345	1,623	65,553	6,141,481
	6,862,809	518,958	7,381,767
			3,166,508
11,875	611,818	54,558	678,251
235,598	34,203	311,249	5,520,916
<u>1,183,583</u>	<u>9,348,554</u>	<u>4,183,176</u>	<u>30,347,035</u>
<u>491,615</u>		<u>1,210</u>	<u>498,075</u>
<u>491,615</u>		<u>1,210</u>	<u>498,075</u>
			6,067,818
		436,370	436,370
		18,762,048	18,762,048
		14,208,156	28,767,702
		5,654,072	27,875,900
		8,919,963	8,919,963
26,111,962			40,071,421
	(5,969,846)		24,584,993
<u>26,111,962</u>	<u>(5,969,846)</u>	<u>47,980,609</u>	<u>155,486,215</u>
<u>\$27,787,160</u>	<u>\$3,378,708</u>	<u>\$52,164,995</u>	<u>\$186,331,325</u>

CITY OF HAYWARD
GOVERNMENTAL FUNDS
BALANCE SHEET - RECONCILIATION OF GOVERNMENTAL
FUND BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2019

Total Fund Balances reported on the governmental funds balance sheet \$155,486,215

Amounts reported for Governmental Activities in the Statement of Net Position are different from those reported in the Governmental Funds above because of the following:

CAPITAL ASSETS - GOVERNMENTAL ACTIVITIES

Capital assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds.

Land	18,578,069
Construction in progress	76,537,181
Depreciable capital assets, net	296,531,275

ALLOCATION OF INTERNAL SERVICE FUND NET POSITION

Internal service funds are not governmental funds. However, they are used by management to charge the costs of certain activities, such as insurance and central services and maintenance to individual governmental funds. The net current assets of the Internal Service Funds are therefore included in Governmental Activities in the following line items in the Statement of Net Position.

Cash and investments	40,568,455
Accounts receivable	373,335
Due from other funds	12,541
Deposits, parts, supplies and other	134
Long-term loans to the Private Purpose Trust Fund	27,021
Land	372,748
Construction in progress	480,625
Depreciable capital assets, net	20,946,790
Accounts payable	(1,255,181)
Accrued liabilities	(21,572,065)
Unearned revenue	(16,042)
Refundable deposits	(5,499)
Compensated absences	(425,572)
Net pension liabilities and pension-related deferred outflows and inflows of resources	(8,637,799)
Net OPEB liabilities and pension-related deferred outflows and inflows of resources	(5,132,583)
Long-term debt	(2,357,925)

ACCRUAL OF NON-CURRENT REVENUES AND EXPENSES

Revenues that are not currently available are shown as deferred on the Fund Balance Sheets are recognized as revenue on the Statement of Activities.

Unavailable revenue	498,075
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LONG-TERM ASSETS AND LIABILITIES

The assets and liabilities below are not due and payable in the current period and therefore are not reported in the Fund financial statements:

Long-term debt	(89,946,599)
Amortized deferred loss on refunding	749,772
Interest payable	(460,755)
Compensated absences	(6,860,860)
Net pension liabilities and pension-related deferred outflows and inflows of resources	(337,280,072)
Net OPEB Obligation and OPEB-related deferred outflows and inflows of resources	(88,665,400)

NET POSITION OF GOVERNMENTAL ACTIVITIES

\$48,545,884

See accompanying notes to basic financial statements

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CITY OF HAYWARD
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2019

	General*	Special Revenue Fund	Capital Projects Fund
	Federal Grants	Housing Authority	
REVENUES:			
Property taxes	\$54,467,978		
Sales taxes	52,917,415		
Utility users tax	16,935,327		
Other taxes	31,331,182		
Licenses and permits	7,323,833		
Fines and forfeitures	2,537,536		
Special assessments			
Investment income	859,599	\$31,302	\$265,941
Rental income	36,709		
Gain on sale of land held for resale			
Intergovernmental	7,075,378	536,899	
Fees and charges for services	7,311,282		972
Other revenue	1,473,289		64
Total Revenues	182,269,528	568,201	266,977
EXPENDITURES:			
Current:			
General government	15,335,579		
Public safety	117,471,899		
Public works and transportation	3,596,709	379,160	
Library and community services	6,522,261		115,085
Economic development			449,711
Planning and building	9,229,204		
Maintenance services	8,678,451		
Capital outlay	5,269,515		
Debt service:			
Principal			
Interest and fiscal charges			
Total Expenditures	166,103,618	379,160	564,796
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	16,165,910	189,041	(297,819)
OTHER FINANCING SOURCES (USES):			
Transfers in (Note 4)	16,083,835	45,400	
Transfers (out) (Note 4)	(31,589,921)	(96,000)	(3,897)
Total Other Financing Sources (Uses)	(15,506,086)	(50,600)	(3,897)
CHANGE IN FUND BALANCES	659,824	138,441	(301,716)
BEGINNING FUND BALANCES (DEFICITS)	49,922,292	14,421,105	22,523,544
ENDING FUND BALANCES (DEFICITS)	\$50,582,116	\$14,559,546	\$22,221,828

See accompanying notes to basic financial statements

* Includes revenue and expenditures related to the City's Measure C District Sales Tax.

Capital Projects Fund			
General Capital Projects	Route 238 Corridor Improvement	Other Governmental Funds	Total Governmental Funds
			\$54,467,978
			52,917,415
			16,935,327
\$834,986		\$491,981	32,658,149
490,193			7,814,026
		132,762	2,670,298
		1,059,378	1,059,378
743,994	\$295,218	993,663	3,189,717
	247,045		283,754
	10,982,198		10,982,198
2,940,289	312,074	18,126,442	28,991,082
3,073	57,833		7,373,160
40,949	3,100,540	6,074,481	10,689,323
<u>5,053,484</u>	<u>14,994,908</u>	<u>26,878,707</u>	<u>230,031,805</u>
			15,335,579
		698,090	118,169,989
5,547		4,869,013	8,850,429
		1,085,197	7,722,543
		1,062,856	1,512,567
			9,229,204
		1,295,060	9,973,511
18,292,125	15,125,251	6,914,530	45,601,421
		5,013,353	5,013,353
		3,190,198	3,190,198
<u>18,297,672</u>	<u>15,125,251</u>	<u>24,128,297</u>	<u>224,598,794</u>
(13,244,188)	(130,343)	2,750,410	5,433,011
16,040,552		8,572,460	40,742,247
(10,494,789)	(4,195,052)	(2,587,747)	(48,967,406)
<u>5,545,763</u>	<u>(4,195,052)</u>	<u>5,984,713</u>	<u>(8,225,159)</u>
(7,698,425)	(4,325,395)	8,735,123	(2,792,148)
<u>33,810,387</u>	<u>(1,644,451)</u>	<u>39,245,486</u>	<u>158,278,363</u>
<u>\$26,111,962</u>	<u>(\$5,969,846)</u>	<u>\$47,980,609</u>	<u>\$155,486,215</u>

CITY OF HAYWARD
RECONCILIATION OF THE
NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS
WITH THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

The schedule below reconciles the Net Changes in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance, which measures only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Position of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS (\$2,792,148)

Amounts reported for governmental activities in the Statement of Activities are different because of the following:

CAPITAL ASSETS TRANSACTIONS

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay expenditures are therefore added back to fund balance	45,601,421
Non-capitalized capital outlay expenditures were reclassified to various governmental activities	(14,789,030)
Depreciation expense is deducted from fund balance	
(Depreciation expense is net of internal service fund depreciation of \$4,059,545 which has already been allocated to service funds)	(12,154,886)

LONG-TERM DEBT PROCEEDS AND PAYMENTS

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of principal is an expenditure in governmental funds, but in the Statement of Net Position the repayment reduces long-term liabilities.

Repayment of debt principal and amortization of bond premiums are added back to fund balance	5,298,755
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ACCRUAL OF NON-CURRENT ITEMS

The amounts below included in the Statement of Activities do not provide or (require) the use of current financial resources and therefore are not reported as revenue or expenditures in governmental funds (net change):

Unavailable revenue	176,986
Compensated absences	(429,933)
Net pension liabilities and pension-related deferred outflows/inflows of resources	(10,231,894)
Net OPEB Obligation	561,422
Interest payable	150,607

ALLOCATION OF INTERNAL SERVICE FUND ACTIVITY

Internal Service Funds are used by management to charge the costs of certain activities, such as equipment acquisition, maintenance, and insurance to individual funds. The portion of the net revenue (expense) of these Internal Service Funds arising out of their transactions with governmental funds is reported with governmental activities, because they service those activities.

Change in Net Position - All Internal Service Funds	2,548,026
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$13,939,326</u></u>
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See accompanying notes to basic financial statements

CITY OF HAYWARD, CALIFORNIA

MAJOR PROPRIETARY FUNDS

Proprietary funds account for City operations financed and operated in a manner similar to a private business enterprise. The intent of the City is that the cost of providing goods and services be financed primarily through user charges.

The City has identified the funds below as major proprietary funds in fiscal year 2019. These statements include balances for both operating and capital funds.

The disclosure of budget versus actual comparisons is not required for proprietary funds.

Sewer Fund – Accounts for activities associated with sewage transmission and treatment.

Water Fund – Accounts for activities associated with distribution and transmission of potable water to users.

CITY OF HAYWARD
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2019

	Business-type Activities-Enterprise Funds			Governmental Activities- Internal Service Funds	
	Sewer	Water	Non-Major Funds		Totals
ASSETS:					
Current Assets:					
Cash and investments (Note 2)	\$86,568,293	\$84,126,327	\$14,981,748	\$185,676,368	\$40,482,833
Cash and investments with fiscal agents (Note 2)		284,167		284,167	85,622
Accounts receivable, net	4,780,997	9,594,494	445,659	14,821,150	373,335
Due from other governments			10,900	10,900	
Interest receivable	26,756	26,030	4,630	57,416	12,541
Deposits, parts, supplies and other		1,335,631		1,335,631	134
Total Current Assets	<u>91,376,046</u>	<u>95,366,649</u>	<u>15,442,937</u>	<u>202,185,632</u>	<u>40,954,465</u>
Noncurrent Assets:					
Long-term interfund receivables (Note 4)		3,166,508		3,166,508	
Long-term loans to the Private Purpose Trust Fund (Note 19)					27,021
Deposits, parts, supplies and other	3,466,742		21,531	3,488,273	
Loans receivable (Note 3)		590,201		590,201	
Investment in East Bay Dischargers Authority (Note 16)	10,262,420			10,262,420	
Capital assets (Note 5):					
Land	1,830,143	2,683,047	244,302	4,757,492	372,748
Construction in progress	23,997,449	16,906,416	391,721	41,295,586	480,625
Depreciable capital assets, net	90,835,132	41,220,555	13,720,729	145,776,416	20,946,790
Total Noncurrent Assets	<u>130,391,886</u>	<u>64,566,727</u>	<u>14,378,283</u>	<u>209,336,896</u>	<u>21,827,184</u>
Total Assets	<u>221,767,932</u>	<u>159,933,376</u>	<u>29,821,220</u>	<u>411,522,528</u>	<u>62,781,649</u>
DEFERRED OUTFLOWS OF RESOURCES					
Related to pensions (Note 12)	1,270,130	1,191,466	508,436	2,970,032	1,214,489
Related to OPEB (Note 14)	390,386	401,747	166,954	959,087	296,311
Total deferred outflows of resources	<u>1,660,516</u>	<u>1,593,213</u>	<u>675,390</u>	<u>3,929,119</u>	<u>1,510,800</u>
LIABILITIES:					
Current Liabilities:					
Accounts payable	1,421,535	3,132,183	133,956	4,687,674	1,255,181
Accrued interest	249,638	12,377	5,191	267,206	21,906
Accrued liabilities	168,604	141,943	70,382	380,929	21,550,159
Unearned revenue	219,065	402,671		621,736	16,042
Refundable deposits		2,645,172	106,976	2,752,148	5,499
Compensated absences - due within one year (Note 1)	344,441	485,190	138,514	968,145	386,503
Accrued reclamation costs (Note 10)	125,000			125,000	
Long-term debt - due within one year (Note 6)	2,910,950	462,357	132,643	3,505,950	562,871
Total Current Liabilities	<u>5,439,233</u>	<u>7,281,893</u>	<u>587,662</u>	<u>13,308,788</u>	<u>23,798,161</u>
Noncurrent Liabilities:					
Compensated absences (Note 1)	33,031	46,528	13,283	92,842	39,069
Net pension liabilities, due in more than one year (Note 12)	10,186,123	9,555,262	4,077,527	23,818,912	9,739,903
Net OPEB liabilities (Note 14)	6,629,322	6,822,249	2,835,137	16,286,708	5,031,781
Long-term debt - due in more than one year (Note 6)	36,635,191	2,522,636	722,364	39,880,191	1,795,054
Total Noncurrent Liabilities	<u>53,483,667</u>	<u>18,946,675</u>	<u>7,648,311</u>	<u>80,078,653</u>	<u>16,605,807</u>
Total Liabilities	<u>58,922,900</u>	<u>26,228,568</u>	<u>8,235,973</u>	<u>93,387,441</u>	<u>40,403,968</u>
DEFERRED INFLOWS OF RESOURCES:					
Related to pensions (Note 12)	117,535	110,256	47,050	274,841	112,385
Related to OPEB (Note 14)	523,193	538,419	223,752	1,285,364	397,113
Total deferred inflows of resources	<u>640,728</u>	<u>648,675</u>	<u>270,802</u>	<u>1,560,205</u>	<u>509,498</u>
NET POSITION (Note 9):					
Net investments in capital assets	77,116,583	57,825,025	13,501,745	148,443,353	19,442,238
Restricted for debt service		284,167		284,167	85,622
Unrestricted	86,748,237	76,540,154	8,488,090	171,776,481	3,851,123
Total Net Position	<u>\$163,864,820</u>	<u>\$134,649,346</u>	<u>\$21,989,835</u>	<u>\$320,504,001</u>	<u>\$23,378,983</u>

See accompanying notes to basic financial statements

CITY OF HAYWARD
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2019

	Business-type Activities-Enterprise Funds				Governmental Activities- Internal Service Funds
	Sewer	Water	Non-Major Funds	Totals	
OPERATING REVENUES:					
Charges for services	\$29,559,104	\$14,455,008	\$6,764,470	\$50,778,582	\$30,454,894
Sale of water		45,739,155		45,739,155	
Miscellaneous	7,505,789	1,420,793	176,094	9,102,676	1,091,687
Total Operating Revenues	37,064,893	61,614,956	6,940,564	105,620,413	31,546,581
OPERATING EXPENSES:					
Salaries and related expenses	9,228,377	7,308,926	3,543,430	20,080,733	9,722,094
Materials, supplies and services	6,395,596	4,889,735	1,949,160	13,234,491	12,908,847
Repairs and maintenance	866,795	1,068,380	227,114	2,162,289	3,681,307
Water purchases		31,102,945		31,102,945	
Self-funded insurance expense					11,299,850
Depreciation (Note 5)	5,203,839	2,359,099	1,119,401	8,682,339	4,059,545
Total Operating Expenses	21,694,607	46,729,085	6,839,105	75,262,797	41,671,643
Operating Income (Loss)	15,370,286	14,885,871	101,459	30,357,616	(10,125,062)
NONOPERATING REVENUES (EXPENSES):					
Investment income	1,931,727	2,025,287	348,949	4,305,963	892,179
Interest (expense)	(371,044)	(98,773)		(469,817)	(109,516)
Loss from equity investment (Note 16)	(111,379)			(111,379)	
Net Nonoperating Revenues (Expenses)	1,449,304	1,926,514	348,949	3,724,767	782,663
Income (Loss) Before Contributions and Transfers	16,819,590	16,812,385	450,408	34,082,383	(9,342,399)
TRANSFERS					
Transfers in (Note 4)	117,000	11,522		128,522	12,087,617
Transfers (out) (Note 4)	(1,324,711)	(2,042,484)	(426,593)	(3,793,788)	(197,192)
Net Transfers	(1,207,711)	(2,030,962)	(426,593)	(3,665,266)	11,890,425
CHANGE IN NET POSITION	15,611,879	14,781,423	23,815	30,417,117	2,548,026
BEGINNING NET POSITION	148,252,941	119,867,923	21,966,020	290,086,884	20,830,957
ENDING NET POSITION	\$163,864,820	\$134,649,346	\$21,989,835	\$320,504,001	\$23,378,983

See accompanying notes to basic financial statements

CITY OF HAYWARD
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2019

	Business-type Activities-Enterprise Funds				Governmental Activities- Internal Service Funds
	Sewer	Water	Non-Major Funds	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers	\$36,945,276	\$62,000,234	\$7,217,558	\$106,163,068	\$31,561,938
Payments to suppliers	(7,117,635)	(38,062,916)	(2,107,529)	(47,288,080)	(24,620,272)
Payments to employees	(8,330,441)	(7,211,789)	(3,430,181)	(18,972,411)	(7,272,322)
Net Cash Flows From Operating Activities	21,497,200	16,725,529	1,679,848	39,902,577	(330,656)
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:					
Interfund receipts		73,290		73,290	
Transfers in	117,000	11,522		128,522	12,087,617
Transfers (out)	(1,324,711)	(2,042,484)	(426,593)	(3,793,788)	(197,192)
Net Cash Flows From Noncapital and Related Financing Activities	(1,207,711)	(1,957,672)	(426,593)	(3,591,976)	11,890,425
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition of capital assets	(19,576,203)	(2,832,671)	(314,226)	(22,723,100)	(2,453,343)
Proceeds from issuance of debt	11,032,208			11,032,208	
Principal payments on capital debt	(2,856,587)	(450,134)	(129,866)	(3,436,587)	(887,389)
Interest paid	(371,161)	(100,784)		(471,945)	(114,003)
Net Cash Flows From Capital and Related Financing Activities	(11,771,743)	(3,383,589)	(444,092)	(15,599,424)	(3,454,735)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Change in fair values of investments	(111,379)			(111,379)	(1,606)
Investment income	1,931,796	2,024,037	348,592	4,304,425	932,655
Net Cash Flows From Investing Activities	1,820,417	2,024,037	348,592	4,193,046	931,049
NET CASH FLOWS	10,338,163	13,408,305	1,157,755	24,904,223	9,036,083
CASH AND EQUIVALENTS AT BEGINNING OF PERIOD	76,230,130	70,718,022	13,823,993	160,772,145	31,446,750
CASH AND EQUIVALENTS AT END OF PERIOD	\$86,568,293	\$84,126,327	\$14,981,748	\$185,676,368	\$40,482,833
RECONCILIATION OF OPERATING INCOME(LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:					
Operating income (loss)	\$15,370,286	\$14,885,871	\$101,459	\$30,357,616	(\$10,125,062)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	5,203,839	2,359,099	1,119,401	8,682,339	4,059,545
Change in assets and liabilities:					
Receivables, net	(119,570)	(1,070,034)	273,375	(916,229)	5,968
Due from other governments			3,619	3,619	6,220
Parts and supplies		(89,884)		(89,884)	
Other assets	442,153	14,541		456,694	6,466
Accounts payable and other accrued expenses	(297,397)	(926,513)	64,405	(1,159,505)	3,263,266
Due to retirement system	930,736	132,941	147,298	1,210,975	2,481,267
Due to retirement OPEB	(42,817)	(44,063)	(18,310)	(105,190)	(32,499)
Compensated absences	10,017	8,259	(15,739)	2,537	1,004
Refundable deposits		1,358,480	4,340	1,362,820	
Unearned revenue	(47)	96,832		96,785	3,169
Net Cash Flows From Operating Activities	\$21,497,200	\$16,725,529	\$1,679,848	\$39,902,577	(\$330,656)

See accompanying notes to basic financial statements

CITY OF HAYWARD, CALIFORNIA

FIDUCIARY FUND FINANCIAL STATEMENTS

The Fiduciary funds account for resources received and are held by the City in a fiduciary capacity. Disbursements are made in accordance with the trust agreement or applicable legislative enactment for each fund.

Successor Agency to the Redevelopment Agency Private Purpose Trust Fund – This fund was established to account for the activities of the Successor Agency to the former Redevelopment Agency of the City of Hayward.

Agency Funds account for assets held by the City as agent for individuals, governmental entities, and non-public organizations.

CITY OF HAYWARD
 FIDUCIARY FUNDS
 STATEMENT OF FIDUCIARY NET POSITION
 JUNE 30, 2019

	Private Purpose Trust Funds	Agency Funds
CURRENT ASSETS:		
Cash and investments (Note 2)	\$4,024,590	\$11,080,451
Cash and investments with fiscal agents (Note 2)	14	358,821
Interest receivable	592	3,427
Accounts receivable, net	453,912	12,048
Due from other governments		336,324
Deposits, parts, supplies and other		201,524
	<u>4,479,108</u>	<u>11,992,595</u>
NONCURRENT ASSETS:		
Loans receivable (Note 19)	24,561,963	
Land held for resale	3,483,031	
Capital assets (Note 19):		
Land	4,430,516	
Depreciable capital assets, net	10,115,731	
	<u>42,591,241</u>	
Total Assets	<u>47,070,349</u>	<u>\$11,992,595</u>
CURRENT LIABILITIES:		
Accounts payable	33,661	\$81,328
Accrued interest	475,916	
Deferred revenue	63,165	
Refundable deposits		5,949,014
Due to bondholders and others		5,962,253
Long-term debt - due in less than one year (Note 19)	1,805,000	
	<u>2,377,742</u>	<u>11,992,595</u>
NONCURRENT LIABILITIES (Note 19):		
Long-term loans payables - due in more than one year	9,939,979	
Long-term debt - due in more than one year	31,138,143	
	<u>41,078,122</u>	
Total Liabilities	<u>43,455,864</u>	<u>\$11,992,595</u>
NET POSITION HELD IN TRUST FOR PRIVATE PURPOSES	<u>\$3,614,485</u>	

See accompanying notes to basic financial statements

CITY OF HAYWARD
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019

	Private-Purpose Trust Fund
ADDITIONS	
Property tax	\$4,109,694
Investment income	605
Rental income	50,000
Total additions	4,160,299
DEDUCTIONS	
Maintenance services	266,093
Depreciation expense	314,131
Interest and fiscal charges	1,284,859
Total deductions	1,865,083
Net change in position	2,295,216
Net position - beginning	1,319,269
Net position - ending	\$3,614,485

See accompanying notes to basic financial statements

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CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

1. SIGNIFICANT ACCOUNTING POLICIES

Description of Reporting Entity – The City of Hayward, California (the “City”) was originally incorporated as the Town of Hayward in 1876. On March 7, 1956, the people of the City adopted a City Charter under which the City currently operates. The City maintains a Council-Manager form of government and is governed by an independently elected seven-member City Council. The City provides the following services as authorized by its charter: public safety (police, fire, and building inspection), highways and streets, sanitation, water, airport, social services, public improvements, planning library and zoning, and general administrative services.

Reporting Entity – The accompanying basic financial statements present the financial activity of the City, which is the primary government presented, along with the financial activities of its component units, which are entities for which the City is financially accountable. The City Council sits in a different capacity as the governing boards of the following entities. Although they are separate legal entities, *blended* component units are in substance part of the City’s operations and are reported as an integral part of the City’s financial statements. Also, there is either a financial benefit or burden relationship between the City and the component units below or the City has operational responsibility for them. This City’s component units which are described below are all blended.

- *Hayward Public Financing Authority* (the “Authority”) – In May 1989, the City and the Redevelopment Agency entered into a joint powers agreement under the Joint Exercise of Powers Law of the State of California, thereby forming the Authority for the purpose of financing certain capital improvements within the City. These capital improvements are leased to the City for rental payments, which, together with restricted assets of the Authority, will be sufficient to meet the debt service obligations of the Authority. At the termination of the individual leases, title to the related improvements will pass to the City. Operating activities of the Authority are reflected in both the Governmental and Business funds of the City.
- *The Hayward Business Improvement District* (the “District”) was established in 1984 to collect certain charges imposed on businesses within the downtown business improvement district and to expend such monies on activities, which enhance the district as a shopping and business center. Operating activities of the District are included as a special revenue fund of the City.
- *The Hayward Housing Authority* (“*Housing Authority*”) was originally established in 1946. The Housing Authority is only a conduit to issue housing mortgage revenue bonds for developers, whereby such developers are entirely responsible for meeting the related debt obligations and where the funds raised through such housing mortgage revenue bond issues are used to finance multifamily rental housing developments. A certain percentage of housing units being financed must be for low and moderate income purposes. The Housing Authority is paid a fee by the benefited developers for issuing the bonds and for monitoring the occupancy of these housing developments. This activity is recorded as a capital projects fund of the City.

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City participates in a joint venture, the East Bay Dischargers Authority (“EBDA”), which is not included in the accompanying basic financial statements as it is administered by a board separate from and independent of the City. EBDA is also fiscally independent of the City (see Note 16).

Complete financial statements of the individual component units and the joint venture can be obtained from:

City of Hayward
Finance Department, 3rd Floor
777 B Street
Hayward, California 94541

Basis of Presentation – The City’s Basic Financial Statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the U.S.A.

Government-wide Statements: The Statement of Net Position and the Statement of Activities display information about the primary government (the City) and its component units. These statements include the financial activities of the overall City government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City’s governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational needs of a particular program and (c) fees, grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the City's funds, including fiduciary funds and blended component units. Separate statements for each fund category—*governmental*, *proprietary*, and *fiduciary*—are presented. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each of which is displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary fund *operating* revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Nonoperating* revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

Major Funds – Governmental Accounting Standards Board requires that the City’s major governmental and business-type funds be identified and presented separately in the fund financial statements. All other funds, called non-major funds, are combined and reported in a single column, regardless of their fund-type.

Major funds are defined as funds that have either assets, liabilities, revenues or expenditures/expenses equal to ten percent of their fund-type total and five percent of the grand total. The General Fund is always a major fund. The City may also select other funds it believes should be presented as major funds.

The City reported the following major governmental funds in the accompanying financial statements:

General Fund is used for all the general revenues of the City not specifically levied or collected for other City funds and the related expenditures. The general fund accounts for all financial resources, which are not accounted for in another fund.

Federal Grants Fund – Accounts for various federal grants received by the City, with each grant segregated within the fund to account for specific grant allocations and expenditures for specific purpose, activity or program.

Housing Authority Fund – Under a cooperation agreement with the former Redevelopment Agency, the Housing Authority will use resources for purposes consistent with the California Health and Safety Code. The fund accounts for the activities financed by grants of the tax increment revenue from the former Redevelopment agency.

General Capital Projects Fund – Accounts for general fund or special revenue fund transfers expended for acquisition and construction of general purpose public facilities, street surfacing and improvements.

Route 238 Corridor Improvement Fund – Accounts for various roadway improvements along Foothill and Mission Boulevard between northern city limits and Industrial Parkway including a downtown one way loop street system, peak hour traffic lanes, pedestrian and bicycle improvements, and landscaping enhancements.

The City reported the following proprietary-enterprise funds as major funds in the accompanying financial statements:

Sewer Fund – Accounts for activities associated with sewage transmission and treatment.

Water Fund – Accounts for activities associated with distribution and transmission of potable water to users.

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City also reports the following fund types:

Internal Service funds

These funds account for workers' compensation reimbursable costs, risk management expenses, self-insurance costs, other post-employment benefits; operation, maintenance and replacement of City-owned buildings, vehicles and mobile radio units and City information technology; all of which are provided to other departments on a cost-reimbursement basis.

Fiduciary funds

These funds account for assets held by the City in trust or as an agent for various assessment and community facilities districts. The financial activities of these funds are excluded from the Government-wide financial statements, but are presented in separate Fiduciary Fund financial statements. Agency funds apply the accrual basis of accounting but do not have a measurement focus. The Successor Agency to the Former Redevelopment Agency of the City of Hayward Private-purpose Trust Fund is used to account for the activities of the Redevelopment Agency of the City of Hayward Successor Agency. The financial activities of these funds are excluded from the City-wide financial statement, but are presented in separate Fiduciary Fund financial statements.

Basis of Accounting – The government-wide, proprietary, and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the full *accrual basis* of accounting. Revenues are recorded when *earned* and expenses are recorded at the time liabilities are *incurred*, regardless of when the related cash flows take place.

Governmental funds are reported using the *current financial resources* measurement focus and the *modified accrual* basis of accounting. Under this method, revenues are recognized when *measurable and available*. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within forty-five days after fiscal year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as *expenditures* in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as *other financing sources*.

Non-exchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Other revenues susceptible to accrual include other taxes, intergovernmental revenues, interest and charges for services.

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

Under the terms of grant agreements, the City may fund certain programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted Net Position may be made available to finance program expenditures. The City's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

Certain indirect costs are included in program expenses reported for individual functions and activities.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's business-type activities and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of financial position or balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position or fund balance that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position or balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

Budgets and Budgetary Accounting – The City adopts an annual operating budget on or before June 30 for the ensuing fiscal year for all Funds, except for the Donations Special Revenue Fund. From the effective date of the budget, the amounts stated therein as proposed expenditures become appropriations to the various governmental fund types. The level of budgetary control within all governmental fund types is at the fund level. The City Council may amend the budget by resolution during the fiscal year. The City Manager may transfer appropriations from one program, activity, or object to another within the same fund without the approval of the City Council. All appropriations lapse at the end of the fiscal year to the extent they have not been expended or encumbered.

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

All governmental fund type annual operating budgets are presented on a basis consistent with generally accepted accounting principles (“GAAP”) except as follows:

- The City has several unrestricted subfunds it accounts for separately in its general ledger that are combined and included in General Fund amounts reported in the accompanying financial statements. However, for budgetary presentation purposes, the City only reports its main operating fund. Other subfunds not included in the budgetary presentation are reported as perspective differences.
- The sole Special Revenue fund the City does not budget for is the Donation Special Revenue Fund. The City is unable to forecast the amount of donations received in a given year, and the amount of donations it will spend in the fiscal year.

Parts and Supplies of the governmental funds consist of expendable supplies held for consumption and are valued at cost (first-in, first-out). The cost is recorded as expenditure in the governmental funds at the time individual items are consumed. Reported supplies are offset by nonspendable or restricted fund balances indicating that they do not constitute “available spendable resources” even though they are a component of net current assets. Supplies of enterprise funds are valued at the lower of cost (first-in, first-out) or market. Supplies of the enterprise funds consist principally of materials and supplies for utility operations and are expensed or capitalized as such supplies are consumed.

Land held for Resale of \$3,448,652 at June 30, 2019 was stated at the lowest of historical cost, net realizable value or agreed-upon sales price if a disposition agreement has been made with a developer performing projects in accordance with the Redevelopment Plan of the former Redevelopment Agency of the City of Hayward.

Property taxes – Alameda County assesses properties and bills for and collects property taxes as follows:

	<u>Secured</u>	<u>Unsecured</u>
Valuation dates	March 1	March 1
Lien/levy dates	January 1	January 1
Due dates	50% on November 1 50% on February 1	July 1
Delinquent as of	December 10 (for November) April 10 (for February)	August 31

The term “unsecured” refers to taxes on personal property other than land and buildings. These taxes are secured by liens on the property being taxed.

Property taxes levied are recorded as revenue and receivables, net of estimated uncollectibles, in the fiscal year of levy.

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences – The long-term portion of the liability for vested vacation, time off in lieu of overtime and sick pay for governmental fund type operations is recorded as compensated absences in the government-wide financial statements. The portion expected to be permanently liquidated (matured due to termination) is recorded in the governmental funds. Vested vacation and sick pay of proprietary fund type operations is recorded in the respective proprietary fund type. Compensated absences attributable to governmental funds are typically liquidated by the General Fund. Compensated Absences are presented below as of June 30, 2019:

	Governmental Activities	Business-type Activities	Total
Beginning Balance	\$6,855,495	\$1,058,450	\$7,913,945
Additions	6,657,092	968,368	7,625,460
Payments	<u>(6,226,155)</u>	<u>(965,831)</u>	<u>(7,191,986)</u>
Ending Balance	<u>\$7,286,432</u>	<u>\$1,060,987</u>	<u>\$8,347,419</u>
Current Portion	<u>\$6,617,532</u>	<u>\$968,145</u>	<u>\$7,585,677</u>

Special Assessment Debt – The City is considered to be “obligated in some manner,” as defined by Governmental Accounting Standards Board Statement No. 6, *Accounting and Financial Reporting for Special Assessments*, for certain special assessment district debt. The City is obligated for the special assessment debt if the City is required to purchase properties on which owners have failed to pay installments of assessments as they fall due or is obligated to honor deficiencies to the extent that lien foreclosures proceeds are insufficient. Those special assessment debt would be included in the government-wide financial statements (see Note 6), and special assessment transactions would be included in the debt service funds to reflect the individual special assessment funds’ activities. There are other special assessment districts for which the City has no commitment to repay the debt (see Note 8). Activities for these districts are reported in Agency Funds.

Debt Defeasance And Refundings – In an advance refunding, new debt (termed refunding debt) is issued to provide the cash needed to refund old debt (termed refunded debt). Proceeds from the refunding debt are used to purchase U.S. government securities which are placed in an irrevocable trust with an escrow agent to provide for all future debt service on the refunded debt. As a result, the refunded debt is considered defeased and is removed from the City’s financial statements. The City is amortizing the loss on debt defeasance over the life of refunding debt.

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements – Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs – other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

Estimates and Assumptions – The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Policies – The City invests in individual investments and investment pools. Individual investments are evidenced by specific identifiable pieces of paper called *securities instruments*, or by an electronic entry registering the owner in the records of the institution issuing the security, called the *book entry* system. In order to maximize security, the City employs the Trust Department of a bank as the custodian of all City managed investments, regardless of their form.

New Governmental Accounting Standards Board Statement Pronouncements

GASB 83 – Certain Asset Retirement Obligations – This Statement addresses accounting and financial reporting for certain asserts retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. GASB Statement No. 83 statement requires the current value of a government’s AROs to annually be adjusted for the effects of general inflation or deflation, and relevant factors that may significantly change the estimated asset retirement outlays. This statement also requires disclosure of information about the nature of a government’s AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. This Statement had no effect on the City’s financial statements.

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB 88 – Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements – The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. The City implemented this statement in fiscal year 2018-19. See additional information in Notes 6 and 19.

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

The City's dependence on property tax receipts, which are received semi-annually, requires it to maintain significant cash reserves to finance operations during the remainder of the year. The City pools cash from all sources and all funds except cash with fiscal agent so that it can be invested at the maximum yield, consistent with the principles of safety and liquidity. Individual funds can make expenditures at any time.

The City's investments are carried at fair value, as required by generally accepted accounting principles. The City adjusts the carrying value of its investments to reflect their fair value at each fiscal year end, and it includes the effects of these adjustments in income for that fiscal year. In the City's case, fair value equals market value, since all of the City's investments are readily marketable.

California Law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the City's cash on deposit or first trust deed mortgage notes with a value of 150% of the City's cash on deposit as collateral for these deposits. Under California Law this collateral is held in an investment pool by an independent financial institution in the City's name and places the City ahead of general creditors of the institution pledging the collateral. As of June 30, 2019, the City held \$284,000 in uncollateralized deposits under escrow agreements with construction contractors. Such deposits are permitted to be uncollateralized under the government code.

The City maintains a cash management pool that is available for use by all funds. Each fund type's portion of the pool is shown on the combined balance sheet as "Cash and investments" or "Due to other funds" (for cash overdrafts), as appropriate.

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Classification – As of June 30, 2019 cash and investments were classified in the financial statements as shown below, based on whether or not their use is restricted under the terms of City debt instruments or Agency agreements.

<i>Statement of Net Position</i>	
Cash and investments available for operations	\$334,266,988
Cash and investments with fiscal agents	13,634,116
<i>Private Purpose Trust Fund</i>	
Cash and investments available for operations	4,024,590
Cash and investments with fiscal agents	14
<i>Agency Funds</i>	
Cash and investments available for operations	11,080,451
Cash and investments with fiscal agents	358,821
Total Cash and Investments	\$363,364,980

Cash and investments as of June 30, 2019 consisted of the following:

Cash in bank	\$60,560,150
Cash on hand (Petty Cash)	3,175
Investments	302,801,655
Total Cash and Investments	\$363,364,980

Cash and investments are used in preparing Proprietary Fund statements of cash flows because these assets are highly liquid and are expended to liquidate liabilities arising during the year.

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Investments Authorized by the California Government Code and the City's Investment Policy – The City's Investment Policy and the California Government Code allow the City to invest in the following, provided the credit ratings of the issuers are acceptable to the City; and approved percentages and maturities are not exceeded. The table below also identifies certain provisions of the California Government Code or the City's Investment Policy where it is more restrictive:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality *	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligation	5 years	None	100%	100%
U.S. Agency Securities (fully backed)	5 years	None	100%	100%
U.S. Agency Securities (sponsored)	5 years	None	100%	40%
Banker's Acceptance	180 days	A-1	40%	5%
Commercial Paper	270 days	A-1	25%	5%
Negotiable Certificates of Deposit	5 years	A	30%	5%
Repurchase Agreements	1 year	None	20%	20%
Medium-Term Notes	5 years	A	30%	5%
Money Market Fund	N/A	AAAm	20%	10%
Alameda County Investment Pool	None	None	10%	10%
Shares of Beneficial Interest Issued by a JPA	None	AAAm	100%	N/A
California Local Agency Investment Fund	None	None	\$65m per account	N/A
Collateralized Certificates of Deposit	5 years	None	25%	20%
Municipal Bonds	5 years	A	20%	5%
Supranationals	5 years	AA	30%	30%
Asset-Backed Securities	5 years	AA	20%	5%

* Minimum credit quality at time of purchase.

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Investments Authorized by Debt Agreements – The City must maintain required amounts of cash and investments with trustees or fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds or are pledged reserves to be used if the City fails to meet its obligations under these debt issues. The California Government Code requires these funds to be invested in accordance with City resolutions, bond indentures or State statutes. The table below identifies the investment types that are authorized for investments held by fiscal agents. The bond indentures contain no limitations for the maximum investment in any one issuer or the maximum percentage of the portfolio that may be invested in any one investment type. The table also identifies certain provisions of these debt agreements:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality
U.S. Treasury Obligations	No Limit	No Limit
U.S. Agency Securities (fully backed)	No Limit	No Limit
U.S. Agency Securities (sponsored)	No Limit	None to AAA
Money Market Mutual Funds	No Limit	AAm to AAAm-G
Collateralized Certificates of Deposits	None to 1 year	None to A-1+
FDIC Insured Deposits	No Limit	No Limit
Investment Agreements	No Limit	None to two Highest Categories
Commercial Paper	None to 270 days	A-1 to A-1+
State General Obligations	No Limit	A/A2 to Two Highest Categories
Municipal Obligations	No Limit	AAA to Two Highest Categories
Federal Funds or Bankers Acceptances	180 days to 1 year	A-1 to A-1+
Repurchase Agreements	None to 30 days	None to A
Pre-funded Municipal Bonds	No Limit	AAA
California Local Agency Investment Fund	No Limit	No Limit

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Fair Value Hierarchy – The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The following is a summary of the fair value hierarchy of the fair value of investments of the City as of June 30, 2019:

Investment Type	Level 1	Level 2	Total
Investments by Fair Value:			
U.S. Treasury Obligation	\$67,676,638		\$67,676,638
U.S. Agency Securities		\$25,790,853	25,790,853
Corporate Bonds		7,573,597	7,573,597
Municipal Bonds		4,886,605	4,886,605
Supranationals		7,546,324	7,546,324
Asset-Backed Securities		4,723,304	4,723,304
Total Investments at Fair Value	<u>\$67,676,638</u>	<u>\$50,520,683</u>	118,197,321
Investments Measured at Amortized Cost:			
Money Market Mutual Funds			13,997,106
California Local Agency Investment Fund			164,556,834
Certificate of Deposits			<u>6,050,394</u>
Total Investments			<u>\$302,801,655</u>

U.S. Treasury Obligation classified in Level 1 of the fair value hierarchy are valued using quoted prices in active markets. U.S. Agency Securities, Corporate Bonds, Municipal Bonds, Supranationals and Asset-Backed Security, classified in Level 2 of the fair value hierarchy, are valued using pricing techniques of matrix pricing or market corroborated pricing, with inputs such as yield curves or indices. These prices are obtained from various pricing sources by our custodian bank. Fair value is defined as the quoted market value on the last trading day of the period.

Interest Rate Risk – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Normally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City generally manages its interest rate risk by holding investments to maturity.

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity or earliest call date:

Investment Type	12 Months or less	13 Months to 24 Months	25 Months to 60 Months	Total
U.S. Treasury Obligation		\$37,010,047	\$30,666,591	\$67,676,638
U.S. Agency Securities	\$1,229,075	2,985,248	21,576,530	25,790,853
Money Market Mutual Funds	13,997,106			13,997,106
California Local Agency Investment Fund	164,556,834			164,556,834
Corporate Bonds		1,871,005	5,702,592	7,573,597
Municipal Bonds	1,962,615	2,923,990		4,886,605
Supranationals		5,718,149	1,828,175	7,546,324
Certificate of Deposits	3,012,761	3,037,633		6,050,394
Asset-Backed Securities		485,220	4,238,084	4,723,304
Total Investments	<u>\$184,758,391</u>	<u>\$54,031,292</u>	<u>\$64,011,972</u>	302,801,655
Cash in Banks				60,560,150
Cash on Hand (Petty Cash)				<u>3,175</u>
Total Cash				<u>60,563,325</u>
Total Cash and Investments				<u><u>\$363,364,980</u></u>

The City is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance is available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. At June 30, 2019, these investments had an average maturity of 173 days.

Money market funds are available for withdrawal on demand and at June 30, 2019, had an average maturity of 23 days.

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Credit Risk – Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City’s investment policy, or debt agreements, and the actual rating as of June 30, 2019 for each investment type as provided by Moody’s investment rating system (as of date of purchase):

Investment Type	AAAm/AAA	AA1 - AA3	A1 - A 3	Baa1	P-1	Not Rated	Total
U.S. Treasury Obligation	\$67,676,638						\$67,676,638
U.S. Agency Securities	25,790,853						25,790,853
Money Market Mutual Funds	13,997,106						13,997,106
California Local Agency Investment Fund						\$164,556,834	164,556,834
Corporate Bonds		\$370,024	\$6,901,384	\$302,189			7,573,597
Municipal Bonds		3,548,240	1,338,365				4,886,605
Supranationals	7,546,324						7,546,324
Certificate of Deposits		604,172	3,038,494		\$2,407,728		6,050,394
Asset-Backed Securities	3,777,056					946,248	4,723,304
Total Investments	\$118,787,977	\$4,522,436	\$11,278,243	\$302,189	\$2,407,728	\$165,503,082	\$302,801,655

Custodial Credit Risk – Investments – For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Significant investments in the securities of any individual issuers, other than U. S. Treasury securities or mutual funds would be subjected to this risk. As of June 30, 2019, no investments were subjected to custodial credit risk on the entity-wide level.

3. LOANS RECEIVABLES

In order to carry out low-and-moderate housing programs, the Housing Authority Capital Project Fund loaned to homebuyers and third-party contractors for the purposes of promoting home ownership in the City and developing low and moderate income housing.

The City also pools certain funds received from the U.S. Department of Housing and Urban Development and the State of California Department of Housing and Community Development, and administrative fees received from owners of multifamily projects funded by mortgage revenues bonds sponsored by the City. These monies are loaned to businesses, nonprofit and for-profit housing developers and to qualified first-time homebuyers for the above purposes. Loans receivable are offset in fund financial statements by deferred revenue in the Funds providing the loans, as these loans are not expected to be collected in the next year.

Related Party Loan – The City entered into a loan agreement with the City Manager on June 30, 2017, to provide the City Manager a long-term loan of \$616,599 to finance the acquisition of the City Manager’s personal residence located within the City. The loan is secured by a deed of trust on the property. The loan was funded by the City’s Water Enterprise Fund. The loan is due upon sale of the property, within twelve months after the termination of the City Manager’s employment with the City, or 30 years from the date of the loan agreement execution, whichever occurs first. The loan bears an interest rate at the 2.38% for the first five years of the loan. Interest thereafter will be set annually and shall accrue at a simple rate equal to yet Yield at Market achieved by the City’s Managed Portfolio for the quarter ended on June 30 of the previous calendar year, plus 100 basis points or 1%, but shall not exceed 6%. At June 30, 2019, the outstanding balance of this loan was \$590,201.

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

4. INTERFUND TRANSACTIONS

Transfers Between Funds – With Council approval, resources may be transferred from one City fund to another. Transfers between funds during the fiscal year ended June 30, 2019 were as follows:

FROM FUND:	TO FUND:	AMOUNT:
General Fund	General Capital Projects	\$12,910,500 A
	Non-Major Governmental Funds	8,572,460 A
	Internal Service Funds	10,106,961 A
Federal Grants	Internal Service Funds	96,000 B
Housing Authority	General Fund	3,897 D
General Capital Projects	General Fund	10,094,789 A
	Internal Service Funds	400,000 B
Route 238 Corridor Improvement Capital Projects Fund	General Fund	3,300,000 B
	General Capital Projects	895,052 B
Non-Major Governmental Funds	General Fund	322,050 A
	General Capital Projects	2,235,000 B
	Internal Service Funds	30,697 C
Sewer	General Fund	823,783 D
	Water	11,522 B
	Internal Service Funds	489,406 A
Water	General Fund	1,229,099 D
	Federal Grant	45,400 B
	Sewer	117,000 A
	Internal Service Funds	650,985 A
Non-Major Enterprise Funds	General Fund	310,217 D
	Internal Service Funds	116,376 C
Internal Service Funds	Internal Service Funds	<u>197,192 D</u>
		<u><u>\$52,958,386</u></u>

- A To fund debt service, capital projects and administrative overhead
- B To fund capital projects
- C To fund General Liability insurance fund
- D To fund allocation of administrative overhead

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

4. INTERFUND TRANSACTIONS (Continued)

Current Interfund Balances

Current interfund balances arise in the normal course of business and are expected to be repaid shortly after end of the fiscal year. At June 30, 2019 interfund balances were as follows:

Due from Other Funds	Due To Other Funds	Amount
General Fund	Route 238 Corridor Improvement Capital Projects Fund	\$6,862,809
	Community Development Block Grant Special Revenue Fund	490,406
	Local Grants Special Revenue Fund	<u>28,552</u>
		<u><u>\$7,381,767</u></u>

Long-Term Interfund Advances – At June 30, 2019, the funds below had made advances that were not expected to be repaid within the next year.

	Long-Term Interfund Receivable	Long-Term Interfund Payable
General Fund		\$3,166,508
Water Enterprise Fund	<u>\$3,166,508</u>	
Total	<u><u>\$3,166,508</u></u>	<u><u>\$3,166,508</u></u>

In fiscal year 2014, the Water Enterprise Fund loaned \$3,420,000 to the General Fund for cost related to a new fire station and firehouse clinic. This loan bears 2% interest and repayments are made semiannually every December 1st and June 1st. As of June 30, 2019 the outstanding loan balance was \$3,166,508.

Internal Balances – Internal balances are presented only in the Government-wide financial statements. They represent the net interfund receivable and payables remaining after the elimination of all such balances within governmental and business-type activities.

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

5. CAPITAL ASSETS

Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value. All other capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. The City's policy is to capitalize all assets with costs exceeding \$5,000 and with useful lives exceeding two years.

With the implementation of GASB Statement 34, the City has recorded all current year additions for its public domain (infrastructure) capital assets, which include traffic signals, medians and streets in its Governmental-wide financial statements. In fiscal year 2003, as allowed under GASB Statement 34, the City implemented the retroactive accounting for its infrastructure assets acquired in prior years.

GASB Statement 34 requires that all capital assets with limited useful lives be depreciated over their estimated useful lives. The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of the assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets.

Depreciation is provided using the straight line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The City begins depreciation on July 1st of the year following acquisition. The City has assigned the useful lives listed below to capital assets.

Buildings and improvements	10 – 50 years
Improvements other than Buildings	25 years
Machinery and equipment	7 – 50 years
Streets	25 – 40 years
Traffic Signals	20 years
Medians	25 – 40 years
Conduits	20 years
Drains	20 years

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

5. CAPITAL ASSETS (Continued)

Capital Asset Additions and Retirements – Capital assets at June 30 comprise:

	Balance June 30, 2018	Additions	Transfers	Balance June 30, 2019
Governmental activities:				
Capital assets not being depreciated:				
Land	\$13,741,302	\$5,209,515		\$18,950,817
Construction in progress	61,373,201	25,411,218	(\$9,766,613)	77,017,806
Total capital assets not being depreciated	75,114,503	30,620,733	(9,766,613)	95,968,623
Capital assets being depreciated:				
Buildings and improvements	59,069,887			59,069,887
Improvements other than buildings	17,235,509	60,001	9,766,613	27,062,123
Machinery and equipment	57,559,989	2,585,000		60,144,989
Streets	341,660,699			341,660,699
Traffic signals	7,993,603			7,993,603
Medians	3,724,705			3,724,705
Conduits	1,540,569			1,540,569
Drains	2,994,000			2,994,000
Total capital assets being depreciated	491,778,961	2,645,001	9,766,613	504,190,575
Less accumulated depreciation for:				
Buildings and improvements	28,009,715	1,329,569		29,339,284
Improvements other than buildings	7,940,628	970,000		8,910,628
Machinery and equipment	33,488,324	4,351,114		37,839,438
Streets	89,205,240	9,050,000		98,255,240
Traffic signals	6,098,708	250,730		6,349,438
Medians	2,147,548	93,118		2,240,666
Conduits	1,457,695	32,879		1,490,574
Drains	2,150,221	137,021		2,287,242
Total accumulated depreciation	170,498,079	16,214,431		186,712,510
Net depreciable assets	321,280,882	(13,569,430)	9,766,613	317,478,065
Governmental activity capital assets, net	\$396,395,385	\$17,051,303		\$413,446,688

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

5. CAPITAL ASSETS (Continued)

	Balance June 30, 2018	Additions	Transfers	Balance June 30, 2019
<i>Business-type activities:</i>				
Capital assets not being depreciated:				
Land	\$4,757,492			\$4,757,492
Construction in progress	18,656,668	\$22,674,970	(\$36,052)	41,295,586
Total capital assets not being depreciated	23,414,160	22,674,970	(36,052)	46,053,078
Capital assets being depreciated:				
Buildings and improvements	36,759,292			36,759,292
Machinery and equipment	46,382,544	48,130		46,430,674
Sewer pipelines and infrastructure	126,188,988			126,188,988
Water pipelines and infrastructure	67,317,025		36,052	67,353,077
Airport hangars, tarmacs and other infrastructure assets	28,131,955			28,131,955
Total capital assets being depreciated	304,779,804	48,130	36,052	304,863,986
Less accumulated depreciation for:				
Buildings and improvements	20,415,997	752,604		21,168,601
Machinery and equipment	17,340,282	1,469,765		18,810,047
Sewer pipelines and infrastructure	56,931,354	3,938,457		60,869,811
Water pipelines and infrastructure	37,248,842	1,753,081		39,001,923
Airport hangars, tarmacs and other infrastructure assets	18,468,756	768,432		19,237,188
Total accumulated depreciation	150,405,231	8,682,339		159,087,570
Net depreciable assets	154,374,573	(8,634,209)	36,052	145,776,416
Business-type activity capital assets, net	\$177,788,733	\$14,040,761		\$191,829,494

Governmental capital assets construction in progress was composed of the following at June 30, 2019:

	Project Budget	Expended to June 30, 2019	Committed
Buildings	\$65,680,000	\$55,808,728	\$9,871,272
Improvement other than buildings	94,933,000	19,364,371	75,568,629
Machinery and equipment	6,507,000	1,688,130	4,818,870
Streets	38,690,000	156,575	38,533,425
Total	\$205,810,000	\$77,017,804	\$128,792,196

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

5. CAPITAL ASSETS (Continued)

A summary of enterprise fund construction in progress at June 30, 2019 follows:

	Project Budget	Expended to June 30, 2019	Committed
Sewer Enterprise Fund	\$63,835,000	\$23,997,449	\$39,837,551
Water Enterprise Fund	30,300,000	16,906,416	13,393,584
Airport Enterprise Fund	3,763,000	391,721	3,371,279
Total	<u>\$97,898,000</u>	<u>\$41,295,586</u>	<u>\$56,602,414</u>

Sewer facilities constructed for the sole use of the City by EBDA, including construction in progress, are included in capital assets at their full construction cost.

Construction Commitments – The government has active construction projects as of June 30, 2019. The projects include construction in areas for newly developed housing and the library. At year end, the government’s commitments for these projects are as follows:

Project	Spent-to-Date	Remaining Commitment
Measure A1 - Development of 259 units of Affordable Housing	\$0	\$28,600,000
21st Century Library and Community Learning Center and Heritage Plaza Arboretum Project	0	52,948,512

Capital Asset Contributions – Some capital assets may be acquired using Federal and State grant funds, or they may be contributed by developers or other governments. GAAP requires that these contributions be accounted for as revenues at the time the capital assets are contributed.

Depreciation Allocation – Depreciation expense was charged to functions and programs based on their usage of the related assets. The amounts allocated to each function or program were as follows:

Governmental Activities

General Government	\$1,099,419
Public Safety	8,355,547
Public Works and Transportation	1,138,478
Library and Community Services	622,931
Economic Development	106,935
Planning and Building	507,491
Maintenance Services	324,085
Internal Service Funds	4,059,545
	<u>\$16,214,431</u>

Business-Type Activities

Sewer Fund	\$5,203,839
Water Fund	2,359,099
Stormwater Fund	174
Airport Fund	1,119,227
	<u>\$8,682,339</u>

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

6. LONG-TERM DEBT

The City's long-term debt issues and transactions are summarized below:

Type of Obligation	Authorized and Issued	Balance at June 30, 2018	Retirements	Balance at June 30, 2019	Current Portion
Governmental Activity Debt:					
Certificates of Participation					
2015 COP (a), 3.0-5.0%, due 12/31/34	\$67,535,000	\$67,535,000	\$2,765,000	\$64,770,000	\$2,905,000
Add: Original issue premium	5,689,046	5,090,200	299,423	4,790,777	
Total Certificates of Participation		72,625,200	3,064,423	69,560,777	2,905,000
Direct Borrowings:					
Private Placement Certificates of Participation					
2016 Refunding COP (a), 2.6-2.76%, due 11/1/2026	19,813,775	15,870,374	1,581,435	14,288,939	1,619,187
Add: Original issue premium	876,695	717,295	79,700	637,595	
Lease Revenue Bonds					
ABAG Series 2001-2 (a), 3.0-5.0%, due 12/01/20	3,589,835	235,000	75,000	160,000	80,000
Loan Payable					
Energy Efficiency Loan (a), 1%, due 12/22/23	2,488,880	1,474,786	262,166	1,212,620	264,764
Private Placement Loan					
2014 Fire Station #7 and Wellness Center Private Placement Loan (a), 2.84%, due 8/1/29	5,500,000	4,416,420	329,752	4,086,668	339,183
Total Direct Borrowings		22,713,875	2,328,053	20,385,822	2,303,134
Subtotal		95,339,075	5,392,476	89,946,599	5,208,134
Direct Borrowings:					
Internal Service Fund Long-Term Debt (b)					
Capital Leases - Equipment					
Solar Power Generator Equipment, 6%, due 03/01/30	1,035,000	615,811	36,312	579,499	38,523
Energy Upgrades and Solar Project, 3%, due 06/22/2024	887,152	271,779	87,913	183,866	90,559
Capital Leases - Fleet					
Fire Engines 3.240%, due 10/22/20	1,906,413	559,391	214,898	344,493	225,512
Fire Engines 3.05%, due 1/17/24	824,000	523,973	80,856	443,117	83,341
Fire Truck 2.92%, due 6/15/25	1,272,000	928,316	121,366	806,950	124,936
Capital Leases - Technology					
Network Infrastructure Lease, due 5/21/19	1,699,356	346,044	346,044		
Total capital lease obligations (Direct Borrowings)		3,245,314	887,389	2,357,925	562,871
Subtotal		3,245,314	887,389	2,357,925	562,871
Total Governmental Activity Debt		\$98,584,389	\$6,279,865	\$92,304,524	\$5,771,005

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

6. LONG-TERM DEBT (Continued)

Type of Obligation	Authorized and Issued	Balance at June 30, 2018	Additions	Retirements	Balance at June 30, 2019	Current Portion
Business-type Activity Debt						
Direct Borrowings:						
Private Placement Revenue Bonds						
2013 Water Revenue Refunding Loan (c), 2.76%, due 5/1/25	\$7,245,000	\$4,420,000		\$580,000	\$3,840,000	\$595,000
Loan Payable						
Energy Efficiency Loan (c), 3%, due 6/22/25	2,450,000	1,365,903		178,154	1,187,749	183,449
State Water Resource Control Board Loan 2006 0%, due 9/30/28 (d)	54,550,018	30,004,617		2,727,501	27,277,116	2,727,501
State Water Resource Control Board Loan 2019 1%, due 03/31/49 (d)	21,227,086		\$11,081,276		11,081,276	
Total Business-type Activity Debt (Direct Borrowings)		<u>\$35,790,520</u>	<u>\$11,081,276</u>	<u>\$3,485,655</u>	<u>\$43,386,141</u>	<u>\$3,505,950</u>

Debt service payments are generally made from the following sources:

- (a) Revenues recorded in the General Fund.
- (b) Operating revenues recorded in the Internal Service Funds.
- (c) Operating Revenues from the Water Enterprise Fund and Airport Enterprise Fund.
- (d) Operating revenues recorded in the Sewer Enterprise Fund.

Certificates of Participation (COPs)

2015 Certificates of Participation – On October 1, 2015, the City issued \$67,535,000 in Certificates of Participation (2015 COPs) to acquire and construct a number of capital improvements, including a new library and community learning center, improvements to existing fire stations, and street rehabilitation and repairs. The 2015 COPs bear interest at 3% to 5% and are due serially each November 1. Interest payments are due semi-annually on May 1 and November 1, through maturity in 2034.

2016 Refunding Certificates of Participation (Private Placement) – On June 1, 2016, the Hayward Public Financing Authority issued Certificates of Participation (2016 COPs) in the amount of \$19,813,775. The proceeds of the lease obligation were used to refund the 2007 Certificates of Participation. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the statement of Net Position.

The lease obligation is payable each November from 2016 to 2026, in amounts ranging from \$850,000 to \$2,021,009 and bear interest at rates ranging from 2.6% to 2.76%. Interest is payable semiannually on May 1 and November 1.

The bond covenants of the Certificates of Participation contain events of default that require the revenue of the City to be applied by the Trustee as specified in the terms of the agreement if any of the following conditions occur: default on debt service payments; the failure of the City to observe or perform the conditions, covenants, or agreement terms of the debt; bankruptcy filing by the City; or if any court or competent jurisdiction shall assume custody or control of the City.

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

6. LONG-TERM DEBT (Continued)

2001 ABAG Lease Revenue Bonds

In fiscal year 2002, the City issued \$7,475,000 principal amount of ABAG Lease Revenue Bonds, Series 2001-2, (2001-2 Bonds), the proceeds of which were used to finance the cost of acquiring capital assets and to refund and retire various capital lease and certificates of participation obligations. This bifurcated Bond issue is repayable from governmental funds, the Equipment Management Internal Service Fund, the Sewer Enterprise Fund and the Water Enterprise Fund and as a result, the principal balance of the 2001-2 Bonds has been prorated and recorded in each of the above funds and activities. As of June 30, 2019, the portions of bonds repayable from the Equipment Management Internal Service Funds, the Sewer Enterprise Fund and the Water Enterprise Fund were paid off. The remaining balance payable from governmental funds is \$160,000.

Energy Efficiency Loan

In fiscal year 2014, the City issued a \$2,488,880 loan for the Energy Conservation Assistance Program, funded by the California Infrastructure and Economic Development Bank. The loan will finance an Energy Savings Project that consists of streetlight retrofitting. The loan bears interest at 1% and payments are to be made bi-annually on June 22 and December 22 of each year until 2023.

2014 Fire Station #7 and Wellness Center Private Placement Loan

The City entered into a loan agreement with Umpqua Bank in the amount of \$5,500,000 on August 1, 2014. Loan proceeds will be used to fund the design and construction of a Firehouse Wellness Clinic at Fire Station # 7. This loan bears interest of 2.84%. Principal and interest payments are payable semiannually on February 1 and August 1, commencing February 1, 2015 through maturity on August 1, 2029.

The loan agreement contains events of default that require the revenue of the City to be applied by the Trustee as specified in the terms of the agreement if any of the following conditions occur: default on debt service payments; the failure of the City to observe or perform the conditions, covenants, or agreement terms of the debt; bankruptcy filing by the City; or if any court or competent jurisdiction shall assume custody or control of the City.

Capital Lease Obligations

The City has entered into various capital lease agreements to acquire property, miscellaneous computer mainframe equipment, and various City vehicles. All of the lease agreements require annual payments.

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

6. LONG-TERM DEBT (Continued)

2013 Water Revenue Refunding Private Placement Loan

The City issued Water Revenue Refunding Bonds of \$7,245,000 on August 13, 2013, to defease the City's outstanding Public Financing Authority 1996 Revenue Bonds, and to refund 2001 Water System Improvement Project Certificates of Participation and 2004 Water System Improvement Project Certificates of Participation. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the statement of Net Position. The 2013 Water Revenue Refunding Bonds are secured by a pledge of net revenues of the water system. The Bonds bear interest at a rate per annum at 2.76%. Principal payments are payable May 1. Interest payments are payable semiannually on May 1 and November 1, commencing May 1, 2014 through maturity on May 1, 2025.

The pledge of future Water Fund Revenues ends upon repayment of the \$4.22 million in remaining debt service on the bonds which is scheduled to occur in fiscal year 2025. For fiscal year 2019, Water Fund Revenues including operating revenues, non-operating interest earnings and transfers in amounted to \$63.6 million and operating costs including operating expenses, but not interest, depreciation or amortizations amounted to \$45 million. Net Revenues available for debt service amounted to \$18.6 million, which represented coverage of 26.6 times over the \$701,992 in debt service.

The loan agreement contains events of default that require the revenue of the City to be applied by the Trustee as specified in the terms of the agreement if any of the following conditions occur: default on debt service payments; the failure of the City to observe or perform the conditions, covenants, or agreement terms of the debt; bankruptcy filing by the City; or if any court or competent jurisdiction shall assume custody or control of the City. The covenant also contains a subjective acceleration clause that allows the trustees or holders, who hold the majority of the aggregate principal amount of the notes, to accelerate payment of the entire principal amount outstanding and interest accrued to become immediately due if they determine that a material adverse change occurs.

Energy Efficiency Loan

In fiscal year 2011, the City was issued a \$2,450,000 loan from the Energy Conservation Assistance Program, issued by the California Infrastructure and Economic Development Bank. The loan will finance an Energy Savings Project that consists of 1 MW Tracking Photovoltaic System on the City's Water Pollution Control Facility. The loan bears interest at 3% and payments are to be made bi-annually on June 22 and December 22 of each year until 2025.

State Water Resources Control Board Loans

In June 2006, the City entered into a loan agreement with the State of California's State Water Resources Control Board for the purpose of financing the Wastewater System Improvement Project. Under the terms of the contract, the City agreed to repay \$54,550,018 to the State in exchange for receiving \$45,458,167 in proceeds used to fund the Project. The difference between the repayment obligation and proceeds amounts to \$9,091,852 upon issue and represents in-substance interest on the outstanding balance. As of June 30, 2019, the City's gross repayment obligation totaled \$27,277,116 and had a corresponding interest expense for \$2,520,539. The repayments of the loan are due annually on September 30, commencing September 30, 2009.

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

6. LONG-TERM DEBT (Continued)

In October 2018, the City entered into a loan agreement with the State of California's State Water Resources Control Board for the purpose of financing the Recycled Water Project. Under the terms of the contract, the City agreed to repay \$21,227,086 plus interest to the State in exchange for receiving \$27,058,436 in proceeds used to fund the project. The difference between the repayment obligation and proceeds represents a grant from the State on the outstanding balance. As of June 30, 2019, the City has drawn down \$11,032,208. As of June 30, 2019, the City's estimated gross repayment obligation totaled \$11,081,276 and had a corresponding interest expense for \$1,800,080. The loan bears interest at 1% and payments are due annually on January 31 of each year commencing in 2021 until 2050.

Debt Service Requirements

At June 30, 2019, annual debt service requirements to maturity for long-term debt, including interest payments, were as follows:

Year Ending June 30:	<u>Governmental Activities - 2015 Certificates of Participation</u>		<u>Governmental Activities - Direct Borrowings</u>	
	Principal	Interest	Principal	Interest
2020	\$2,905,000	\$2,519,813	\$2,866,005	\$542,808
2021	3,050,000	2,370,938	2,833,889	468,642
2022	3,205,000	2,214,563	2,608,850	400,865
2023	3,365,000	2,050,313	2,675,175	337,353
2024	3,530,000	1,877,938	2,607,079	272,090
2025 - 2029	19,960,000	7,190,515	8,222,319	493,427
2030 - 2034	23,445,000	3,579,068	292,835	6,316
2035	5,310,000	92,919		
Totals	64,770,000	<u>\$21,896,067</u>	22,106,152	<u>\$2,521,501</u>
Plus unamortized premium	4,790,777		637,595	
Total Long-term debt principal, net	<u>\$69,560,777</u>		<u>\$22,743,747</u>	

Year Ending June 30:	<u>Business-Type Activities Direct Borrowings</u>	
	Principal	Interest
2020	\$3,505,950	\$140,345
2021	3,850,151	229,101
2022	3,874,051	203,226
2023	3,903,157	176,733
2024	3,932,447	149,502
2025 - 2029	16,223,601	479,483
2030 - 2034	1,777,246	369,647
2035 - 2039	1,867,902	278,989
2040 - 2044	1,963,184	183,709
2045 - 2049	2,063,326	83,566
2050	425,126	4,251
Totals	<u>\$43,386,141</u>	<u>\$2,298,552</u>

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

6. LONG-TERM DEBT (Continued)

Defeased Bonds

As of June 30, 2019, outstanding balances for defeased debt were \$1,225,000 for the 2001 Water System Improvement Project Certificates of Participation and \$14,595,000 for the 2007 Refunding Certificates of Participation. The 2004 Water System Improvement Project Certificates of Participation, 1998 Sewer System Improvement Certificates of Participation, and 1996 Sewer System Improvement Certificates of Participation were fully defeased.

7. LEASING ARRANGEMENTS

Certificates of Participation, Lease Revenue Bonds and Capital Leases are issued for the purpose of financing the construction or acquisition of projects defined in each leasing arrangement. Projects are leased to the City for lease payments which, together with unspent proceeds of the leasing arrangement, will be sufficient to meet the debt service obligations of the leasing arrangement. At the termination of the leasing arrangement title to the project will pass to the City.

Leasing arrangements are similar to debt; they allow investors to participate in a share of guaranteed payments, which are made by the City. Because they are similar to debt, the present value of the total of the payments to be made by the City is recorded as long-term debt. The City's leasing arrangements are included in long term obligations discussed in the preceding note.

8. SPECIAL ASSESSMENT DEBT WITHOUT CITY COMMITMENT

The City has sponsored special assessment debt issues under which it has no legal or moral liability with respect to repayment of the debt and therefore does not include this debt in the City's Governmental Activity. A summary of such debt follows:

In June 1994 the Local Improvement District No. 16, Garin Avenue, issued Limited Obligation Improvement Bonds in the original principal amount of \$3,000,000 to finance construction of a water system within the District. Outstanding debt at June 30, 2019 was \$160,000.

In June 1999 the Local Improvement District No. 17, Twin Bridges Community Park, issued Limited Obligation Improvement Bonds in the original principal amount of \$396,014 to finance improvements within the District. Outstanding debt at June 30, 2019 was \$150,000.

In October 2013, the Community Facilities District No. 1, Eden Shores issued Special Tax Refunding Bonds, Series 2013, in the original principal amount of \$7,076,294 refunding the 2002 Special Tax Bonds. Outstanding debt for the 2013 Bonds at June 30, 2019 was \$5,561,643.

9. NET POSITION AND FUND BALANCES

Net Position – Net Position is the excess of all the City's assets and deferred outflows over all its liabilities and deferred inflows, regardless of fund. Net Position are divided into three captions. These captions apply only to Net Position, and are described below:

Net Investments in Capital Assets describes the portion of Net Position which is represented by the current net book value of the City's capital assets, less the outstanding balance of any debt issued to finance these assets and related deferred inflows.

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

9. NET POSITION AND FUND BALANCES (Continued)

Restricted describes the portion of Net Position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the City cannot unilaterally alter. These principally include the following:

Public Safety Activities – These Net Positions are restricted for activities pertaining to the rehabilitation or reconstruction of pavement, repair of or installation of new sidewalks, maintenance of or improvements to the City's streetlights and traffic signals, as well as other improvements to the City's infrastructure. Such projects primarily draw their funding from Special Revenue Programs operated by the City, including State Gasoline Tax, Alameda County Measure B, and various local, state and federal grants.

Public Works and Transportations Activities – These Net Positions are restricted for grants received by the City for the specific activities involving emergency response and responding to other emergency and other public safety calls for service from the community.

Planning and Buildings Activities – These Net Positions are restricted managing the development of Hayward in order to assure the economic and environmental health of the community, and to protect the health and safety of the community through building inspection, enforcement of codes and standards, and by providing new housing opportunities for residents of the City.

Economic Development Activities – These Net Positions are restricted by state law to housing redevelopment activities of the City of Hayward.

Debt Service Activities – These Net Positions are restricted for the use of debt service related activities.

Unrestricted describes the portion of Net Position which is not restricted as to use.

Fund balance – Governmental fund balances represent the net current assets of each fund. Net current assets generally represent a fund's cash and receivables, less its liabilities.

The City's fund balances are classified in accordance with Governmental Accounting Standards Board Statement Number 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*, which requires the City to classify its fund balances based on spending constraints imposed on the use of resources. Each category in the following hierarchy is ranked according to the degree of spending constraint:

Nonspendables represents balances set aside to indicate items do not represent available, spendable resources even though they are a component of assets. Fund balances required to be maintained intact, such as Permanent Funds, and assets not expected to be converted to cash, such as prepaids, notes receivable, and land held for redevelopment are included. However, if proceeds realized from the sale or collection of nonspendable assets are restricted, committed or assigned, then Nonspendable amounts are required to be presented as a component of the applicable category.

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

9. NET POSITION AND FUND BALANCES (Continued)

Restricted fund balances have external restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation which requires the resources to be used only for a specific purpose. Nonspendable amounts subject to restrictions are included along with spendable resources.

Committed fund balances have constraints imposed by formal action of the City Council which may be altered only by the resolutions of the City Council. Nonspendable amounts subject to council commitments are included along with spendable resources.

Assigned fund balances are amounts constrained by the City's intent to be used for a specific purpose, but are neither restricted nor committed. In accordance to the City's fund balance policy, intent is expressed by the City Council or its designee and may be changed at the discretion of the City Council. This category includes nonspendables, when it is the City's intent to use proceeds or collections for a specific purpose, and residual fund balances, if any, of Special Revenue, Capital Projects and Debt Service Funds which have not been restricted or committed.

Unassigned fund balance represents residual amounts that have not been restricted, committed, or assigned. This includes the residual general fund balance and residual fund deficits, if any, of other governmental funds.

Fund balance flow assumptions – Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Minimum Fund Balance Policies – The City's Budget and Fiscal Policy requires the City to strive to maintain a prudent level of financial resources to protect against reducing service levels or raising taxes and fees because of temporary revenue shortfalls or unpredicted one time expenditures. These resources also provide a first defense against deficit spending and help maintain liquidity when budgeted drawdowns are inevitable. The reserve may be used at the City Council's discretion to address temporary cash flow shortages, emergencies, unanticipated economic downturns, and one time opportunities. These resources are intended to provide flexibility to respond to unexpected opportunities that may help the City of Hayward achieve its goals. The use of these funds may also be tied to an adverse change in economic indicators to ensure that the funds are not depleted before an emergency arises.

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

9. NET POSITION AND FUND BALANCES (Continued)

It is the policy of the City of Hayward to establish and maintain adequate financial reserves in order to avoid the negative effects of economic cycles upon essential services to the public and to assure that annual fluctuations in revenue receipts do not impede the City's ability to meet its expenditure obligations.

During periods of economic sufficiency, these reserves shall be used as a source of supplemental revenue through prudent investments and earnings under policies of the City Council and for meeting short term cash flow deficiencies. During periods of economic downturns, when revenues fail to meet the normal operating requirements of essential public services, or when need for reserves temporarily exceeds receipts, these designations may, upon the recommendation of the City Manager and the authorization of the City Council, be used in accordance with the standards set forth herein.

Under GASB 54, such reserves are includable in Unassigned fund balance when the usage is predicated on general circumstances which are expected to routinely occur.

The General Fund Balances are detailed below and described along with the minimum balance target and purpose:

	Balance at June 30, 2019
Nonspendables:	
Items not in spendable form:	
Deposits, parts, supplies and other	\$6,067,818
Total Nonspendable Fund Balances	6,067,818
 Assigned:	
Capital projects	256,170
Measure C District sales tax	13,703,289
Total Assigned Fund Balances	13,959,459
 Unassigned:	
Designations:	
Liquidity	30,554,839
Total Unassigned Fund Balances	30,554,839
Total Fund Balances	\$50,582,116

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

9. NET POSITION AND FUND BALANCES (Continued)

- **Liquidity:** Minimum balance equal to greater of \$2.5 million or 5% of the annual general fund operating appropriations.

This reserve is to address short-term borrowing needs the City may encounter. Certain major revenues of the general fund are passed through other government agencies, state and county. The City cannot control the timing of when they make payments to the City.

- In October 2014 the Citizens of Hayward approved the Measure C District Sales Tax, a general tax. Fund balances related to this Measure have been assigned.

Deficit Fund Balances – As of June 30, 2019, the following funds had a deficit:

The Route 238 Corridor Improvement Capital Projects Fund reported a deficit of \$5,969,846 at June 30, 2019 due to expenditures related to Mission Blvd. Improvements. This deficit is expected to be eliminated with future revenues.

10. ACCRUED RECLAMATION COSTS

To comply with regulatory requirements imposed by the California Regional Water Quality Control Board and the Alameda County Department of Environmental Health, the City expects to incur reclamation costs associated with an abandoned 60 acre landfill site. Such costs represent placing an 18-inch vegetative cover over the landfill site as well as ongoing monitoring costs. Annually the City expects to incur \$125,000 in expenses related to reclamation costs for the site. These expenses will be funded by operating revenue of the Sewer Enterprise Fund. Reclamation payments totaled \$152,242 for the year ended June 30, 2019. Reclamation costs are accrued in the Sewer Enterprise Fund. Actual costs may be higher due to inflation, changes in technology, or changes in State or Federal regulations.

11. DEFERRED COMPENSATION PLAN

City employees may defer a portion of their compensation under a City sponsored Deferred Compensation Plan created in accordance with Internal Revenue Code Section 457. Under this plan, participants are not taxed on the deferred portion of their compensation until distributed to them. Distributions may be made only at termination, retirement, death, or in an emergency defined by the Plan.

The laws governing deferred compensation plan assets require plan assets to be held by a Trust for the exclusive benefit of plan participants and their beneficiaries. Since the assets held under these plans are not the City's property and are not subject to City control, they have been excluded from these financial statements.

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

12. PENSION PLANS

General Information about the Pension Plans

Plan Descriptions – All qualified permanent and probationary employees are eligible to participate in the City’s separate Safety (police and fire) and Miscellaneous (all other) Plans, agent multiple-employer defined benefit pension plans administered by the California Public Employees’ Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law. The Pension Reform Act of 2013 (PEPRA), Assembly Bill 340, is applicable to employees new to CalPERS and hired after December 31, 2012.

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

12. PENSION PLANS (Continued)

The Plans' provisions and benefits in effect at June 30, 2019, are summarized as follows:

	Miscellaneous	
	Classic Tier I	PEPRA
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2.5% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% - 2.50%	1.0% - 2.5%
Required employee contribution rates	8.00%	6.25%
Required employer contribution rates (A)	8.809%	8.809%

	Safety - Fire	
	Classic Tier I	PEPRA
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	3.0% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	50 - 57
Monthly benefits, as a % of eligible compensation	3.0%	2.0% - 2.7%
Required employee contribution rates	9.0%	9.75%
Required employer contribution rates (A)	17.721%	17.721%

	Safety - Police	
	Classic Tier I	PEPRA
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	3.0% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	50 - 57
Monthly benefits, as a % of eligible compensation	3.0%	2.0% - 2.7%
Required employee contribution rates	9.0%	12.00%
Required employer contribution rates (A)	22.112%	22.112%

(A) Rates represents blended combination rates

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

12. PENSION PLANS (Continued)

Employees Covered – The following employees were covered by the benefit terms for each Plan as of the most recent actuarial valuation date of June 30, 2017 and measurement date of June 30, 2018:

	<u>Miscellaneous</u>	<u>Safety-Fire</u>	<u>Safety - Police</u>
Inactive employees or beneficiaries currently receiving benefits	873	185	312
Inactive employees entitled to but not yet receiving benefits	659	23	74
Active employees	<u>519</u>	<u>112</u>	<u>189</u>
Total	<u><u>2,051</u></u>	<u><u>320</u></u>	<u><u>575</u></u>

Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Net Pension Liability

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plans and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

The City's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2018, using an annual actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

12. PENSION PLANS (Continued)

Actuarial Assumptions – For the measurement period ended June 30, 2018, the total pension liabilities were determined by rolling forward the June 30, 2017 total pension liability. The June 30, 2017 and June 30, 2018 total pension liabilities were based on the following actuarial methods and assumptions:

	All Plans
Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	3.0%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7.15% (1)
Mortality	Derived using CalPERS Membership Data for all Funds (2)
Post Retirement Benefit Increase	Contract COLA up to 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

(1) Net of pension plan investment expenses, including inflation

(2) The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of projected mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the CalPERS December 2017 experience study report based on CalPERS demographic data from 1997 to 2015 that can be found on the CalPERS website.

Change of Assumptions – For the measurement date of June 30, 2018, the inflation rate reduced from 2.75% to 2.50%.

Discount Rate – The discount rate used to measure the total pension liability for each Plan was 7.15%. The projection of cash flows used to determine the discount rate for each Plan assumed that contributions from all plan members in the Public Employees Retirement Fund (PERF) will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, each Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members for all plans in the PERF. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability for each Plan.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

12. PENSION PLANS (Continued)

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class (a)	New Strategic Allocation	Real Return Years 1 - 10(b)	Real Return Years 11+ (c)
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
Total	<u>100%</u>		

(a) In the CalPERS CAFR, Fixed Income is included in Global Debt Securities; Liquity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

(b) An expected inflation of 2.0% used for this period.

(c) An expected inflation of 2.92% used for this period.

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

12. PENSION PLANS (Continued)

Changes in the Net Pension Liability

The changes in the Net Pension Liability for each Plan follow:

Miscellaneous Plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2017	\$444,566,019	\$290,761,473	\$153,804,546
Changes in the year:			
Service cost	7,869,869		7,869,869
Interest on the total pension liability	31,188,964		31,188,964
Differences between actual and expected experience	2,372,377		2,372,377
Changes in assumptions	(2,819,842)		(2,819,842)
Plan to plan resource movement		(711)	711
Contribution - employer		10,774,004	(10,774,004)
Contribution - employee		4,511,187	(4,511,187)
Net investment income		24,576,008	(24,576,008)
Administrative expenses		(453,086)	453,086
Benefit payments, including refunds of employee contributions	(23,688,392)	(23,688,392)	
Other miscellaneous income/(expense)		(860,419)	860,419
Net changes	14,922,976	14,858,591	64,385
Balance at June 30, 2018	\$459,488,995	\$305,620,064	\$153,868,931

Safety - Fire Plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2017	\$289,699,765	\$179,482,100	\$110,217,665
Changes in the year:			
Service cost	4,895,549		4,895,549
Interest on the total pension liability	20,408,514		20,408,514
Differences between actual and expected experience	2,612,499		2,612,499
Changes in assumptions	(1,401,429)		(1,401,429)
Plan to plan resource movement		(437)	437
Contribution - employer		6,646,548	(6,646,548)
Contribution - employee		2,516,137	(2,516,137)
Net investment income		15,036,869	(15,036,869)
Administrative expenses		(279,683)	279,683
Benefit payments, including refunds of employee contributions	(15,849,714)	(15,849,714)	
Other miscellaneous income/(expense)		(531,122)	531,122
Net changes	10,665,419	7,538,598	3,126,821
Balance at June 30, 2018	\$300,365,184	\$187,020,698	\$113,344,486

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

12. PENSION PLANS (Continued)

Safety - Police Plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2017	\$380,946,802	\$230,086,936	\$150,859,866
Changes in the year:			
Service cost	8,436,727		8,436,727
Interest on the total pension liability	26,651,517		26,651,517
Differences between actual and expected experience	(1,105,506)		(1,105,506)
Changes in assumptions	(1,587,612)		(1,587,612)
Plan to plan resource movement		(567)	567
Contribution - employer		10,740,724	(10,740,724)
Contribution - employee		3,754,299	(3,754,299)
Net investment income		19,562,389	(19,562,389)
Administrative expenses		(358,539)	358,539
Benefit payments, including refunds of employee contributions	(19,447,095)	(19,447,095)	
Other miscellaneous income/(expense)		(680,871)	680,871
Net changes	12,948,031	13,570,340	(622,309)
Balance at June 30, 2018	\$393,894,833	\$243,657,276	\$150,237,557
Combined Total	\$1,153,749,012	\$736,298,038	\$417,450,974

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the City for each Plan, calculated using the discount rate for each Plan, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Miscellaneous	Safety-Fire	Safety-Police
1% Decrease	6.15%	6.15%	6.15%
Net Pension Liability	\$212,406,976	\$153,166,078	\$204,810,937
Current Discount Rate	7.15%	7.15%	7.15%
Net Pension Liability	\$153,868,931	\$113,344,486	\$150,237,557
1% Increase	8.15%	8.15%	8.15%
Net Pension Liability	\$105,337,946	\$80,562,293	\$105,651,455

Pension Plan Fiduciary Net Position – Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

12. PENSION PLANS (Continued)

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2019, the City recognized pension expense of \$38,139,582. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Miscellaneous Plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$12,013,423	
Differences between actual and expected experience	1,582,684	
Changes in assumptions	4,783,465	(\$1,775,456)
Net differences between projected and actual earnings on plan investments	806,672	
Total	<u>\$19,186,244</u>	<u>(\$1,775,456)</u>

Safety Plan - Fire:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$8,015,966	
Differences between actual and expected experience	4,483,972	(\$192,146)
Changes in assumptions	9,542,173	(1,906,769)
Net differences between projected and actual earnings on plan investments	639,611	
Total	<u>\$22,681,722</u>	<u>(\$2,098,915)</u>

Safety Plan - Police:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$4,186,057	
Differences between actual and expected experience	992,060	(\$2,654,452)
Changes in assumptions	10,400,561	(1,158,528)
Net differences between projected and actual earnings on plan investments	650,089	
Total	<u>\$16,228,767</u>	<u>(\$3,812,980)</u>
Combined total	<u>\$58,096,733</u>	<u>(\$7,687,351)</u>

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

12. PENSION PLANS (Continued)

\$9,639,240 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Miscellaneous Plan:

Year Ended June 30	Annual Amortization
2020	\$8,505,708
2021	736,140
2022	(3,010,845)
2023	(833,638)

Safety Plan - Fire:

Year Ended June 30	Annual Amortization
2020	\$6,309,048
2021	5,125,596
2022	1,406,396
2023	(274,199)

Safety Plan - Police:

Year Ended June 30	Annual Amortization
2020	\$7,996,660
2021	3,760,620
2022	(2,859,217)
2023	(668,333)

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

13. PUBLIC AGENCY RETIREMENT SYSTEM

The Omnibus Budget Reconciliation Act of 1990 (OBRA) mandates that public sector employees who are not members of their employer’s existing retirement system as of January 1, 1992 be covered by either Social Security or an alternative plan. Effective January 1, 1992, the City contracted with the Public Agency Retirement System (PARS), a defined contribution plan. This Plan covers part-time, seasonal and temporary employees and all employees not covered by another retirement system. All eligible employees covered by the Plan are fully vested. The benefits a participant will receive depend on contributions. Employer liabilities are limited to the amount of current contributions.

As approved by Council, PARS participants contribute 3.75% and the City contributes 3.75% of salary each pay period. Contributions made by an employee and the employer vest immediately. No forfeitures were noted during the current period.

For the fiscal year ending June 30, 2019, total contributions of \$18,543 were made based on a total amount of covered compensation of \$494,480.

14. OTHER POSTEMPLOYMENT BENEFITS

Provisions and Benefits

OPEB Healthcare The City participates in the California Employers' Retiree Benefit Trust (CERBT), an agent multiple-employer plan administered by CalPERS, consisting of an aggregation of single-employer plans.

By City Council resolution the City provides certain health care benefits for employees who retire directly from the City with at least five years of service with the City and who are vested in the California Public Employees Retirement System (CalPERS). The City participates in the CalPERS health care plan which is governed under the California Public Employees Health and Medical Care Act (PEMCHA). Required retiree medical plan contributions are also governed by PEMCHA for member agencies.

The City contributes up to a fixed dollar amount for retiree medical benefits, which varies by employee bargaining group and coverage level as governed by PEMCHA. Benefits continue for surviving spouses in amounts as required by PEMCHA. Should an eligible retiree opt out of the CalPERS medical plan, they will receive \$133 to \$136 per month in lieu of contributions to the CalPERS plan.

Employees Covered

Membership in the plan consisted of the following at June 30, 2017 (latest actuarial valuation date):

Active employees	806
Inactive employees or beneficiaries currently receiving benefit payments	597
Inactive employees entitled to but not yet receiving benefit payments	245
Total	1,648

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

14. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Net OPEB Liability

Actuarial Methods and Assumptions – The City’s net OPEB liability was measured as of June 30, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2017 that was rolled forward to determine the total OPEB liability, based on the following actuarial methods and assumptions:

	Actuarial Assumptions
Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	3.62%
Inflation	2.75%
Payroll Growth	3.0%
Investment Rate of Return	6.90%
Mortality Rate	Mortality rates used were those published by CalPERS, adjusted to back out 20 years of Scale BB to central year 2008.
Pre-Retirement Turnover	Must retire from PERS on or after age 65 with at least 10 years of service.
Healthcare	5% to 7.5%

- (1) The mortality table used was developed based on CalPERS’ specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to CalPERS 2008 experience study report available on CalPERS website.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Inflation Assets	5.0%	1.46%
Fixed Income	25.0%	2.62%
Global Equities	59.0%	5.98%
REITs	8.0%	5.00%
Commodities	3.0%	2.87%
Total	100.0%	

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

14. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Discount Rate – The discount rate used to measure the total OPEB liability was 3.62%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in Net OPEB Liability- The changes in the Net OPEB Liability follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (a) - (b)
Balance at June 30, 2017	\$110,838,175	\$4,149,975	\$106,688,200
Changes Recognized for the Measurement Period:			
Service Cost	4,054,275		4,054,275
Interest on the total OPEB liability	4,015,577		4,015,577
Changes in benefit terms			
Differences between expected and actual experience		338,237	(338,237)
Changes of assumptions	(1,014,291)		(1,014,291)
Contributions from the employer		5,190,672	(5,190,672)
Net investment income		(19,929)	19,929
Administrative expenses		(2,234)	2,234
Other expenses		(5,491)	5,491
Benefit payments	(4,190,672)	(4,190,672)	
Net changes	2,864,889	1,310,583	1,554,306
Balance at June 30, 2018 (Measurement Date)	\$113,703,064	\$5,460,558	\$108,242,506

Sensitivity of the Net OPEB Liability

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

Net OPEB Liability/(Asset)		
Discount Rate -1%	Discount Rate	Discount Rate +1%
(2.62 %)	(3.62%)	(4.62%)
\$127,220,738	\$108,242,506	\$93,298,345

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

Net OPEB Liability/(Asset)		
Healthcare Cost		
1% Decrease	Trend Rates	1% Increase
(6.5%)	(7.5%)	(8.5%)
\$93,185,211	\$108,242,506	\$132,076,499

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

14. OTHER POSTEMPLOYMENT BENEFITS (Continued)

OPEB Expenses and Deferred Outflows/Inflows of Resources Related to OPEB

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's OPEB Plan and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the California Employers' Retiree Benefit Trust (CERBT). For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

For the year ended June 30, 2019, the City recognized OPEB expense of \$5,675,050. At June 30, 2019, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Employer contributions made subsequent to the measurement date	\$6,374,161	
Changes of assumptions		(\$8,484,497)
Net differences between projected and actual earnings on plan investments		(58,126)
Total	<u>\$6,374,161</u>	<u>(\$8,542,623)</u>

\$6,374,161 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as part of OPEB expense as follows:

<u>Year Ended June 30</u>	<u>Annual Amortization</u>
2020	(\$2,064,290)
2021	(2,064,290)
2022	(2,064,292)
2023	(2,039,602)
2024	(298,452)
Thereafter	(11,697)

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

15. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; natural disasters. The City is self-insured for its general liability, workers' compensation, malpractice liability, and general and auto liability. The City has chosen to establish risk financing internal service funds where assets are set aside for claim settlements associated with the above risks of loss up to certain limits.

<u>Type of Coverage</u>	<u>Self Insurance</u>	<u>Coverage and Limits</u>
General Liability	\$0 - \$1,000,000 per occurrence	\$250,000- \$25,000,000
Workers' compensation	\$0 - statutory limits	None
Property	\$0 - \$500,000 per occurrence	\$250,000 - \$1,000,000,000
Cyber	\$0 - \$100,000 per occurrence	\$500,000 - \$25,000,000
Boiler and machinery	\$0 - \$350,000 per occurrence	\$2,000,000 - \$100,000,000
Airport	None	\$25,000 - \$50,000,000
Pollution	\$0- \$750,000 per pollution condition	\$500,000- \$25,000,000

Amounts in excess of the insured limits are self-insured.

In fiscal year 2004, the City did not renew its workers' compensation insurance coverage and instead elected to self-insure all workers' compensation claims.

The City is a member of the Exclusive Risk Management Authority of California (formally known as CA Risk Management Authority) JPA for general municipal liability insurance coverage.

Self-Insurance – The City records estimated liabilities for general liability claims filed or expected to be filed as part of the accrued liabilities in the General Liability Fund (internal service fund). Charges to the General Fund and other funds are determined from an analysis of self-insured claim costs and recorded as transfers from such funds to the General Liability Fund.

The City records estimated liabilities for workers' compensation claims filed or expected to be filed as part of the accrued liabilities in the Workers' Compensation Insurance Fund (internal service fund). Premiums are paid to the Insurance Fund by all other funds and are available to pay claims, claim reserves, and administrative costs of the program.

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

15. RISK MANAGEMENT (Continued)

Property damage risks are covered on an occurrence basis up to the deductibles listed above by commercial insurance, Driver Alliant Insurance Services Inc., purchased from independent third parties. All properties are insured at full replacement values. During the past three years there have been no significant reductions in any of the City's insurance coverage and no settlement amounts have exceeded insurance coverage.

The unpaid workers' compensation claims liabilities included in the Worker's Compensation Insurance Internal Service Fund are based on the results of an actuarial study and include amounts for claims incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts and other economic and social factors. In addition, the liability is discounted using an annual interest rate of 2%.

Changes in the balances of claims liabilities, including a provision for claims incurred but not reported, during the past two fiscal years are as follows:

	General Liability	Workers' Compensation	Totals, as of June 30	
			2019	2018
Balance, beginning of year	\$1,399,367	\$17,106,875	\$18,506,242	\$18,189,157
Current year claims and changes				
in estimates	3,933,239	4,968,859	8,902,098	(3,320,515)
Claims paid	(2,433,090)	(3,586,824)	(6,019,914)	3,637,600
Balance, end of year	<u>\$2,899,516</u>	<u>\$18,488,910</u>	<u>\$21,388,426</u>	<u>\$18,506,242</u>

GASB #10 requires the City to accrue a liability on its financial statements for the ultimate cost of claims and expenses associated with all reported and unreported claims, including allocated loss adjustment expense and unallocated loss adjustment expenses. GASB #10 does not prohibit the discounting of losses to recognize investment income. The City's estimated minimum liability at June 30, 2019 is \$21,388,426. This amount is net of the allowable adjustment to recognize investment income.

16. JOINT POWERS AGREEMENTS

In March 2013, agencies of Alameda County entered into a Joint Powers Agreement creating the Energy Council to further the efforts of the Alameda County Waste Management Authority (ACWMA) in efforts to seek funding, develop and implement sustainable energy initiatives that reduce energy demand, increase energy efficiency and advance the use of clean efficient and renewable resources in the region for the benefit of the member agencies. No debt, liability, or obligation of the Energy Council shall constitute a debt, liability of obligation of the City of Hayward pursuant to Government Code section 6508.1 and the terms of the agreement. The Energy Council shall be governed by the Board, consisting of one member from each governing body of each member agency. The financial activities for the Energy Council are not included in the accompanying financial statements as it is administered by a board separate from and independent of the City.

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

16. JOINT POWERS AGREEMENTS (Continued)

The East Bay Dischargers Authority (“EBDA”) was established in 1974 under the Joint Exercise of Powers Act of the State of California by the Cities of Hayward and San Leandro, and the Ora Loma, Castro Valley, and Union Sanitary Districts for the purpose of planning, acquiring, constructing, managing and operating common use and individual wastewater treatment and disposal facilities for the member agencies. The governing body of EBDA consists of five members, one appointed by each of the member agencies. The City exercises a weighted vote of 20.7% of the total vote. As a separate legal entity, EBDA exercises full powers and authorities within the scope of the Joint Powers Agreement. Obligations and liabilities of EBDA are not those of the member agencies.

The financial activities for EBDA are not included in the accompanying financial statements as it is administered by a board separate from and independent of the City. Transactions with and the investment in the joint powers agency are accounted for as follows:

- a) Payments related to the services which the City received during fiscal year 2019 amounted to \$836,269 and are recorded as materials, supplies and services expenses.
- b) Payments related to the City’s long-term investment in the joint powers agency, for which the City has the ability to exercise significant influence over operating and financial policies, are recorded as an investment in the East Bay Dischargers Authority under the equity method. The City’s equity approximates one-third of the total net position of EBDA and amounts to \$10,262,420 at June 30, 2019.

The investment in East Bay Dischargers Authority is valued as of June 30, 2019, the latest date for which financial information is available.

Summary financial information as of and for the year ended June 30, 2019 (the most recent audited financial information available) for EBDA’s common use operations was as follows:

Assets	
Current	\$4,515,791
Capital assets - net	28,818,876
Total Assets	33,334,667
Deferred outflow of resources	275,268
Total	\$33,609,935
Liabilities	\$2,731,918
Deferred inflow of resources	90,756
Net Position	30,787,261
Total	\$33,609,935
Revenues	\$4,304,731
Expenses	(4,718,103)
Non-operating revenues	79,235
Change in Net Position	(\$334,137)

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

17. COMMITMENTS AND CONTINGENCIES

Litigation

The City is a defendant in several lawsuits arising from its normal operations. City management is of the opinion that the potential claims against the City not covered by insurance resulting from such litigation would not materially affect the basic financial statements of the City.

Bay Area Water Supply and Conservation Agency Revenue Bonds Surcharge

The City contracts with the City and County of San Francisco for the purchase of water from the Hetch Hetchy System operated by the San Francisco Public Utilities Commission (SFPUC). The City is also a member of the Bay Area Water Supply and Conservation Agency (BAWSCA) which represents the interests of all the 24 cities and water districts, as well as two private utilities, that purchase wholesale water from the SFPUC.

In 2009 the City entered into a new 25-year agreement with the SFPUC. One of the ways that the new agreement differs from the old is in how facilities constructed by the SFPUC that benefit the regional customers are treated from a rate and financial perspective. Under the old agreement, facilities were built, capitalized, and added to the rate base with a rate of return (interest), and then paid for over their useful lives through wholesale rates. Under the new agreement, the SFPUC issues revenue bonds and the debt service (which also includes an interest component) is paid for through rates over the life of the bonds.

During the transition from the old to the new contracts, one of the issues addressed was how to deal with the \$370 million in assets that were still being paid for by the wholesale customers under the old agreement. The assets were transferred to the new agreement, assigned a life with an agreed upon rate of return of 5.13%. Also negotiated was a provision to allow the wholesale customers to prepay any remaining existing assets' unpaid principal balance without penalty or premium. This prepayment was executed through the issuance of bonds by BAWSCA which provide a better interest rate given the favorable rate environment.

BAWSCA issued Revenue Bonds in the principal amount of \$335,780,000 in January 2013 to prepay the capital cost recovery payment obligation and fund a stabilization fund. The Bonds mature in October 2034 and are secured by surcharges to the monthly water purchase charges imposed upon the participating members. The Bonds are not a debt obligation of any member, and BAWSCA's failure to pay its Bonds would not constitute a default by any participating member.

Should any participating member fail to pay its share, BAWSCA will rely on the stabilization fund and will pursue all legal remedies to collect the shortfall from the delinquent member. In the interim, other participating members may have their portion adjusted to insure the continued payment of the debt service surcharge.

The risk of bearing the debt service expense of a defaulting member is not significantly different than the risk each member assumes currently for fluctuations in water purchase charges. Under the Bond indenture, BAWSCA maintains a stabilization fund. If surcharge revenues collected are less than needed (due to a member's failure to pay timely), BAWSCA uses the stabilization fund to fund the debt service deficiency, and increases the surcharge in the subsequent year to make up for the prior year shortfall and reimburse the stabilization fund account. Also, given that each participating agency's governing body adopted a Resolution to participate in the Bond issue, Management believes that default is generally very unlikely.

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

17. COMMITMENTS AND CONTINGENCIES (Continued)

The annual debt service surcharges are a fixed amount for each participant and are calculated by taking the subsequent fiscal year's debt service, multiplied by each participant's actual water purchase as a percent of total wholesale customer water purchases from the prior fiscal year. One-twelfth of the annual surcharge is included in the monthly bill from SFPUC. Because each participant's share of the debt service surcharge is proportional to the amount of water purchased during the prior fiscal year, the City's share of the debt service will fluctuate from year to year.

The City paid its surcharge of \$2,878,824 during fiscal year 2019, which is included as a component of purchased water expenses in the Water Enterprise Fund. The surcharge for fiscal year 2020 is estimated to be \$2,850,780.

18. CONDUIT DEBT WITHOUT CITY COMMITMENT

On March 26, 1998, the City assisted in the issuance of \$9,500,000 in Variable Rate Demand Multifamily Housing Revenue Bonds, Series 1998A for the purpose of providing funds to make a loan to Santa Clara Associates, LLC to provide permanent financing for a multifamily rental housing project known as the Timbers Apartments Project. Interest on the bonds is payable monthly commencing April 1, 1998. Principal on the Bonds is due March 1, 2023. The City has no legal or moral commitment for the repayment of these bonds.

On August 15, 2001, the City sponsored the issuance of the City of Hayward Variable Rate Demand Multifamily Housing Revenue Bonds (Lord Tennyson Apartments), 2001 Series A which were issued in the aggregate principal amount of \$6,450,000 to assist a developer in financing the acquisition and rehabilitation of a 96-unit multifamily complex located in Hayward. Repayments for the loan are required to be made by the developer. The City has no legal or moral liability with respect to the payment of this debt.

On January 6, 2004 the City sponsored the issuance of the second supplement of the 1984A City of Hayward Variable Rate Demand Multifamily Housing Revenue Bonds, (Shorewood Apartment Project) which were issued in the aggregate principal amount of \$33,100,000 to refinance prior bonds used to finance the acquisition and construction of a 544-unit multifamily rental housing complex. Repayments for the loan are required to be made by the developer. The City has no legal or moral liability with respect to the payment of this debt.

On April 1, 2005, the City sponsored the issuance of City of Hayward Multifamily Housing Revenue Bonds (Lord Tennyson Apartments) 2005 Series A and 2005 Series A-T which were issued in the aggregate principal amount of \$14,625,000 to finance the acquisition, rehabilitation and development of multifamily rental housing facilities. The City has no legal or moral liability with respect to the payment of this debt.

On October 1, 2005, the City sponsored the issuance of City of Hayward Multifamily Housing Revenue Bonds (Las Casitas of Hayward) 2005 Series A which were issued in the aggregate principal amount of \$6,325,000 to finance the acquisition, rehabilitation and development of multifamily rental housing facilities. The City has no legal or moral liability with respect to the payment of this debt.

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

18. CONDUIT DEBT WITHOUT CITY COMMITMENT (Continued)

On November 28, 2006, the City sponsored the issuance of Multi-Family Housing Revenue Bonds (Saklan Family Housing Development) 2006 Series A which were issued in the aggregate principal amount of \$14,000,000 to assist in the construction and development 78-unit Saklan Family Housing project. The City has no legal or moral liability with respect to the payment of this debt.

On November 10, 2014, the City sponsored the issuance of City of Hayward Multifamily Housing Revenue Bonds (South Hayward BART Family and Senior Affordable Apartments) 2014 Series A which were issued in the aggregate principal amount of \$32,261,046 to assist in the acquisition and construction of a 150-unit multifamily rental housing facility. The City has no legal or moral liability with respect to the payment of this debt.

19. REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES

Redevelopment Dissolution

Effective January 31, 2012, the Redevelopment Agency was dissolved. Certain assets of the Redevelopment Agency Low and Moderate Income Housing Fund were distributed to a Housing Successor; and all remaining Redevelopment Agency assets and liabilities were distributed to a Successor Agency.

Under the provisions of AB 1484, the City can elect to become the Housing Successor and retain the housing assets. The City initially declined to become the Housing Successor, however after other agencies refused to assume the responsibility, the City elected to become the temporary Housing Successor and on February 1, 2012, certain housing assets were transferred to the City's Housing Authority Capital Projects Fund.

The City also elected to become the Successor Agency and on February 1, 2012 the Redevelopment Agency's remaining assets were distributed to and liabilities were assumed by the Successor Agency. ABx1 26 requires the establishment of an Oversight Board to oversee the activities of the Successor Agency and one was established on April 30, 2012. The activities of the Successor Agency are subject to review and approval of the Oversight Board, which is comprised of seven members, including one member of City Council and one former Redevelopment Agency employee appointed by the Mayor.

The activities of the Housing Successor are reported in the Housing Authority Capital Projects Fund as the City has control of those assets, which may be used in accordance with the low and moderate income housing provisions of California Redevelopment Law.

The activities of the Successor Agency are reported in the Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund as the activities are under the control of the Oversight Board. The City provides administrative services to the Successor Agency to wind down the affairs of the former Redevelopment Agency.

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

19. REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (Continued)

Cash and Investments

The Successor Agency pools cash from all sources and all funds with the City so that it can be invested at the maximum yield, consistent with safety and liquidity, while individual funds can make expenditures at any time. The details of the City's investment pool can be found in the Note 2.

Restricted cash and investments may be used only for activities authorized by the bond indentures of the Successor Agency's Bonds.

Capital Assets

The Successor Agency assumed the capital assets of the former Redevelopment Agency as of February 1, 2012.

Capital Assets are valued at historical cost or estimated historical cost if actual historical cost was not available. Donated capital assets are valued at their acquisition values. City policy has set the capitalization threshold for reporting capital assets at \$5,000. Depreciation is recorded on a straight-line basis over estimated useful lives of the assets as follows.

Buildings and improvements	10 - 50 years
Improvements other than Buildings	15 years
Machinery and equipment	7 - 50 years

The Successor Agency has recorded all its public domain (infrastructure) capital assets, which include landscape, storm, street, and traffic systems.

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

19. REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (Continued)

Capital Asset Additions, Retirements, and Balances

	Balance June 30, 2018	Additions	Balance June 30, 2019
Capital assets not being depreciated:			
Land	\$4,430,516		\$4,430,516
Total capital asset not being depreciated	<u>4,430,516</u>		<u>4,430,516</u>
Capital assets being depreciated:			
Buildings and improvements	14,135,897		14,135,897
Improvements other than buildings			
Machinery and equipment	9,575		9,575
Total capital asset being depreciated	<u>14,145,472</u>		<u>14,145,472</u>
Less accumulated depreciation for:			
Buildings and improvements	3,706,035	\$314,131	4,020,166
Improvements other than buildings			
Machinery and equipment	9,575		9,575
Total accumulated depreciation	<u>3,715,610</u>	<u>314,131</u>	<u>4,029,741</u>
Net depreciable assets	<u>10,429,862</u>	<u>(314,131)</u>	<u>10,115,731</u>
Private purpose trust fund assets, net	<u>\$14,860,378</u>	<u>(\$314,131)</u>	<u>\$14,546,247</u>

Loans Receivable

The Successor Agencies assumed the notes and loans receivable of the former Redevelopment Agency as of February 1, 2012. The balance of the notes receivable assumed by the Successor Agency at June 30, 2019 was \$24,561,963 recorded in the Successor Agency to the Redevelopment Agency Private-Purpose Trust, consisting of rehabilitation and construction loans.

Elementary School and Public Improvements (Cannery/Burbank Project) – Pursuant to an agreement between the former Redevelopment Agency, City, the Hayward Area Park and Recreation District (HARD), and the Hayward Unified School District, the City has agreed to construct and the former Redevelopment Agency has agreed to pay for the design and construction of a new elementary school to be located on a site composed of parcels owned by or to be acquired by the former Redevelopment Agency. The project was completed during the year ended June 30, 2009 for a total cost of \$35,944,664. The site and improvements have been conveyed to the School District in exchange for a portion of land owned by the School District (the old school site).

The former Redevelopment Agency also agreed to deconstruct the old school site, and finance the cost of certain infrastructure improvements to the adjacent Cannery Park, which will be jointly used by the HARD, Park District and the School District. This infrastructure project was completed during the year ended June 30, 2009 for a total cost of \$6,813,260. The site and improvements have been conveyed to the HARD.

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

19. REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (Continued)

Receivables – To partially compensate the former Redevelopment Agency for the above design and construction costs and repay the advances, the School District, HARD and the City have agreed to assign certain school development fees and park-in-lieu fees to the former Redevelopment Agency. In addition, the School District has agreed that the former Redevelopment Agency may retain pass-through payments due the School District pursuant to the Health and Safety Code, as partial compensation for the above costs. The remaining unreimbursed costs are recorded in a schedule of changes in the loan receivable balance for the year ended June 30, 2019.

	School Project	Cannery Park	Cinema Place	Retail Attraction	Total
Balance at June 30, 2018	\$19,259,659	\$3,491,901	\$275,624	\$1,542,502	\$24,569,686
Less: Loan Payments				7,723	7,723
Balance at June 30, 2019	\$19,259,659	\$3,491,901	\$275,624	\$1,534,779	\$24,561,963

Loans Payable

The Successor Agencies assumed the notes and loans payable of the former Redevelopment Agency as of February 1, 2012. The balance of the loans payable assumed by the Successor Agency at June 30, 2019 was \$9,939,979 recorded in the Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund. The loans were as follows:

	Advances to Private Purpose Trust Fund	Advances From City
General Fund	\$6,036,442	
Housing Authority Special Revenue Fund	3,876,516	
Internal Service Funds	27,021	
Successor Agency Private Purpose Trust Fund		\$9,939,979
Total	\$9,939,979	\$9,939,979

Funds were advanced from the City to the former Redevelopment Agency under an Amended Repayment Agreement whereby the Agency has agreed to reimburse the City a portion of project costs for the B Street/Watkins/Mission Garage and B Street Retail and Civic Center Plaza not to exceed \$11,186,217.

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

19. REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (Continued)

Under the Dissolution Act, certain agreements between Cities and redevelopment agencies no longer qualify as enforceable obligations. However, with the passage of AB 1484 on June 28, 2012, upon meeting certain requirements including the issuance of a finding of completion by the State Department of Finance and approval from the Oversight Board, this loan was restored at LAIF rates from inception. The amounts above reflect only the principal portion of the loan. As a result of the State Controller's Office Asset Transfer Review, completed in 2014, a loan repayment made by the Successor Agency to the City's General Fund in March 2011 of \$2.22 million was disallowed. Additional repayments of \$1,041,075 by the Successor Agency to the City's Water Enterprise Fund and \$831,877 by the Successor Agency to the City's Sewer Enterprise Fund were also disallowed. These balances are reflected in the table above. In late November 30, 2018 the California State Supreme Court granted the Petition Writ of Mandate in the City's favor which confirms that the \$2.22 million obligation due the General Fund would be recognized and repaid by the State Department of Finance.

Long-Term Debt

The Successor Agency assumed the long-term debt of the Redevelopment Agency as of February 2012. The Successor Agency's debt issues and transactions are summarized below and discussed in detail thereafter.

Type of Obligation	Authorized and Issued	Balance at June 30, 2018	Retirements	Balance at June 30, 2019	Current Portion
Tax Allocation Bonds, 2016 Refunding Redevelopment Agency due 3/1/2036, interest at 2.0%-5.0%	\$35,270,000	\$31,550,000	\$1,735,000	\$29,815,000	\$1,805,000
Add: Original Issue Premium		3,312,151	184,008	3,128,143	
Total	<u>\$35,270,000</u>	<u>\$34,862,151</u>	<u>\$1,919,008</u>	<u>\$32,943,143</u>	<u>\$1,805,000</u>

At June 30, 2019, future debt service requirement for the Successor Agency were as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2020	\$1,805,000	\$1,417,450
2021	1,880,000	1,344,550
2022	1,975,000	1,254,250
2023	2,070,000	1,154,375
2024	2,180,000	1,049,625
2025 - 2029	11,580,000	3,501,375
2030 - 2034	5,580,000	1,342,000
2035 - 2036	2,745,000	143,075
Totals	29,815,000	<u>\$11,206,700</u>
Plus unamortized premium	3,128,143	
Total Long-term debt principal, net	<u>\$32,943,143</u>	

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

19. REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (Continued)

2016 Tax Allocation Refunding Bonds

On November 29, 2016, the Successor Agency issued 2016 Tax Allocation Refunding Bonds in the amount of \$35,270,000. The proceeds of the Bonds were used to refund the 2004 Tax Allocation Bonds and 2006 Tax Allocation Bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the statement of Net Position. The Bonds are payable in annual installments as indicated below until maturity on March 1, 2036. Interest is paid semiannually on March 1 and September 1, with rates ranging from 2.0% to 5.0% per annum.

The bond covenant contains events of default that require the revenue of the City to be applied by the Trustee as specified in the terms of the agreement if any of the following conditions occur: default on debt service payments; the failure of the City to observe or perform the conditions, covenants, or agreement terms of the debt; bankruptcy filing by the City; or if any court or competent jurisdiction shall assume custody or control of the City. The covenant also contains a subjective acceleration clause that allows the trustees or holders, who hold the majority of the aggregate principal amount of the bonds, to accelerate payment of the entire principal amount outstanding and interest accrued to become immediately due if they determine that a material adverse change occurs.

With the dissolution of the Redevelopment Agency discussed above, Tax Increment is no longer distributed and housing set-aside amounts are no longer required, and instead the Successor Agency receives payments from the County's Redevelopment Property Tax Trust Fund (RPTTF) that are to be used to fund debt service on the Bonds, with no distinction between housing and non-housing revenues. The Successor Agency only receives the funds necessary to fulfill its approved obligations. In fiscal year 2019, total tax increment calculated and available for distribution by the County Auditor-Controller was \$4,109,694, and the total received by the Successor Agency was \$4,109,694. The taxes available for distribution covered 78% of the \$3,222,550 of debt service.

Commitments and Contingencies

State Approval of Enforceable Obligations – Successor Agency

The Successor Agency prepares a Recognized Obligation Payment Schedule (ROPS) semi-annually that contains all proposed expenditures for the subsequent six-month period. The ROPS is subject to the review and approval of the Oversight Board as well as the State Department of Finance. Although the State Department of Finance may not question items included on the ROPS in one period, they may question the same items in a future period and disallow associated activities. The amount, if any, of current obligations that may be denied by the State Department of Finance cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF HAYWARD
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
Miscellaneous Plan - Agent Multiple-Employer Defined Pension Plan
Last 10 Years*

Measurement Date	6/30/2014	6/30/2015
Total Pension Liability		
Service Cost	\$6,288,587	\$5,922,880
Interest	27,661,985	28,504,068
Differences between expected and actual experience		(3,128,990)
Changes in assumptions		(6,628,461)
Changes in benefits		
Benefit payments, including refunds of employee contributions	<u>(19,351,565)</u>	<u>(21,117,520)</u>
Net change in total pension liability	14,599,007	3,551,977
Total pension liability - beginning	<u>375,357,954</u>	<u>389,956,961</u>
Total pension liability - ending (a)	<u><u>\$389,956,961</u></u>	<u><u>\$393,508,938</u></u>
Plan fiduciary net position		
Contributions - employer	\$7,412,951	\$8,397,492
Contributions - employee	3,116,188	3,176,411
Net investment income	42,388,729	6,280,326
Benefit payments, including refunds of employee contributions	(19,351,565)	(21,117,520)
Plan to Plan Resource Movement		2,005
Administrative Expense		(311,784)
Other miscellaneous income/(expense)		
Net change in plan fiduciary net position	33,566,303	(3,573,070)
Plan fiduciary net position - beginning	<u>247,040,337</u>	<u>280,606,640</u>
Plan fiduciary net position - ending (b)	<u><u>\$280,606,640</u></u>	<u><u>\$277,033,570</u></u>
Net pension liability - ending (a)-(b)	<u><u>\$109,350,321</u></u>	<u><u>\$116,475,368</u></u>
Plan fiduciary net position as a percentage of the total pension liability	71.96%	70.40%
Covered payroll	\$37,254,645	\$37,577,455
Net pension liability as percentage of covered payroll	293.52%	309.96%

Notes to Schedule:

Benefit changes. The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2016 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes in assumptions. In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016 and 2018, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

* Fiscal year 2015 was the 1st year of implementation, therefore only five years are shown.

Source: CalPERS Accounting Valuation - GASB 68

<u>6/30/2016</u>	<u>6/30/2017</u>	<u>6/30/2018</u>
\$6,147,333	\$7,504,688	\$7,869,869
29,369,393	30,173,942	31,188,964
(1,584,352)	444,821	2,372,377
	23,917,327	(2,819,842)
<u>(22,169,235)</u>	<u>(22,746,836)</u>	<u>(23,688,392)</u>
11,763,139	39,293,942	14,922,976
<u>393,508,938</u>	<u>405,272,077</u>	<u>444,566,019</u>
<u><u>\$405,272,077</u></u>	<u><u>\$444,566,019</u></u>	<u><u>\$459,488,995</u></u>
\$9,973,051	\$11,093,282	\$10,774,004
3,159,686	3,799,837	4,511,187
1,454,000	29,788,614	24,576,008
(22,169,235)	(22,746,836)	(23,688,392)
(11,393)	(46,705)	(711)
(168,838)	(397,560)	(453,086)
		(860,419)
<u>(7,762,729)</u>	<u>21,490,632</u>	<u>14,858,591</u>
<u>277,033,570</u>	<u>269,270,841</u>	<u>290,761,473</u>
<u><u>\$269,270,841</u></u>	<u><u>\$290,761,473</u></u>	<u><u>\$305,620,064</u></u>
<u><u>\$136,001,236</u></u>	<u><u>\$153,804,546</u></u>	<u><u>\$153,868,931</u></u>
66.44%	65.40%	66.51%
\$37,278,957	\$39,325,308	\$43,553,412
364.82%	391.11%	353.29%

CITY OF HAYWARD
SCHEDULE OF CONTRIBUTIONS
Miscellaneous Plan - Agent Multiple-Employer Defined Pension Plan
Last 10 Years*

Fiscal Year Ended June 30	2015	2016
Actuarially determined contribution	\$8,401,478	\$10,026,685
Contributions in relation to the actuarially determined contributions	8,401,478	10,026,685
Contribution deficiency (excess)	\$0	\$0
Covered payroll	\$37,577,455	\$37,278,957
Contributions as a percentage of covered payroll	22.36%	26.90%

Notes to Schedule

Valuation date:	6/30/2013	6/30/2014
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Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll
Remaining amortization period	15 Years as of the Valuation Date
Asset valuation method	15 Year Smoothed Market
Inflation	2.75%
Salary increases	3.30% to 14.20% depending on Age, Service, and type of employment.
Investment rate of return	7.50% for 2015 to 2018, 7.15% for 2019, net of pension plan investment expense, including inflation.
Retirement age	The probabilities of Retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

* - Fiscal year 2015 was the 1st year of implementation, therefore only five years are shown.

Source: City of Hayward's general ledger and CalPERS Actuarial Valuation

<u>2017</u>	<u>2018</u>	<u>2019</u>
\$11,092,052	\$10,776,908	\$12,013,423
<u>11,092,052</u>	<u>10,776,908</u>	<u>12,013,423</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$39,325,308	\$43,553,412	\$42,884,033
28.21%	24.74%	28.01%
6/30/2015	6/30/2016	6/30/2017

CITY OF HAYWARD
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
Safety - Fire Plan - Agent Multiple-Employer Defined Pension Plan
Last 10 Years*

Measurement Date	6/30/2014	6/30/2015
Total Pension Liability		
Service Cost	\$4,037,733	\$3,887,900
Interest	17,319,964	18,049,868
Differences between expected and actual experience		763,164
Changes in assumptions		(4,308,430)
Changes in benefits		
Benefit payments, including refunds of employee contributions	(12,054,664)	(13,394,096)
Net change in total pension liability	9,303,033	4,998,406
Total pension liability - beginning	234,941,316	244,244,349
Total pension liability - ending (a)	\$244,244,349	\$249,242,755
Plan fiduciary net position		
Contributions - employer	\$4,128,191	\$4,969,514
Contributions - employee	2,212,037	2,383,255
Net investment income	26,481,168	3,918,637
Benefit payments, including refunds of employee contributions	(12,054,664)	(13,394,096)
Plan to Plan Resource Movement		
Administrative Expense		(193,742)
Other miscellaneous income/(expense)		
Net change in plan fiduciary net position	20,766,732	(2,316,432)
Plan fiduciary net position - beginning	153,701,396	174,468,128
Plan fiduciary net position - ending (b)	\$174,468,128	\$172,151,696
Net pension liability - ending (a)-(b)	\$69,776,221	\$77,091,059
Plan fiduciary net position as a percentage of the total pension liability	71.43%	69.07%
Covered payroll	\$14,894,224	\$15,304,881
Net pension liability as percentage of covered payroll	468.48%	503.70%

Notes to Schedule:

Benefit changes. The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2016 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes in assumptions. In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016 and 2018, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

* Fiscal year 2015 was the 1st year of implementation, therefore only five years are shown.

Source: CalPERS Accounting Valuation - GASB 68

<u>6/30/2016</u>	<u>6/30/2017</u>	<u>6/30/2018</u>
\$4,145,914	\$5,098,972	\$4,895,549
19,111,623	19,657,506	20,408,514
5,499,415	(324,662)	2,612,499
	16,122,983	(1,401,429)
<u>(13,979,969)</u>	<u>(14,874,772)</u>	<u>(15,849,714)</u>
14,776,983	25,680,027	10,665,419
<u>249,242,755</u>	<u>264,019,738</u>	<u>289,699,765</u>
<u>\$264,019,738</u>	<u>\$289,699,765</u>	<u>\$300,365,184</u>
\$5,795,308	\$6,378,762	\$6,646,548
2,527,042	2,544,269	2,516,137
802,917	18,488,612	15,036,869
(13,979,969)	(14,874,772)	(15,849,714)
		(437)
(104,917)	(246,848)	(279,683)
		<u>(531,122)</u>
<u>(4,959,619)</u>	<u>12,290,023</u>	<u>7,538,598</u>
172,151,696	167,192,077	179,482,100
<u>\$167,192,077</u>	<u>\$179,482,100</u>	<u>\$187,020,698</u>
<u>\$96,827,661</u>	<u>\$110,217,665</u>	<u>\$113,344,486</u>
63.33%	61.95%	62.26%
\$15,425,723	\$16,579,674	\$17,977,548
627.70%	664.78%	630.48%

CITY OF HAYWARD
SCHEDULE OF CONTRIBUTIONS
Safety - Fire Plan - Agent Multiple-Employer Defined Pension Plan
Last 10 Years*

Fiscal Year Ended June 30	2015	2016
Actuarially determined contribution	\$4,879,642	\$5,789,172
Contributions in relation to the actuarially determined contributions	4,879,642	5,789,172
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>
Covered payroll	\$15,304,881	\$15,425,723
Contributions as a percentage of covered payroll	31.88%	37.53%

Notes to Schedule

Valuation date: 6/30/2013 6/30/2014

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll
Remaining amortization period	27 Years as of the Valuation Date
Asset valuation method	15 Year Smoothed Market
Inflation	2.75%
Salary increases	3.30% to 14.20% depending on Age, Service, and type of employment.
Investment rate of return	7.50% for 2015 to 2018 and 7.15% for 2019, net of pension plan investment expense, including inflation.
Retirement age	The probabilities of Retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

*- Fiscal year 2015 was the 1st year of implementation, therefore only five years are shown.

Source: City of Hayward's general ledger and CalPERS Actuarial Valuation

<u>2017</u>	<u>2018</u>	<u>2019</u>
\$6,383,503	\$6,646,548	\$8,015,966
6,383,503	6,646,548	8,015,966
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$16,579,674	\$17,977,548	\$19,202,305
38.50%	36.97%	41.74%
6/30/2015	6/30/2016	6/30/2017

CITY OF HAYWARD
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
Safety - Police Plan - Agent Multiple-Employer Defined Pension Plan
Last 10 Years*

Measurement Date	6/30/2014	6/30/2015
Total Pension Liability		
Service Cost	\$6,810,663	\$6,454,659
Interest	22,705,717	23,663,122
Differences between expected and actual experience		(823,804)
Changes in assumptions		(5,929,992)
Changes in benefits		
Benefit payments, including refunds of employee contributions	(15,228,912)	(16,782,338)
Net change in total pension liability	14,287,468	6,581,647
Total pension liability - beginning	306,952,014	321,239,482
Total pension liability - ending (a)	\$321,239,482	\$327,821,129
Plan fiduciary net position		
Contributions - employer	\$5,781,918	\$7,594,532
Contributions - employee	3,731,615	3,296,967
Net investment income	32,686,768	4,819,953
Benefit payments, including refunds of employee contributions	(15,228,912)	(16,782,338)
Net Plan to Plan Resource Movement		
Administrative Expense		(241,860)
Other miscellaneous income/(expense)		
Net change in plan fiduciary net position	26,971,389	(1,312,746)
Plan fiduciary net position - beginning	189,244,302	216,215,691
Plan fiduciary net position - ending (b)	\$216,215,691	\$214,902,945
Net pension liability - ending (a)-(b)	\$105,023,791	\$112,918,184
Plan fiduciary net position as a percentage of the total pension liability	67.31%	65.55%
Covered payroll	\$21,359,362	\$22,033,138
Net pension liability as percentage of covered payroll	491.70%	512.49%

Notes to Schedule:

Benefit changes. The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2016. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes in assumptions. In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016 and 2018, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

* Fiscal year 2015 was the 1st year of implementation, therefore only five years are shown.

Source: CalPERS Accounting Valuation - GASB 68

<u>6/30/2016</u>	<u>6/30/2017</u>	<u>6/30/2018</u>
\$6,807,555	\$8,055,656	\$8,436,727
25,023,071	25,738,287	26,651,517
4,712,282	(3,900,767)	(1,105,506)
	21,956,739	(1,587,612)
<u>(17,676,444)</u>	<u>(17,590,706)</u>	<u>(19,447,095)</u>
18,866,464	34,259,209	12,948,031
<u>327,821,129</u>	<u>346,687,593</u>	<u>380,946,802</u>
<u>\$346,687,593</u>	<u>\$380,946,802</u>	<u>\$393,894,833</u>
\$8,594,361	\$10,508,222	\$10,740,724
3,666,124	3,782,992	3,754,299
1,028,532	23,301,215	19,562,389
<u>(17,676,444)</u>	<u>(17,590,706)</u>	<u>(19,447,095)</u>
11,302		(567)
<u>(130,972)</u>	<u>(310,635)</u>	<u>(358,539)</u>
		<u>(680,871)</u>
<u>(4,507,097)</u>	<u>19,691,088</u>	<u>13,570,340</u>
<u>214,902,945</u>	<u>210,395,848</u>	<u>230,086,936</u>
<u>\$210,395,848</u>	<u>\$230,086,936</u>	<u>\$243,657,276</u>
<u>\$136,291,745</u>	<u>\$150,859,866</u>	<u>\$150,237,557</u>
60.69%	60.40%	61.86%
\$21,649,761	\$22,884,077	\$24,345,421
629.53%	659.24%	617.11%

CITY OF HAYWARD
SCHEDULE OF CONTRIBUTIONS
Safety - Police Plan - Agent Multiple-Employer Defined Pension Plan
Last 10 Years*

Fiscal Year Ended June 30	2015	2016
Actuarially determined contribution	\$7,487,975	\$8,650,555
Contributions in relation to the actuarially determined contributions	<u>7,487,975</u>	<u>8,650,555</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>
Covered payroll	\$22,033,138	\$21,649,761
Contributions as a percentage of covered payroll	33.99%	39.96%

Notes to Schedule

Valuation date:	6/30/2013	6/30/2014
-----------------	-----------	-----------

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll
Remaining amortization period	14 Years as of the Valuation Date
Asset valuation method	15 Year Smoothed Market
Inflation	2.75%
Salary increases	3.30% to 14.20% depending on Age, Service, and type of employment
Investment rate of return	7.50% for 2015 to 2018 and 7.15% for 2019, net of pension plan investment expense, including inflation.
Retirement age	The probabilities of Retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

*- Fiscal year 2015 was the 1st year of implementation, therefore only five years are shown.

Source: City of Hayward's general ledger and CalPERS Actuarial Valuation

<u>2017</u>	<u>2018</u>	<u>2019</u>
\$10,512,716	\$10,740,724	\$12,240,356
<u>10,512,716</u>	<u>10,740,724</u>	<u>12,240,356</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$22,884,077	\$24,345,421	\$24,912,360
45.94%	44.12%	49.13%
6/30/2015	6/30/2016	6/30/2017

CITY OF HAYWARD

**SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
AGENT MULTIPLE EMPLOYER PLAN
Last 10 fiscal years***

Measurement Date	6/30/17	6/30/18
Total OPEB Liability		
Service Cost	\$4,646,537	\$4,054,275
Interest	3,528,286	4,015,577
Changes in benefit terms		
Differences between expected and actual experience		
Changes of assumptions	(11,390,281)	(1,014,291)
Benefit payments	<u>(4,263,071)</u>	<u>(4,190,672)</u>
Net change in total OPEB liability	(7,478,529)	2,864,889
Total OPEB liability - beginning	118,316,704	110,838,175
Total OPEB liability - ending (a)	<u>\$110,838,175</u>	<u>\$113,703,064</u>
Plan fiduciary net position		
Contributions - employer	\$4,263,071	\$5,190,672
Contributions - employee		
Net investment income	396,755	318,308
Administrative expense	(2,014)	(2,234)
Other expense		(5,491)
Benefit payments	<u>(4,263,071)</u>	<u>(4,190,672)</u>
Net change in plan fiduciary net position	394,741	1,310,583
Plan fiduciary net position - beginning	3,755,234	4,149,975
Plan fiduciary net position - ending (b)	<u>\$4,149,975</u>	<u>\$5,460,558</u>
Net OPEB liability - ending (a)-(b)	<u>\$106,688,200</u>	<u>\$108,242,506</u>
Plan fiduciary net position as a percentage of the total OPEB liability	3.74%	4.80%
Covered-employee payroll	<u>\$97,007,987</u>	<u>\$100,785,694</u>
Net OPEB liability as a percentage of covered-employee payroll	<u>109.98%</u>	<u>107.40%</u>

Notes to schedule:

* Fiscal year 2018 was the first year of implementation.

Source: GASB 75 Valuation Report

CITY OF HAYWARD

**SCHEDULE OF CONTRIBUTIONS - OTHER POSTEMPLOYMENT BENEFITS
AGENT MULTIPLE EMPLOYER PLAN**

Last 10 fiscal years *

Fiscal Year Ended June 30,	2018	2019
Actuarially determined contribution	\$8,038,027	\$8,394,467
Contributions in relation to the actuarially determined contribution	5,190,672	6,374,161
Contribution deficiency (excess)	\$2,847,355	\$2,020,306
Covered employee payroll	\$100,785,694	\$104,434,054
Contributions as a percentage of covered payroll	5.15%	6.10%

Notes to Schedule

Methods and assumptions used to determine contribution rates:

Valuation Date	6/30/2017	6/30/2017
Actuarial Assumptions:		
Discount Rate	3.56%	3.62%
Inflation	3%	3%
Payroll Growth	3.25%	3.25%
Investment Rate of Return	7.28%	6.90%
Mortality Rate	Mortality rates used were those published by CalPERS, adjusted to back out 20 years of Scale BB to central year 2008.	
Pre-Retirement Turnover	Must retire from PERS on or after age 65 with at least 10 years of service.	
Healthcare	5% to 6.5%	5% to 7.5%

* Fiscal year 2018 was the first year of implementation.

Source: GASB 75 Valuation

CITY OF HAYWARD
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual Amounts Budgetary Basis*	Variance with Adjusted Budget
	Adopted *	Adjusted *		Positive (Negative)
REVENUES:				
Property taxes	\$53,267,000	\$53,267,000	\$54,467,978	\$1,200,978
Sales taxes	49,236,941	50,389,941	52,917,415	2,527,474
Utility user tax	19,000,000	18,600,000	16,935,327	(1,664,673)
Other tax	26,482,000	31,391,000	31,331,182	(59,818)
Licenses and permits	6,928,911	7,378,911	7,323,833	(55,078)
Fines and forfeitures	2,186,536	2,186,536	2,537,536	351,000
Investment and rental income	308,000	308,000	896,308	588,308
Intergovernmental	6,552,199	6,626,201	7,075,378	449,177
Fees and charges for services	6,394,513	6,708,855	8,784,571	2,075,716
Total Revenues	170,356,100	176,856,444	182,269,528	5,413,084
EXPENDITURES:				
Current:				
General government	14,508,819	16,409,744	15,335,579	1,074,165
Public safety	114,592,663	115,241,650	117,471,899	(2,230,249)
Public works and transportation	2,747,426	3,148,056	3,596,709	(448,653)
Library and community services	6,940,767	7,031,665	6,522,261	509,404
Planning and building	7,934,774	9,773,272	9,229,204	544,068
Maintenance services	8,318,897	8,506,374	8,678,451	(172,077)
Capital Outlay		5,300,000	5,269,515	30,485
Total Expenditures	155,043,346	165,410,761	166,103,618	(692,857)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	15,312,754	11,445,683	16,165,910	4,720,227
OTHER FINANCING SOURCES (USES):				
Transfers in	3,839,046	17,233,835	16,083,835	(1,150,000)
Transfers (out)	(26,344,230)	(32,047,230)	(31,589,921)	457,309
Total Other Financing Sources (Uses)	(22,505,184)	(14,813,395)	(15,506,086)	(692,691)
NET CHANGE IN FUND BALANCE	(\$7,192,430)	(\$3,367,712)	659,824	\$4,027,536
BEGINNING FUND BALANCE			49,922,292	
ENDING FUND BALANCE			\$50,582,116	

* Includes revenue and expenditures related to the City's Measure C District Sales Tax.

CITY OF HAYWARD
 FEDERAL GRANTS SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2019

	<u>Original Budget</u>	<u>Adjusted Budget</u>	<u>Actual</u>	Variance with Adjusted Budget Positive (Negative)
REVENUES:				
Investment income			\$31,302	\$31,302
Intergovernmental	\$292,379	\$705,263	536,899	(168,364)
Total Revenues	<u>292,379</u>	<u>705,263</u>	<u>568,201</u>	<u>(137,062)</u>
EXPENDITURES:				
Current:				
Public works and transportation	289,321	1,265,773	379,160	886,613
Total Expenditures	<u>289,321</u>	<u>1,265,773</u>	<u>379,160</u>	<u>886,613</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>3,058</u>	<u>(560,510)</u>	<u>189,041</u>	<u>749,551</u>
OTHER FINANCING SOURCES (USES):				
Transfers in		45,400	45,400	
Transfers out	(96,000)	(96,000)	(96,000)	
Total Other Financing Sources (Uses)	<u>(96,000)</u>	<u>(50,600)</u>	<u>(50,600)</u>	
NET CHANGE IN FUND BALANCE	<u>(\$92,942)</u>	<u>(\$611,110)</u>	138,441	<u>\$749,551</u>
BEGINNING FUND BALANCE			<u>14,421,105</u>	
ENDING FUND BALANCE			<u>\$14,559,546</u>	

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SUPPLEMENTAL INFORMATION

CITY OF HAYWARD
HOUSING AUTHORITY CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Final Budget	Actual	Variance with Adjusted Budget Positive (Negative)
REVENUES:				
Investment income	\$10,000	\$10,000	\$265,941	\$255,941
Fees and charges for services			972	972
Other revenue			64	64
Total Revenues	10,000	10,000	266,977	256,977
EXPENDITURES:				
Current:				
Library and community services		115,085	115,085	
Economic development	195,785	5,124,107	449,711	4,674,396
Total Expenditures	195,785	5,239,192	564,796	4,674,396
EXCESS OF REVENUES OVER EXPENDITURES	(185,785)	(5,229,192)	(297,819)	(4,931,373)
OTHER FINANCING SOURCES (USES):				
Transfers (out)	(3,897)	(3,897)	(3,897)	
Total Other Financing Sources (Uses)	(3,897)	(3,897)	(3,897)	
NET CHANGE IN FUND BALANCE	(\$189,682)	(\$5,229,192)	(301,716)	\$4,927,476
BEGINNING FUND BALANCE			22,523,544	
ENDING FUND BALANCE			\$22,221,828	

CITY OF HAYWARD
GENERAL CAPITAL PROJECTS CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Final Budget	Actual	Variance with Adjusted Budget Positive (Negative)
REVENUES:				
Other taxes			\$834,986	\$834,986
Investment income			743,994	743,994
Intergovernmental		\$570,000	2,940,289	2,370,289
Fees and charges for services			3,073	3,073
Licenses and permits			490,193	490,193
Other revenue			40,949	40,949
Total Revenues		570,000	5,053,484	4,483,484
EXPENDITURES:				
Current:				
Public works and transportation			5,547	(5,547)
Capital outlay	\$23,778,500	62,656,783	18,292,125	44,364,658
Total Expenditures	23,778,500	62,656,783	18,297,672	44,359,111
EXCESS OF REVENUES OVER EXPENDITURES	(23,778,500)	(62,086,783)	(13,244,188)	48,842,595
OTHER FINANCING SOURCES (USES):				
Transfers in	11,390,000	13,940,552	16,040,552	2,100,000
Transfers (out)	(400,000)	(10,494,789)	(10,494,789)	
Total Other Financing Sources (Uses)	10,990,000	3,445,763	5,545,763	2,100,000
NET CHANGE IN FUND BALANCE	(\$12,788,500)	(\$58,641,020)	(7,698,425)	\$50,942,595
BEGINNING FUND BALANCE			33,810,387	
ENDING FUND BALANCE			\$26,111,962	

CITY OF HAYWARD
ROUTE 238 CORRIDOR IMPROVEMENT CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Final Budget	Actual	Variance with Adjusted Budget Positive (Negative)
REVENUES:				
Investment income			\$295,218	\$295,218
Rental income	\$300,000	\$587,499	247,045	(340,454)
Intergovernmental			312,074	312,074
Fees and charges for services			57,833	57,833
Other revenue		495,964	3,100,540	2,604,576
Total Revenues	300,000	1,083,463	4,012,710	2,929,247
EXPENDITURES:				
Capital outlay	160,000	43,263,852	15,125,251	28,138,601
Total Expenditures	160,000	43,263,852	15,125,251	28,138,601
EXCESS OF REVENUES OVER EXPENDITURES	140,000	(42,180,389)	(11,112,541)	31,067,848
OTHER FINANCING SOURCES (USES):				
Proceeds from the sale of land			10,982,198	10,982,198
Transfers (out)		(4,195,052)	(4,195,052)	
Total Other Financing Sources (Uses)		(4,195,052)	6,787,146	10,982,198
NET CHANGE IN FUND BALANCE	\$140,000	(\$46,375,441)	(4,325,395)	\$42,050,046
BEGINNING FUND BALANCE			(1,644,451)	
ENDING FUND BALANCE			(\$5,969,846)	

COMBINING GENERAL FUND SCHEDULES

CITY OF HAYWARD
GENERAL FUND
COMBINING BALANCE SHEETS
JUNE 30, 2019

	General Fund		Total
	General Purpose	Measure C District Sales Tax	
ASSETS:			
Cash and investments	\$28,631,937	\$10,844,008	\$39,475,945
Accounts receivable, net	2,994,396		2,994,396
Due from other governments	7,276,115	2,934,480	10,210,595
Due from other funds	7,381,767		7,381,767
Long-term loans to the Private Purpose Trust Fund	6,036,442		6,036,442
Interest receivable	8,349	4,153	12,502
Deposits, parts, supplies and other	29,276	2,100	31,376
Total Assets	\$52,358,282	\$13,784,741	\$66,143,023
LIABILITIES:			
Accounts payable	\$1,379,295	\$8,626	\$1,387,921
Accrued liabilities	5,995,886	70,726	6,066,612
Advances from other funds	3,166,508		3,166,508
Refundable deposits	4,939,866		4,939,866
Total Liabilities	15,481,555	79,352	15,560,907
FUND BALANCES:			
Nonspendable	6,065,718	2,100	6,067,818
Assigned	256,170	13,703,289	13,959,459
Unassigned	30,554,839		30,554,839
Total Fund Balances	36,876,727	13,705,389	50,582,116
Total Liabilities and Fund Balances	\$52,358,282	\$13,784,741	\$66,143,023

CITY OF HAYWARD
GENERAL FUND
COMBINING SCHEDULES OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2019

	General Fund		
	General Fund	Measure C District Sales Tax	Total
REVENUES:			
Property taxes	\$54,467,978		\$54,467,978
Sales taxes	36,010,642	\$16,906,773	52,917,415
Utility users tax	16,935,327		16,935,327
Other taxes	31,331,182		31,331,182
Licenses and permits	7,323,833		7,323,833
Fines and forfeitures	2,537,536		2,537,536
Investment income	518,990	340,609	859,599
Rental income	36,709		36,709
Intergovernmental	7,075,378		7,075,378
Fees and charges for services	7,311,282		7,311,282
Other revenue	1,473,289		1,473,289
Total Revenues	165,022,146	17,247,382	182,269,528
EXPENDITURES:			
Current:			
General government	15,335,579		15,335,579
Public safety	114,515,003	2,956,896	117,471,899
Public works and transportation	3,596,709		3,596,709
Library and community services	6,510,741	11,520	6,522,261
Planning and building	9,229,204		9,229,204
Maintenance services	7,854,946	823,505	8,678,451
Capital Outlay	5,269,515		5,269,515
Total Expenditures	162,311,697	3,791,921	166,103,618
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,710,449	13,455,461	16,165,910
OTHER FINANCING SOURCES (USES):			
Transfers in	16,083,835		16,083,835
Transfers (out)	(14,302,695)	(17,287,226)	(31,589,921)
Total Other Financing Sources (Uses)	1,781,140	(17,287,226)	(15,506,086)
CHANGE IN FUND BALANCES	4,491,589	(3,831,765)	659,824
BEGINNING FUND BALANCES	32,385,138	17,537,154	49,922,292
ENDING FUND BALANCES	<u>\$36,876,727</u>	<u>\$13,705,389</u>	<u>\$50,582,116</u>

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NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Gasoline Tax Fund – Accounts for revenue apportioned to the City from State collected gasoline taxes and expended for construction and maintenance of City streets.

Community Development Block Grant Program Fund – Accounts for monies received from the U.S. Department of Housing and Urban Development (“HUD”) and expended for development of jobs and suitable housing for low-income residents.

Housing Mortgage Revenue Bonds Fund – Accounts for fees paid by benefited developers of multifamily rental housing and used to reimburse City cost related to bond issuance and program monitoring.

Park Dedication Ordinance Fund – Accounts for park dedication fees applied to new construction and expended for acquisition of recreational land and construction of recreational facilities.

Business Improvement Fund – Accounts for fees imposed on businesses within the downtown business improvement district and expended on activities, which enhance the district as a shopping and business center.

Donation Fund – Accounts for miscellaneous donations expended for purposes agreed upon by the City and the donors.

Recycling Fund – Accounts for revenue received from County Measure D funds and grants used to support the City’s recycling program.

Narcotics Asset Seizure Fund – Accounts for funds received pursuant to federal and State narcotic and seizure laws used to support identified law enforcement activities.

Park Maintenance District Fund – Accounts for revenues from annual assessments of developers’ proportionate shares of the City’s costs for park maintenance in the areas of the developers’ projects and accounts for the actual park maintenance costs.

Measure B Local Streets and Roads – Accounts for proceeds of an additional one-half cent sales tax to be used to improve, repair and overlay city streets.

Measure B Pedestrian Fund – Accounts for revenue apportioned to the City from locally collected retail sales taxes and expended for pedestrian projects.

NON-MAJOR GOVERNMENTAL FUNDS (Continued)

Measure B Paratransit Fund – Accounts for the provision of taxi and van transportation for the elderly and the handicapped.

Measure BB Fund – Supports local road improvement and repair projects, traffic congestion relief projects, local transportation technology projects, and pedestrian and bicyclist access and safety projects. Accounts for the provision of taxi and van transportation for the elderly and handicapped. An additional 1% sales tax is collected to support this program.

Measure F Fund – Alameda County Vehicle Registration Fee was approved in November 2010. \$10 per year vehicle registration fee collection supports local road improvement and repair projects, traffic congestion relief projects, local transportation technology projects, and pedestrian and bicyclist access and safety projects.

Local Grants Fund – Accounts for grants not originating from the Federal Government and State of California.

RRAA (SBI) Fund – Accounts for revenue appropriated to the City from State of California collected gas taxes and expended for road maintenance and rehabilitation.

DEBT SERVICE FUNDS

Certificates of Participation – Accounts for transfers of revenue from the general and capital projects funds for payment of interest and principal on certificates of participation.

CAPITAL PROJECTS FUNDS

Traffic Signal Construction Fund – Accounts for traffic signal fees paid by developers of residential housing and expended for installation of traffic signal equipment.

Performance Deposits Fund – Accounts for deposits belong to developer which will go through the entitle process for eligible expenses. Once projects completed City will either refund or bill developers for the difference.

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CITY OF HAYWARD
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2019

	SPECIAL REVENUE FUNDS			
	Special Gasoline Tax	Community Development Block Grant	Housing Mortgage Revenue Bonds	Park Dedication Ordinance
ASSETS:				
Cash and investments	\$597,766	\$86,426	\$625,209	\$10,467,750
Cash and investments with fiscal agents				
Accounts receivable, net	142,491			
Due from other governments	243,565			
Interest receivable			8,193	3,234
Loans receivable		5,355,790	243,418	
Land held for resale				
Total Assets	\$983,822	\$5,442,216	\$876,820	\$10,470,984
LIABILITIES:				
Accounts payable	\$624,943	\$155,771	\$1,824	
Accrued liabilities		9,443	7,520	
Due to other funds		490,406		
Unearned revenue				
Refundable deposits				
Total Liabilities	624,943	655,620	9,344	
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue - grants receivable				
Total Deferred Inflows of Resources				
FUND BALANCES:				
Restricted				
Public safety				
Public works and transportation	358,879			
Planning and building				\$10,470,984
Economic development		4,786,596	867,476	
Debt service				
Total Fund Balances	358,879	4,786,596	867,476	10,470,984
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$983,822	\$5,442,216	\$876,820	\$10,470,984

SPECIAL REVENUE FUNDS

Business Improvement	Donation	Recycling	Narcotics Asset Seizure	Park Maintenance District	Measure B Local Streets and Roads
\$55,054	\$790,197	\$3,254,298	\$458,902	\$3,069,382	\$2,800,855
1,210	2,500		58,881		
	244	57,664 53,631	142	4,975 841	458,254 866
<u>\$56,264</u>	<u>\$792,941</u>	<u>\$3,365,593</u>	<u>\$517,925</u>	<u>\$3,075,198</u>	<u>\$3,259,975</u>
\$10,000	\$35,191 435	\$191,856 8,682	\$29,497	\$132,895	\$202,075
	2,500 5,000		52,058		
<u>10,000</u>	<u>43,126</u>	<u>200,538</u>	<u>81,555</u>	<u>132,895</u>	<u>202,075</u>
<u>1,210</u>					
<u>1,210</u>					
45,054	749,815	3,165,055	436,370	2,942,303	3,057,900
<u>45,054</u>	<u>749,815</u>	<u>3,165,055</u>	<u>436,370</u>	<u>2,942,303</u>	<u>3,057,900</u>
<u>\$56,264</u>	<u>\$792,941</u>	<u>\$3,365,593</u>	<u>\$517,925</u>	<u>\$3,075,198</u>	<u>\$3,259,975</u>

(Continued)

CITY OF HAYWARD
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2019

	SPECIAL REVENUE FUNDS			
	Measure B Pedestrian	Measure B Paratransit	Measure BB	Measure F
ASSETS:				
Cash and investments	\$1,373,244	\$1,540,043	\$6,321,328	\$811,457
Cash and investments with fiscal agents				
Accounts receivable, net				
Due from other governments	93,731	169,564	628,112	156,379
Interest receivable	424	476	1,954	251
Loans receivable				
Land held for resale				
Total Assets	\$1,467,399	\$1,710,083	\$6,951,394	\$968,087
LIABILITIES:				
Accounts payable	\$6,905	\$236,966	\$4,558	\$382,340
Accrued liabilities		6,603		
Due to other funds				
Unearned revenue				
Refundable deposits				
Total Liabilities	6,905	243,569	4,558	382,340
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue - grants receivable				
Total Deferred Inflows of Resources				
FUND BALANCES:				
Restricted				
Public safety				
Public works and transportation	1,460,494	1,466,514	6,946,836	585,747
Planning and building				
Economic development				
Debt service				
Total Fund Balances	1,460,494	1,466,514	6,946,836	585,747
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$1,467,399	\$1,710,083	\$6,951,394	\$968,087

SPECIAL REVENUE FUNDS		DEBT SERVICE FUND	CAPITAL PROJECTS FUNDS			Total Nonmajor Governmental Funds
Local Grants	RRAA (SB1)	Certificates of Participation	Traffic Signal Construction	Performance Deposits		
\$80,000	\$1,816,577	\$8,890,537 26,677	\$799,614	\$330,667		\$44,169,306 26,677 205,082 2,033,143 77,948 5,652,839
	278,563 561	2,749	247	102		
<u>\$80,000</u>	<u>\$2,095,701</u>	<u>\$8,919,963</u>	<u>\$799,861</u>	<u>\$330,769</u>		<u>\$52,164,995</u>
\$8,982 801 28,552	\$1,204,647		\$33,905	\$2,572		\$3,232,858 65,553 518,958 54,558 311,249
				306,249		
<u>38,335</u>	<u>1,204,647</u>		<u>33,905</u>	<u>308,821</u>		<u>4,183,176</u>
						1,210
						1,210
41,665	\$891,054		765,956	21,948		436,370 18,762,048 14,208,156 5,654,072 8,919,963
		\$8,919,963				
<u>41,665</u>	<u>891,054</u>	<u>8,919,963</u>	<u>765,956</u>	<u>21,948</u>		<u>47,980,609</u>
<u>\$80,000</u>	<u>\$2,095,701</u>	<u>\$8,919,963</u>	<u>\$799,861</u>	<u>\$330,769</u>		<u>\$52,164,995</u>

CITY OF HAYWARD
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2019

	SPECIAL REVENUE FUNDS			
	Special Gasoline Tax	Community Development Block Grant	Housing Mortgage Revenue Bonds	Park Dedication Ordinance
REVENUES:				
Other taxes				
Fines and forfeitures				
Special assessments				
Investment income	\$1,667	\$57,260	\$16,790	\$254,769
Intergovernmental	3,237,878	2,302,960		
Other	182,719	1,039,807	145,208	4,603,041
Total Revenues	<u>3,422,264</u>	<u>3,400,027</u>	<u>161,998</u>	<u>4,857,810</u>
EXPENDITURES:				
Current:				
Public safety				
Public works and transportation		4,015,227	4,610	
Library and community services		82,409		
Economic development		400,000	376,259	237,994
Maintenance services				
Capital outlay	2,147,347			
Debt service:				
Principal repayment	262,166			
Interest and fiscal charges				
Total Expenditures	<u>2,409,513</u>	<u>4,497,636</u>	<u>380,869</u>	<u>237,994</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,012,751</u>	<u>(1,097,609)</u>	<u>(218,871)</u>	<u>4,619,816</u>
OTHER FINANCING SOURCES (USES)				
Transfers in				
Transfers (out)	(966,000)		(23,999)	(1,500,000)
Total Other Financing Sources (Uses)	<u>(966,000)</u>		<u>(23,999)</u>	<u>(1,500,000)</u>
NET CHANGE IN FUND BALANCES	46,751	(1,097,609)	(242,870)	3,119,816
BEGINNING FUND BALANCES	<u>312,128</u>	<u>5,884,205</u>	<u>1,110,346</u>	<u>7,351,168</u>
ENDING FUND BALANCES	<u>\$358,879</u>	<u>\$4,786,596</u>	<u>\$867,476</u>	<u>\$10,470,984</u>

SPECIAL REVENUE FUNDS

Business Improvement	Donation	Recycling	Narcotics Asset Seizure	Park Maintenance District	Measure B Local Streets and Roads
		\$491,981			
			\$132,762		
\$1,453	\$20,203	30,569	11,680	\$1,059,378	\$49,715
		635,091		73,149	2,786,069
	78,697				
1,453	98,900	1,157,641	144,442	1,132,527	2,835,784
	168,375		372,869		
	78,063	769,077			
48,603				1,295,060	709,215
48,603	246,438	769,077	372,869	1,295,060	709,215
(47,150)	(147,538)	388,564	(228,427)	(162,533)	2,126,569
		(47,904)			
		(47,904)			
(47,150)	(147,538)	340,660	(228,427)	(162,533)	2,126,569
92,204	897,353	2,824,395	664,797	3,104,836	931,331
\$45,054	\$749,815	\$3,165,055	\$436,370	\$2,942,303	\$3,057,900

(Continued)

CITY OF HAYWARD
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2019

	SPECIAL REVENUE FUNDS			
	Measure B Pedestrian	Measure B Paratransit	Measure BB	Measure F
REVENUES:				
Other taxes				
Fines and forfeitures				
Special assessments				
Investment income	\$30,895	\$38,460	\$128,937	\$14,288
Intergovernmental	569,859	1,030,905	3,821,035	899,314
Other				
Total Revenues	600,754	1,069,365	3,949,972	913,602
EXPENDITURES:				
Current:				
Public safety				
Public works and transportation				2,036
Library and community services		1,002,788		
Economic development				
Maintenance services				
Capital outlay	275,987		265,941	387,506
Debt service:				
Principal repayment				
Interest and fiscal charges				
Total Expenditures	275,987	1,002,788	265,941	389,542
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	324,767	66,577	3,684,031	524,060
OTHER FINANCING SOURCES (USES)				
Transfers in				
Transfers (out)		(49,844)		
Total Other Financing Sources (Uses)		(49,844)		
NET CHANGE IN FUND BALANCES	324,767	16,733	3,684,031	524,060
BEGINNING FUND BALANCES	1,135,727	1,449,781	3,262,805	61,687
ENDING FUND BALANCES	\$1,460,494	\$1,466,514	\$6,946,836	\$585,747

SPECIAL REVENUE FUNDS		DEBT SERVICE FUND	CAPITAL PROJECTS FUNDS			Total Nonmajor Governmental Funds
Local Grants	RRAA (SB1)	Certificates of Participation	Traffic Signal Construction	Performance Deposits		
						\$491,981
						132,762
						1,059,378
\$238	\$46,215	\$190,438	\$18,835	\$8,102		993,663
102,000	2,719,605		21,726			18,126,442
25,009						6,074,481
<u>\$127,247</u>	<u>2,765,820</u>	<u>190,438</u>	<u>40,561</u>	<u>8,102</u>		<u>26,878,707</u>
156,846						698,090
						4,869,013
						1,085,197
						1,062,856
						1,295,060
	2,808,694		319,840			6,914,530
		4,751,187				5,013,353
		3,190,198				3,190,198
<u>156,846</u>	<u>2,808,694</u>	<u>7,941,385</u>	<u>319,840</u>			<u>24,128,297</u>
(29,599)	(42,874)	(7,750,947)	(279,279)	8,102		2,750,410
		8,222,460	350,000			8,572,460
						(2,587,747)
		8,222,460	350,000			5,984,713
(29,599)	(42,874)	471,513	70,721	8,102		8,735,123
71,264	933,928	8,448,450	695,235	13,846		39,245,486
<u>\$41,665</u>	<u>\$891,054</u>	<u>\$8,919,963</u>	<u>\$765,956</u>	<u>\$21,948</u>		<u>\$47,980,609</u>

CITY OF HAYWARD
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULES OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	SPECIAL REVENUE FUNDS					
	Special Gasoline Tax			Community Development Block Grant		
	Adjusted Budget	Actual	Variance Positive (Negative)	Adjusted Budget	Actual	Variance Positive (Negative)
REVENUES:						
Other taxes						
Fines and forfeitures						
Special assessments						
Investment income		\$1,667	\$1,667	\$12,000	\$57,260	\$45,260
Intergovernmental		3,237,878	3,237,878	1,200,000	2,302,960	1,102,960
Other		182,719	182,719	76,448	1,039,807	963,359
Total Revenues		<u>3,422,264</u>	<u>3,422,264</u>	<u>1,288,448</u>	<u>3,400,027</u>	<u>2,111,579</u>
EXPENDITURES:						
Current:						
Public safety						
Public works and transportation				4,765,492	4,015,227	750,265
Library and community services				599,580	82,409	517,171
Economic development					400,000	(400,000)
Maintenance services						
Capital outlay	\$2,751,008	2,147,347	603,661			
Debt service						
Principal repayment		262,166	(262,166)			
Interest and fiscal charges						
Total Expenditures	<u>2,751,008</u>	<u>2,409,513</u>	<u>341,495</u>	<u>5,365,072</u>	<u>4,497,636</u>	<u>867,436</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,751,008)</u>	<u>1,012,751</u>	<u>3,763,759</u>	<u>(4,076,624)</u>	<u>(1,097,609)</u>	<u>2,979,015</u>
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers (out)	<u>(1,466,000)</u>	<u>(966,000)</u>	<u>500,000</u>			
Total Other Financing Sources (Uses)	<u>(1,466,000)</u>	<u>(966,000)</u>	<u>500,000</u>			
NET CHANGE IN FUND BALANCES	<u><u>(\$4,217,008)</u></u>	<u>46,751</u>	<u><u>\$4,263,759</u></u>	<u><u>(\$4,076,624)</u></u>	<u>(1,097,609)</u>	<u><u>\$2,979,015</u></u>
BEGINNING FUND BALANCES		<u>312,128</u>			<u>5,884,205</u>	
ENDING FUND BALANCES		<u><u>\$358,879</u></u>			<u><u>\$4,786,596</u></u>	

SPECIAL REVENUE FUNDS

Housing Mortgage Revenue Bonds			Park Dedication Ordinance			Business Improvement		
Adjusted Budget	Actual	Variance Positive (Negative)	Adjusted Budget	Actual	Variance Positive (Negative)	Adjusted Budget	Actual	Variance Positive (Negative)
\$5,500	\$16,790	\$11,290		\$254,769	\$254,769		\$1,453	1,453
155,681	145,208	(10,473)	\$2,235,906	4,603,041	2,367,135			
161,181	161,998	817	2,235,906	4,857,810	2,621,904		1,453	1,453
300	4,610	(4,310)						
512,937	376,259	136,678	2,638,816	237,994	2,400,822	\$103,603	48,603	55,000
513,237	380,869	132,368	2,638,816	237,994	2,400,822	103,603	48,603	55,000
(352,056)	(218,871)	133,185	(402,910)	4,619,816	5,022,726	(103,603)	(47,150)	56,453
(23,999)	(23,999)		(1,500,000)	(1,500,000)				
(23,999)	(23,999)		(1,500,000)	(1,500,000)				
<u>(\$376,055)</u>	<u>(242,870)</u>	<u>\$133,185</u>	<u>(\$1,902,910)</u>	<u>3,119,816</u>	<u>\$5,022,726</u>	<u>(\$103,603)</u>	<u>(47,150)</u>	<u>\$56,453</u>
	<u>1,110,346</u>			<u>7,351,168</u>			<u>92,204</u>	
	<u>\$867,476</u>			<u>\$10,470,984</u>			<u>\$45,054</u>	

(Continued)

CITY OF HAYWARD
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULES OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	SPECIAL REVENUE FUNDS					
	Donation			Recycling		
	Adjusted Budget	Actual	Variance Positive (Negative)	Adjusted Budget	Actual	Variance Positive (Negative)
REVENUES:						
Other taxes				\$470,000	\$491,981	\$21,981
Fines and forfeitures						
Special assessments						
Investment income		\$20,203	\$20,203	4,000	30,569	26,569
Intergovernmental				544,956	635,091	90,135
Other	\$120,517	78,697	(41,820)	2,500		(2,500)
Total Revenues	120,517	98,900	(21,617)	1,021,456	1,157,641	136,185
EXPENDITURES:						
Current:						
Public safety	532,727	168,375	364,352			
Public works and transportation	137,818	78,063	59,755	1,506,596	769,077	737,519
Library and community services						
Economic development						
Maintenance services						
Capital outlay						
Debt service						
Principal repayment						
Interest and fiscal charges						
Total Expenditures	670,545	246,438	424,107	1,506,596	769,077	737,519
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(550,028)	(147,538)	402,490	(485,140)	388,564	873,704
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers (out)				(47,904)	(47,904)	
Total Other Financing Sources (Uses)				(47,904)	(47,904)	
NET CHANGE IN FUND BALANCES	<u>(\$550,028)</u>	<u>(147,538)</u>	<u>\$402,490</u>	<u>(\$533,044)</u>	<u>340,660</u>	<u>\$873,704</u>
BEGINNING FUND BALANCES		897,353			2,824,395	
ENDING FUND BALANCES		<u>\$749,815</u>			<u>\$3,165,055</u>	

SPECIAL REVENUE FUNDS

Narcotics Asset Seizure			Park Maintenance District			Measure B Local Streets and Roads		
Adjusted Budget	Actual	Variance Positive (Negative)	Adjusted Budget	Actual	Variance Positive (Negative)	Adjusted Budget	Actual	Variance Positive (Negative)
	\$132,762	\$132,762						
	11,680	11,680	\$1,081,808	\$1,059,378	(\$22,430)		\$49,715	\$49,715
			13,550	73,149	59,599		2,786,069	2,786,069
	144,442	144,442	1,095,358	1,132,527	37,169		2,835,784	2,835,784
\$409,829	372,869	36,960						
			2,220,231	1,295,060	925,171	\$3,145,629	709,215	2,436,414
409,829	372,869	36,960	2,220,231	1,295,060	925,171	3,145,629	709,215	2,436,414
(409,829)	(228,427)	181,402	(1,124,873)	(162,533)	962,340	(3,145,629)	2,126,569	5,272,198
<u>(\$409,829)</u>	<u>(228,427)</u>	<u>\$181,402</u>	<u>(\$1,124,873)</u>	<u>(162,533)</u>	<u>\$962,340</u>	<u>(\$3,145,629)</u>	<u>2,126,569</u>	<u>\$5,272,198</u>
	664,797			3,104,836			931,331	
	<u>\$436,370</u>			<u>\$2,942,303</u>			<u>\$3,057,900</u>	

(Continued)

CITY OF HAYWARD
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULES OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	SPECIAL REVENUE FUNDS					
	Measure B Pedestrian			Measure B Paratransit		
	Adjusted Budget	Actual	Variance Positive (Negative)	Adjusted Budget	Actual	Variance Positive (Negative)
REVENUES:						
Other taxes						
Fines and forfeitures						
Special assessments						
Investment income		\$30,650	\$30,650		\$38,460	\$38,460
Intergovernmental		570,104	570,104	\$887,745	1,030,905	143,160
Other				41,300		(41,300)
Total Revenues		<u>600,754</u>	<u>600,754</u>	<u>929,045</u>	<u>1,069,365</u>	<u>140,320</u>
EXPENDITURES:						
Current:						
Public safety						
Public works and transportation						
Library and community services				1,641,566	1,002,788	638,778
Economic development						
Maintenance services						
Capital outlay	\$1,558,495	275,987	1,282,508			
Debt service						
Principal repayment						
Interest and fiscal charges						
Total Expenditures	<u>1,558,495</u>	<u>275,987</u>	<u>1,282,508</u>	<u>1,641,566</u>	<u>1,002,788</u>	<u>638,778</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,558,495)</u>	<u>324,767</u>	<u>1,883,262</u>	<u>(712,521)</u>	<u>66,577</u>	<u>779,098</u>
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers (out)				(49,844)	(49,844)	
Total Other Financing Sources (Uses)				<u>(49,844)</u>	<u>(49,844)</u>	
NET CHANGE IN FUND BALANCES	<u><u>(\$1,558,495)</u></u>	<u>324,767</u>	<u><u>\$1,883,262</u></u>	<u><u>(\$762,365)</u></u>	<u>16,733</u>	<u><u>\$779,098</u></u>
BEGINNING FUND BALANCES		<u>1,135,727</u>			<u>1,449,781</u>	
ENDING FUND BALANCES		<u><u>\$1,460,494</u></u>			<u><u>\$1,466,514</u></u>	

SPECIAL REVENUE FUNDS

Measure BB			Measure F			Local Grants		
Adjusted Budget	Actual	Variance Positive (Negative)	Adjusted Budget	Actual	Variance Positive (Negative)	Adjusted Budget	Actual	Variance Positive (Negative)
\$743,504	\$128,937 3,821,035	\$128,937 3,077,531		\$14,288 899,314	\$14,288 899,314	\$231,230	\$238 102,000 25,009	\$238 (129,230) 25,009
<u>743,504</u>	<u>3,949,972</u>	<u>3,206,468</u>		<u>913,602</u>	<u>913,602</u>	<u>231,230</u>	<u>127,247</u>	<u>(103,983)</u>
				2,036	(2,036)	322,185	156,846	165,339
4,152,944	265,941	3,887,003	\$772,699	387,506	385,193			
<u>4,152,944</u>	<u>265,941</u>	<u>3,887,003</u>	<u>772,699</u>	<u>389,542</u>	<u>383,157</u>	<u>322,185</u>	<u>156,846</u>	<u>165,339</u>
<u>(3,409,440)</u>	<u>3,684,031</u>	<u>7,093,471</u>	<u>(772,699)</u>	<u>524,060</u>	<u>1,296,759</u>	<u>(90,955)</u>	<u>(29,599)</u>	<u>61,356</u>
<u>(\$3,409,440)</u>	<u>3,684,031</u>	<u>\$7,093,471</u>	<u>(\$772,699)</u>	<u>524,060</u>	<u>\$1,296,759</u>	<u>(\$90,955)</u>	<u>(29,599)</u>	<u>\$61,356</u>
	<u>3,262,805</u>			<u>61,687</u>			<u>71,264</u>	
	<u>\$6,946,836</u>			<u>\$585,747</u>			<u>\$41,665</u>	

(Continued)

CITY OF HAYWARD
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULES OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	SPECIAL REVENUE FUND			DEBT SERVICE FUND		
	RRAA (SB1)			Certificates of Participation		
	Adjusted Budget	Actual	Variance Positive (Negative)	Adjusted Budget	Actual	Variance Positive (Negative)
REVENUES:						
Other taxes						
Fines and forfeitures						
Special assessments						
Investment income		\$46,215	\$46,215	\$3,000	\$190,438	\$187,438
Intergovernmental		2,719,605	2,719,605			
Other						
Total Revenues		<u>2,765,820</u>	<u>2,765,820</u>	<u>3,000</u>	<u>190,438</u>	<u>187,438</u>
EXPENDITURES:						
Current:						
Public safety						
Public works and transportation						
Library and community services						
Economic development						
Maintenance services						
Capital outlay	\$3,562,625	2,808,694				
Debt Service						
Principal repayment				2,248,353	4,751,187	(2,502,834)
Interest and fiscal charges				5,974,107	3,190,198	2,783,909
Total Expenditures	<u>3,562,625</u>	<u>2,808,694</u>		<u>8,222,460</u>	<u>7,941,385</u>	<u>281,075</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(3,562,625)</u>	<u>(42,874)</u>	<u>3,519,751</u>	<u>(8,219,460)</u>	<u>(7,750,947)</u>	<u>468,513</u>
OTHER FINANCING SOURCES (USES)						
Transfers in				8,222,460	8,222,460	
Transfers (out)						
Total Other Financing Sources (Uses)				<u>8,222,460</u>	<u>8,222,460</u>	
NET CHANGE IN FUND BALANCES	<u><u>(3,562,625)</u></u>	<u><u>(42,874)</u></u>	<u><u>\$3,519,751</u></u>	<u><u>\$3,000</u></u>	<u><u>471,513</u></u>	<u><u>\$468,513</u></u>
BEGINNING FUND BALANCES		<u>933,928</u>			<u>8,448,450</u>	
ENDING FUND BALANCES		<u><u>\$891,054</u></u>			<u><u>\$8,919,963</u></u>	

CAPITAL PROJECTS FUND

Traffic Signal Construction			Performance Deposits		
Adjusted Budget	Actual	Variance Positive (Negative)	Adjusted Budget	Actual	Variance Positive (Negative)
	\$18,835	\$18,835		\$8,102	\$8,102
	21,726	21,726			
	40,561	40,561		8,102	8,102
\$846,805	319,840	526,965			
846,805	319,840	526,965			
(846,805)	(279,279)	567,526		8,102	8,102
350,000	350,000				
350,000	350,000				
<u>(\$496,805)</u>	70,721	<u>\$567,526</u>		8,102	<u>\$8,102</u>
	<u>695,235</u>			<u>13,846</u>	
	<u>\$765,956</u>			<u>\$21,948</u>	

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NON-MAJOR ENTERPRISE FUNDS

Stormwater Fund – Accounts for activities with stormwater management and urban runoff control, as required by Federal and State law.

Airport Fund – Accounts for the operation, development and maintenance of the Hayward Air Terminal.

CITY OF HAYWARD
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENTS OF NET POSITION
JUNE 30, 2019

	<u>Stormwater</u>	<u>Airport</u>	<u>Totals</u>
Current Assets:			
Cash and investments	\$5,853,600	\$9,128,148	\$14,981,748
Accounts receivable, net	149,899	295,760	445,659
Interest receivable	1,809	2,821	4,630
Due from other governments	10,900		10,900
	<u>6,016,208</u>	<u>9,426,729</u>	<u>15,442,937</u>
Total Current Assets			
Noncurrent Assets:			
Deposits, parts, supplies and other		21,531	21,531
Capital assets			
Land		244,302	244,302
Construction in progress		391,721	391,721
Depreciable capital assets, net	912	13,719,817	13,720,729
	<u>912</u>	<u>14,377,371</u>	<u>14,378,283</u>
Total Noncurrent Assets			
Total Assets			
	<u>6,017,120</u>	<u>23,804,100</u>	<u>29,821,220</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Related to pensions	262,852	245,584	508,436
Related to OPEB	84,168	82,786	166,954
	<u>347,020</u>	<u>328,370</u>	<u>675,390</u>
Total deferred outflows of resources			
LIABILITIES:			
Current Liabilities:			
Accounts payable	59,406	74,550	133,956
Accrued interest		5,191	5,191
Accrued liabilities	40,751	29,631	70,382
Refundable deposits		106,976	106,976
Compensated absences - due within one year	72,580	65,934	138,514
Long term debt - due within one year		132,643	132,643
	<u>172,737</u>	<u>414,925</u>	<u>587,662</u>
Total Current Liabilities			
Noncurrent Liabilities:			
Compensated absences - due more than one year	6,960	6,323	13,283
Net pension liabilities	2,108,005	1,969,522	4,077,527
Net OPEB liabilities	1,429,303	1,405,834	2,835,137
Long term debt - due in more than one year		722,364	722,364
	<u>3,544,268</u>	<u>4,104,043</u>	<u>7,648,311</u>
Total Noncurrent Liabilities			
Total Liabilities			
	<u>3,717,005</u>	<u>4,518,968</u>	<u>8,235,973</u>
DEFERRED INFLOWS OF RESOURCES:			
Related to pensions	24,324	22,726	47,050
Related to OPEB	112,802	110,950	223,752
	<u>137,126</u>	<u>133,676</u>	<u>270,802</u>
Total deferred inflows of resources			
NET POSITION:			
Net investments in capital assets	912	13,500,833	13,501,745
Unrestricted	2,509,097	5,978,993	8,488,090
	<u>\$2,510,009</u>	<u>\$19,479,826</u>	<u>\$21,989,835</u>
Total Net Position			

CITY OF HAYWARD
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Stormwater</u>	<u>Airport</u>	<u>Total</u>
OPERATING REVENUES:			
Charges for services	\$3,323,117	\$3,441,353	\$6,764,470
Miscellaneous	5,701	170,393	176,094
Total Operating Revenues	<u>3,328,818</u>	<u>3,611,746</u>	<u>6,940,564</u>
OPERATING EXPENSES:			
Salaries and related expenses	1,980,040	1,563,390	3,543,430
Materials, supplies and services	795,204	1,153,956	1,949,160
Repairs and maintenance	17,703	209,411	227,114
Depreciation	174	1,119,227	1,119,401
Total Operating Expenses	<u>2,793,121</u>	<u>4,045,984</u>	<u>6,839,105</u>
Operating Income (Loss)	<u>535,697</u>	<u>(434,238)</u>	<u>101,459</u>
NONOPERATING REVENUES (EXPENSES):			
Investment income	<u>131,907</u>	<u>217,042</u>	<u>348,949</u>
Net Nonoperating Revenues (Expenses)	<u>131,907</u>	<u>217,042</u>	<u>348,949</u>
Income (Loss) Before Contributions and Transfers	<u>667,604</u>	<u>(217,196)</u>	<u>450,408</u>
TRANSFERS			
Transfers (out)	<u>(172,166)</u>	<u>(254,427)</u>	<u>(426,593)</u>
Net Transfers	<u>(172,166)</u>	<u>(254,427)</u>	<u>(426,593)</u>
CHANGE IN NET POSITION	495,438	(471,623)	23,815
BEGINNING NET POSITION	<u>2,014,571</u>	<u>19,951,449</u>	<u>21,966,020</u>
ENDING NET POSITION	<u>\$2,510,009</u>	<u>\$19,479,826</u>	<u>\$21,989,835</u>

CITY OF HAYWARD
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

	Stormwater	Airport	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$3,334,247	\$3,883,311	\$7,217,558
Payments to suppliers	(765,956)	(1,341,573)	(2,107,529)
Payments to employees	(1,862,961)	(1,567,220)	(3,430,181)
Net Cash Flows From Operating Activities	<u>705,330</u>	<u>974,518</u>	<u>1,679,848</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:			
Transfers (out)	<u>(172,166)</u>	<u>(254,427)</u>	<u>(426,593)</u>
Net Cash Flows From Noncapital and Related Financing Activities	<u>(172,166)</u>	<u>(254,427)</u>	<u>(426,593)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition of capital assets		(314,226)	(314,226)
Principal payments on capital debt		(129,866)	(129,866)
Net Cash Flows From Capital and Related Financing Activities		<u>(444,092)</u>	<u>(444,092)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment income	<u>131,944</u>	<u>216,648</u>	<u>348,592</u>
Net Cash Flows From Investing Activities	<u>131,944</u>	<u>216,648</u>	<u>348,592</u>
NET CASH FLOWS	665,108	492,647	1,157,755
CASH AND EQUIVALENTS AT BEGINNING OF PERIOD	<u>5,188,492</u>	<u>8,635,501</u>	<u>13,823,993</u>
CASH AND EQUIVALENTS AT END OF PERIOD	<u><u>\$5,853,600</u></u>	<u><u>\$9,128,148</u></u>	<u><u>\$14,981,748</u></u>
RECONCILIATION OF OPERATING INCOME(LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income (loss)	\$535,697	(\$434,238)	\$101,459
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	174	1,119,227	1,119,401
Change in assets and liabilities:			
Receivables, net	1,810	271,565	273,375
Due from other governments	3,619		3,619
Accounts payable and other accrued expenses	46,951	17,454	64,405
Refundable deposits		4,340	4,340
Due to retirement system	121,816	25,482	147,298
Due to OPEB	(9,231)	(9,079)	(18,310)
Compensated absences	4,494	(20,233)	(15,739)
Net Cash Flows From Operating Activities	<u><u>\$705,330</u></u>	<u><u>\$974,518</u></u>	<u><u>\$1,679,848</u></u>

INTERNAL SERVICE FUNDS

Internal service funds are used to finance and account for special activities and services performed by a designated department for other departments in the City on a cost reimbursement basis.

The concept of major funds does not extend to internal service funds because they do not do business with outside parties. GASB Statement 34 requires that for the Statement of Activities, the net revenues or expenses of each internal service fund be eliminated by netting them against the operations of the other City departments which generated them. The remaining balance sheet items are consolidated with these same funds in the Statement of Net Position.

However, internal service funds are still presented separately in the Fund financial statements, including the funds below.

Workers' Compensation Insurance Fund – Accounts for workers' compensation reimbursable costs.

General Liability Fund – Accounts for risk management expenses and self-insurance costs.

Facilities Management Fund – Accounts for operation, maintenance and replacement of City Hall and other city-owned buildings.

Fleet Management Fund – Accounts for operation, maintenance and replacement of vehicles.

Technology Services Fund – Accounts for operation, maintenance and replacement of Technology infrastructure and resources.

Employee Benefits Fund – Accounts for funding related to Other Post Employment Benefits (OPEB) and payments for the retiree medical stipends.

CITY OF HAYWARD
INTERNAL SERVICE FUNDS
COMBINING STATEMENTS OF NET POSITION
JUNE 30, 2019

	Workers' Compensation Insurance*	General Liability	Facilities Management
ASSETS:			
Current Assets:			
Cash and investments	\$19,532,156	\$4,370,039	\$878,472
Cash and investments with fiscal agents			85,622
Accounts receivable, net	189,599	1,694	3,113
Interest receivable	6,062	1,352	272
Deposits, parts, supplies and other			
Total Current Assets	<u>19,727,817</u>	<u>4,373,085</u>	<u>967,479</u>
Noncurrent Assets:			
Long-term loans to the Private Purpose Trust Fund		27,021	
Land			372,748
Construction in progress			107,214
Depreciable capital assets, net			<u>2,491,780</u>
Total Noncurrent Assets		<u>27,021</u>	<u>2,971,742</u>
Total Assets	<u>19,727,817</u>	<u>4,400,106</u>	<u>3,939,221</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Related to pensions	61,396	59,477	182,269
Related to OPEB	<u>24,193</u>	<u>23,931</u>	<u>62,698</u>
Total deferred outflows of resources	<u>85,589</u>	<u>83,408</u>	<u>244,967</u>
LIABILITIES:			
Current Liabilities:			
Accounts payable	61,470	86,076	216,715
Accrued interest			11,648
Accrued liabilities*	18,506,382	2,915,506	32,585
Unearned revenue	3,800	1,694	978
Refundable deposits			5,499
Compensated absences	14,321	5,033	104,389
Long-term debt			<u>129,082</u>
Total Current Liabilities	<u>18,585,973</u>	<u>3,008,309</u>	<u>500,896</u>
Noncurrent Liabilities:			
Compensated absences	1,448	509	10,552
Net pension liabilities	492,380	476,992	1,461,754
Net OPEB liabilities	410,836	406,377	1,064,707
Long-term debt			<u>634,283</u>
Total Noncurrent Liabilities	<u>904,664</u>	<u>883,878</u>	<u>3,171,296</u>
Total Liabilities	<u>19,490,637</u>	<u>3,892,187</u>	<u>3,672,192</u>
DEFERRED INFLOWS OF RESOURCES:			
Related to pensions	5,682	5,504	16,867
Related to OPEB	<u>32,424</u>	<u>32,072</u>	<u>84,028</u>
Total deferred inflows of resources	<u>38,106</u>	<u>37,576</u>	<u>100,895</u>
NET POSITION:			
Net investments in capital assets			2,208,377
Restricted for debt service			85,622
Unrestricted	<u>284,663</u>	<u>553,751</u>	<u>(1,882,898)</u>
Total Net Position	<u>\$284,663</u>	<u>\$553,751</u>	<u>\$411,101</u>

* Accrued liabilities balance in Workers' Compensation Insurance fund includes the ultimate cost of all reported and unreported claims as required by GASB Standard number 10.

<u>Fleet Management</u>	<u>Technology Services</u>	<u>Employee Benefits</u>	<u>Total</u>
\$5,361,746	\$5,766,331	\$4,574,089	\$40,482,833
			85,622
107,471	71,458		373,335
1,657	1,783	1,415	12,541
	134		134
<u>5,470,874</u>	<u>5,839,706</u>	<u>4,575,504</u>	<u>40,954,465</u>
			27,021
			372,748
	373,411		480,625
<u>15,784,186</u>	<u>2,670,824</u>		<u>20,946,790</u>
<u>15,784,186</u>	<u>3,044,235</u>		<u>21,827,184</u>
<u>21,255,060</u>	<u>8,883,941</u>	<u>4,575,504</u>	<u>62,781,649</u>
			1,214,489
253,259	658,088		296,311
<u>65,929</u>	<u>119,560</u>		
<u>319,188</u>	<u>777,648</u>		<u>1,510,800</u>
			1,255,181
506,317	377,330	7,273	21,906
10,258			21,550,159
32,515	63,171		16,042
7,071	2,499		5,499
			386,503
52,166	210,594		562,871
<u>433,789</u>			
<u>1,042,116</u>	<u>653,594</u>	<u>7,273</u>	<u>23,798,161</u>
			39,069
5,273	21,287		9,739,903
2,031,069	5,277,708		5,031,781
1,119,566	2,030,295		1,795,054
<u>1,160,771</u>			
<u>4,316,679</u>	<u>7,329,290</u>		<u>16,605,807</u>
<u>5,358,795</u>	<u>7,982,884</u>	<u>7,273</u>	<u>40,403,968</u>
			112,385
23,436	60,896		397,113
<u>88,357</u>	<u>160,232</u>		
<u>111,793</u>	<u>221,128</u>		<u>509,498</u>
			19,442,238
14,189,626	3,044,235		85,622
<u>1,914,034</u>	<u>(1,586,658)</u>	<u>4,568,231</u>	<u>3,851,123</u>
<u>\$16,103,660</u>	<u>\$1,457,577</u>	<u>\$4,568,231</u>	<u>\$23,378,983</u>

CITY OF HAYWARD
INTERNAL SERVICE FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019

	Workers' Compensation Insurance	General Liability	Facilities Management
OPERATING REVENUES			
Charges for services	\$8,164,180		\$4,026,656
Other		\$43,119	224,561
Total Operating Revenues	8,164,180	43,119	4,251,217
OPERATING EXPENSES			
Salaries and related expenses	481,684	554,898	1,412,762
Materials, supplies and services	541,103	5,721,836	1,600,194
Repairs and maintenance			1,036,951
Self-funded insurance expense	4,968,859	2,433,090	
Depreciation			109,271
Total Operating Expenses	5,991,646	8,709,824	4,159,178
Operating Income (Loss)	2,172,534	(8,666,705)	92,039
NONOPERATING REVENUES (EXPENSES)			
Investment income	435,538	82,471	19,616
Interest (expense)			(43,133)
Gain on disposal of capital assets			
Total Nonoperating Revenues (Expenses)	435,538	82,471	(23,517)
Income (Loss) Before Transfers	2,608,072	(8,584,234)	68,522
CONTRIBUTIONS AND TRANSFERS			
Transfers in	400,000	7,062,847	383,000
Transfers (out)	(12,103)		(37,676)
Net Contributions and Transfers	387,897	7,062,847	345,324
CHANGE IN NET POSITION	2,995,969	(1,521,387)	413,846
BEGINNING NET POSITION	(2,711,306)	2,075,138	(2,745)
ENDING NET POSITION	\$284,663	\$553,751	\$411,101

<u>Fleet Management</u>	<u>Technology Services</u>	<u>Employee Benefits</u>	<u>Total</u>
\$7,495,207	\$7,364,500	\$3,404,351	\$30,454,894
136,713	687,294		1,091,687
<u>7,631,920</u>	<u>8,051,794</u>	<u>3,404,351</u>	<u>31,546,581</u>
1,907,278	5,365,472		9,722,094
1,134,448	2,622,997	1,288,269	12,908,847
1,125,300	1,519,056		3,681,307
	2,328	3,895,573	11,299,850
<u>2,268,344</u>	<u>1,681,930</u>		<u>4,059,545</u>
<u>6,435,370</u>	<u>11,191,783</u>	<u>5,183,842</u>	<u>41,671,643</u>
<u>1,196,550</u>	<u>(3,139,989)</u>	<u>(1,779,491)</u>	<u>(10,125,062)</u>
128,206	125,312	101,036	892,179
(58,688)	(7,695)		(109,516)
<u>69,518</u>	<u>117,617</u>	<u>101,036</u>	<u>782,663</u>
<u>1,266,068</u>	<u>(3,022,372)</u>	<u>(1,678,455)</u>	<u>(9,342,399)</u>
645,770	1,596,000	2,000,000	12,087,617
(60,248)	(87,165)		(197,192)
<u>585,522</u>	<u>1,508,835</u>	<u>2,000,000</u>	<u>11,890,425</u>
1,851,590	(1,513,537)	321,545	2,548,026
<u>14,252,070</u>	<u>2,971,114</u>	<u>4,246,686</u>	<u>20,830,957</u>
<u>\$16,103,660</u>	<u>\$1,457,577</u>	<u>\$4,568,231</u>	<u>\$23,378,983</u>

CITY OF HAYWARD
INTERNAL SERVICE FUNDS
COMBINING STATEMENTS OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2019

	Workers' Compensation Insurance	General Liability	Facilities Management
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$8,238,462	\$43,536	\$4,260,596
Payments to suppliers	(4,098,741)	(6,701,472)	(2,633,797)
Payments to employees	(558,288)	(644,157)	(1,421,447)
Cash Flows from Operating Activities	3,581,433	(7,302,093)	205,352
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	400,000	7,062,847	383,000
Transfers out	(12,103)		(37,676)
Cash Flows from Noncapital Financing Activities	387,897	7,062,847	345,324
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets			(144,235)
Principal payments on capital debt			(124,225)
Interest paid on capital debt			(43,913)
Cash Flows from Capital and Related Financing Activities			(312,373)
CASH FLOWS FROM INVESTING ACTIVITIES			
Change in fair values of investments			(1,606)
Investment income	476,671	82,729	19,566
Cash Flows from Investing Activities	476,671	82,729	17,960
Net increase (decrease) in cash and cash equivalents	4,446,001	(156,517)	256,263
Cash and cash equivalents at beginning of period	15,086,155	4,526,556	622,209
Cash and cash equivalents at end of period	<u>\$19,532,156</u>	<u>\$4,370,039</u>	<u>\$878,472</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$2,172,534	(\$8,666,705)	\$92,039
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation			109,271
Change in assets and liabilities:			
Receivables, net	70,482	(1,277)	9,379
Due from other governments			2,486
Accounts and other payables	33,954	(43,689)	
Other assets	2,400		
Due to retirement system	(66,449)	(80,094)	(1,154)
Due to OPEB	(2,653)	(2,625)	(6,876)
Compensated absences	(7,502)	(6,540)	(655)
Unearned revenue	3,800	1,694	
Other accrued expenses	1,374,867	1,497,143	862
Cash Flows from Operating Activities	\$3,581,433	(\$7,302,093)	\$205,352

<u>Fleet Management</u>	<u>Technology Services</u>	<u>Employee Benefits</u>	<u>Total</u>
\$7,561,850	\$8,053,045	\$3,404,449	\$31,561,938
(2,023,676)	(3,978,744)	(5,183,842)	(24,620,272)
<u>(1,482,316)</u>	<u>(3,166,114)</u>		<u>(7,272,322)</u>
<u>4,055,858</u>	<u>908,187</u>	<u>(1,779,393)</u>	<u>(330,656)</u>
645,770	1,596,000	2,000,000	12,087,617
<u>(60,248)</u>	<u>(87,165)</u>		<u>(197,192)</u>
<u>585,522</u>	<u>1,508,835</u>	<u>2,000,000</u>	<u>11,890,425</u>
(1,891,785)	(417,323)		(2,453,343)
(417,120)	(346,044)		(887,389)
<u>(61,448)</u>	<u>(8,642)</u>		<u>(114,003)</u>
<u>(2,370,353)</u>	<u>(772,009)</u>		<u>(3,454,735)</u>
			(1,606)
<u>127,603</u>	<u>125,050</u>	<u>101,036</u>	<u>932,655</u>
<u>127,603</u>	<u>125,050</u>	<u>101,036</u>	<u>931,049</u>
2,398,630	1,770,063	321,643	9,036,083
<u>2,963,116</u>	<u>3,996,268</u>	<u>4,252,446</u>	<u>31,446,750</u>
<u>\$5,361,746</u>	<u>\$5,766,331</u>	<u>\$4,574,089</u>	<u>\$40,482,833</u>
\$1,196,550	(\$3,139,989)	(\$1,779,491)	(\$10,125,062)
2,268,344	1,681,930		4,059,545
(76,290)	3,576	98	5,968
6,220			6,220
236,703	155,264		384,718
	4,066		6,466
437,542	2,191,422		2,481,267
(7,231)	(13,114)		(32,499)
(5,349)	21,050		1,004
	(2,325)		3,169
<u>(631)</u>	<u>6,307</u>		<u>2,878,548</u>
<u>\$4,055,858</u>	<u>\$908,187</u>	<u>(\$1,779,393)</u>	<u>(\$330,656)</u>

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AGENCY FUNDS

Agency Funds account for assets held by the City as agent for individuals, governmental entities, and non-public organizations. These funds include the following:

Local Improvement Districts Fund – Accounts for debt service activities for LIDs #14, #15, #16, #17 and Community Facilities District #1. The City has no commitment for the repayment of these Districts' debt.

South Hayward Bart Parking District JPA – Account for related revenues and expenditures related to the Joint Powers Authority agreement between the City and Bay Area Rapid Transit (BART) for the purpose of providing parking access around the South Hayward BART station.

Other Agency Funds – Accounts for activities of Hayward Coalition for Youth and the Hayward Friends of the Library Fund.

CITY OF HAYWARD
AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2019

	Balance June 30, 2018	Additions	Deductions	Balance June 30, 2019
<u>Local Improvement Districts</u>				
ASSETS:				
Cash and investments	\$3,528,103	\$3,811,999	\$3,528,103	\$3,811,999
Cash and investments with fiscal agents	355,395	358,821	355,395	358,821
Accounts receivable		3,053		3,053
Interest receivable	1,255	1,179	1,255	1,179
Due from other governments	509,018	336,324	509,018	336,324
Deposits, parts, supplies and other		201,524		201,524
Total Assets	<u>\$4,393,771</u>	<u>\$4,712,900</u>	<u>\$4,393,771</u>	<u>\$4,712,900</u>
LIABILITIES:				
Accounts payable	\$1,395	\$713	\$1,395	\$713
Due to bondholders	4,392,376	4,712,187	4,392,376	4,712,187
Total Liabilities	<u>\$4,393,771</u>	<u>\$4,712,900</u>	<u>\$4,393,771</u>	<u>\$4,712,900</u>
<u>South Hayward Bart Parking District JPA</u>				
ASSETS:				
Cash and investments	\$864,875	\$1,240,688	\$864,875	\$1,240,688
Accounts receivable	5,690	8,995	5,690	8,995
Interest receivable	308	383	308	383
Total Assets	<u>\$870,873</u>	<u>\$1,250,066</u>	<u>\$870,873</u>	<u>\$1,250,066</u>
LIABILITIES:				
Due to others	\$870,873	\$1,250,066	\$870,873	\$1,250,066
Total Liabilities	<u>\$870,873</u>	<u>\$1,250,066</u>	<u>\$870,873</u>	<u>\$1,250,066</u>
<u>Other Agency Funds</u>				
ASSETS:				
Cash and investments	\$5,148,944	\$6,027,764	\$5,148,944	\$6,027,764
Interest receivable	1,815	1,865	1,815	1,865
Due from other governments	2,500		2,500	
Total Assets	<u>\$5,153,259</u>	<u>\$6,029,629</u>	<u>\$5,153,259</u>	<u>\$6,029,629</u>
LIABILITIES:				
Accounts payable	\$8,289	\$72,326		\$80,615
Refundable deposits	5,144,970	5,957,303	5,153,259	5,949,014
Total Liabilities	<u>\$5,153,259</u>	<u>\$6,029,629</u>	<u>\$5,153,259</u>	<u>\$6,029,629</u>
<u>Total</u>				
ASSETS:				
Cash and investments	\$9,541,922	\$11,080,451	\$9,541,922	\$11,080,451
Cash and investments with fiscal agents	355,395	358,821	355,395	358,821
Accounts receivable, net	5,690	12,048	5,690	12,048
Interest receivable	3,378	3,427	3,378	3,427
Due from other governments	511,518	336,324	511,518	336,324
Deposits, parts, supplies and other		201,524		201,524
Total Assets	<u>\$10,417,903</u>	<u>\$11,992,595</u>	<u>\$10,417,903</u>	<u>\$11,992,595</u>
LIABILITIES:				
Accounts payable	\$9,684	\$73,039	\$1,395	\$81,328
Refundable deposits	5,144,970	5,957,303	5,153,259	5,949,014
Due to bondholders and others	5,263,249	5,962,253	5,263,249	5,962,253
Total Liabilities	<u>\$10,417,903</u>	<u>\$11,992,595</u>	<u>\$10,417,903</u>	<u>\$11,992,595</u>

STATISTICAL SECTION

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STATISTICAL SECTION

The statistical section of the City's Comprehensive Annual Financial Report presents detailed information as a context for understanding the information in the financial statements, note disclosures, and required supplementary information. This section provides a history of the City's overall financial health. In contrast to the financial section, the statistical section information is not subject to independent audit.

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time:

1. Net Position by Component
2. Changes in Net Position
3. Fund Balances of Governmental Funds
4. Changes in Fund Balance of Governmental Funds

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax:

1. Assessed and Estimated Actual Value of Taxable Property
2. Property Tax Rates, All Overlapping Governments
3. Principal Property Taxpayers
4. Property Tax Levies and Collections

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future:

1. Ratio of Outstanding Debt by Type
2. Computation of Direct and Overlapping Debt
3. Computation of Legal Bonded Debt Margin
4. Revenue Bond Coverage Wastewater Revenue Bonds
5. Bonded Debt Pledged Revenue Coverage, Tax Allocation Bonds

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place:

1. Demographic and Economic Statistics
2. Principal Employers

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs:

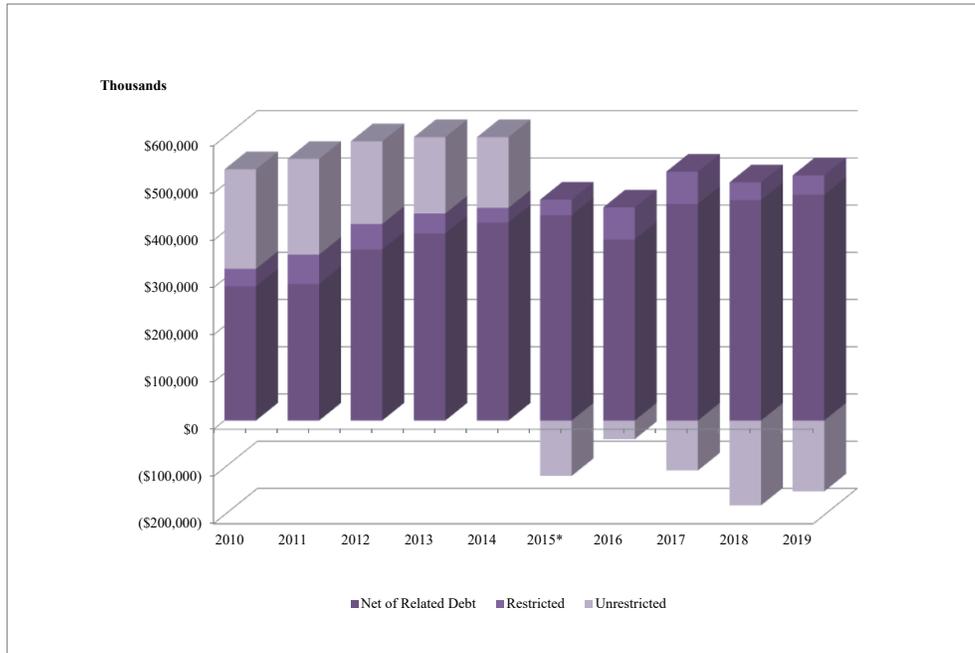
1. Full-Time Equivalent City Government Employees by Function
2. Operating Indicators by Function/Program
3. Capital Asset Statistics by Function/Program

Sources

Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

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CITY OF HAYWARD
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)



* To comply with GASB 68 an adjustment was made to the City's total unrestricted net position, decreasing it by \$311,685,673 in FY 2015. The negative Net Position offsets the Net Pension Liabilities of \$284,150,333.

	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015*	2016	2017	2018	2019
Governmental activities										
Net investment in capital assets	\$175,603,110	\$177,018,316	\$249,020,221	\$279,525,198	\$290,077,936	\$305,320,098	\$254,986,441	\$324,056,697	\$324,408,453	\$329,532,552
Restricted	37,078,947	62,458,594	54,205,450	42,224,510	31,382,199	33,021,745	68,045,952	68,431,025	37,795,705	41,119,395
Unrestricted	74,605,502	67,919,935	35,822,808	33,214,883	43,176,179	(257,512,639)	(195,715,585)	(266,000,254)	(327,597,600)	(322,106,063)
Total governmental activities net position	\$287,287,559	\$307,396,845	\$339,048,479	\$354,964,591	\$364,636,314	\$80,829,204	\$127,316,808	\$126,487,468	\$34,606,558	\$48,545,884
Business-type activities										
Net investment in capital assets	\$108,371,577	\$111,809,831	\$112,987,363	\$116,593,166	\$128,869,837	\$129,150,393	\$128,152,757	\$134,479,298	\$141,998,213	\$148,443,353
Restricted	0	0	0	0	0	0	0	0	0	0
Unrestricted	136,133,467	134,720,060	139,002,268	140,296,857	143,368,162	140,262,979	156,403,925	160,313,212	148,088,671	172,060,648
Total business-type activities net position	\$244,505,044	\$246,529,891	\$251,989,631	\$256,890,023	\$272,237,999	\$269,413,372	\$284,556,682	\$294,792,510	\$290,086,884	\$320,504,001
Primary government										
Net investment in capital assets	\$283,974,687	\$288,828,147	\$362,007,584	\$396,118,364	\$418,947,773	\$434,470,491	\$383,139,198	\$458,535,995	\$466,406,666	\$477,975,905
Restricted	37,078,947	62,458,594	54,205,450	42,224,510	31,382,199	33,021,745	68,045,952	68,431,025	37,795,705	41,119,395
Unrestricted	210,738,969	202,639,995	174,825,076	173,511,740	186,544,341	(117,249,660)	(39,311,660)	(105,687,042)	(179,508,929)	(150,045,415)
Total primary government net position	\$531,792,603	\$553,926,736	\$591,038,110	\$611,854,614	\$636,874,313	\$350,242,576	\$411,873,490	\$421,279,978	\$324,693,442	\$369,049,885

CITY OF HAYWARD
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year Ended June 30,			
	2010	2011	2012	2013
Expenses				
Governmental Activities:				
General Government	\$12,526,820	\$9,728,751	\$9,417,144	\$11,162,908
Public Safety	91,936,447	97,783,089	96,991,346	100,470,925
Public Works and Transportation	6,614,756	12,061,251	12,400,798	13,689,585
Library and Community Services	8,873,963	8,826,270	7,645,958	7,490,405
Economic Development	4,337,389	7,755,610	2,078,030	1,285,830
Planning and Building	5,930,519	5,878,086	5,642,610	6,102,300
Maintenance Services	4,612,144	4,028,800	4,030,146	3,896,951
Community Development				
Culture and Leisure				
Nondepartmental				
Interest on Long Term Debt	4,073,192	4,486,345	3,685,703	2,056,984
Total Governmental Activities Expenses	138,905,230	150,548,202	141,891,735	146,155,888
Business-Type Activities:				
Sewer	18,276,551	19,395,928	17,977,438	19,127,813
Water	28,336,545	29,807,045	36,010,696	38,837,206
Airport	3,008,282	3,124,022	3,271,942	3,252,108
Centennial Hall Maintenance and Operation	313,299			
Stormwater	2,227,090	2,326,729	2,235,721	2,402,138
Total Business-Type Activities Expenses	52,161,767	54,653,724	59,495,797	63,619,265
Total Primary Government Expenses	\$191,066,997	\$205,201,926	\$201,387,532	\$209,775,153
Program Revenues				
Governmental Activities:				
Charges for Services:				
General Government	\$190,261	\$1,019,505	\$2,162,950	\$2,505,144
Public Safety	9,128,483	8,608,854	8,139,780	3,308,573
Public Works and Transportation	555,541	744,992	4,382,791	3,780,364
Library and Community Services	98,968	90,947	110,465	95,682
Economic Development	79,484	121,677	77,251	
Planning and Building	5,074,620	5,022,960	4,312,438	3,541,420
Maintenance Services	37,098	269,786	399,721	710,653
Community Development				
Culture and Leisure				
Nondepartmental				
Operating Grants and Contributions	17,196,527	12,904,598	25,163,445	6,998,650
Capital Grants and Contributions	18,885,041	30,675,031	32,561,709	26,479,205
Total Government Activities Program Revenues	51,246,023	59,458,350	77,310,550	47,419,691

* Due to City of Hayward Departmental reorganization, Community Development, and Culture and Leisure Departments no longer exist.
Source: City of Hayward Comprehensive Annual Financial Report

Fiscal Year Ended June 30,					
2014	2015	2016	2017	2018	2019
\$11,989,512	\$16,245,827	\$14,192,819	\$16,158,933	\$36,743,529	\$26,842,761
102,494,680	106,541,527	118,423,530	128,069,028	136,621,829	130,098,500
8,851,489	12,295,579	14,414,107	25,599,837	24,077,319	26,136,150
8,073,175	5,150,554	9,047,644	7,056,242	10,673,935	10,026,345
1,432,514	835,342	1,762,937	152,175	1,480,505	2,177,009
6,293,037	6,831,521	7,281,726	8,628,739	11,093,298	10,688,978
4,790,594	5,798,009	6,156,886	8,288,824	11,482,643	11,993,462
<u>1,131,490</u>	<u>1,400,778</u>	<u>1,490,140</u>	<u>3,078,848</u>	<u>3,238,555</u>	<u>2,863,705</u>
<u>145,056,491</u>	<u>155,099,137</u>	<u>172,769,788</u>	<u>197,032,626</u>	<u>235,411,613</u>	<u>220,826,910</u>
17,443,979	19,967,350	23,757,316	22,755,149	19,762,825	22,065,651
38,252,368	36,953,171	38,253,454	46,225,355	52,084,024	46,827,858
3,443,655	3,489,917	3,976,602	6,348,333	4,236,680	4,045,984
<u>2,419,567</u>	<u>2,373,574</u>	<u>3,042,678</u>	<u>2,450,088</u>	<u>2,817,649</u>	<u>2,793,121</u>
<u>61,559,569</u>	<u>62,784,012</u>	<u>69,030,050</u>	<u>77,778,925</u>	<u>78,901,178</u>	<u>75,732,614</u>
<u>\$206,616,060</u>	<u>\$217,883,149</u>	<u>\$241,799,838</u>	<u>\$274,811,551</u>	<u>\$314,312,791</u>	<u>\$296,559,524</u>
\$3,348,209	\$3,404,484	\$3,513,507	\$2,627,359	\$3,920,063	\$3,328,124
3,332,950	3,311,997	3,585,912	4,638,881	4,859,695	4,837,363
4,121,654	4,966,061	5,620,367	7,009,479	6,019,771	6,061,761
85,256	116,787	1,312,128	2,537,062	317,596	3,101,839
2,749,344	1,292,172				
5,026,469	4,536,430	6,060,654	6,926,489	6,294,675	7,052,017
1,243,660	1,504,197	1,088,664	1,488,851	1,555,141	1,652,433
7,634,799	10,587,001	13,611,989	11,984,727	10,626,753	14,868,015
9,066,354	5,807,599	31,255,350	1,463,593	2,472,715	4,831,794
<u>36,608,695</u>	<u>35,526,728</u>	<u>66,048,571</u>	<u>38,676,441</u>	<u>36,066,409</u>	<u>45,733,346</u>

CITY OF HAYWARD
Changes in Net Position
(continued)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

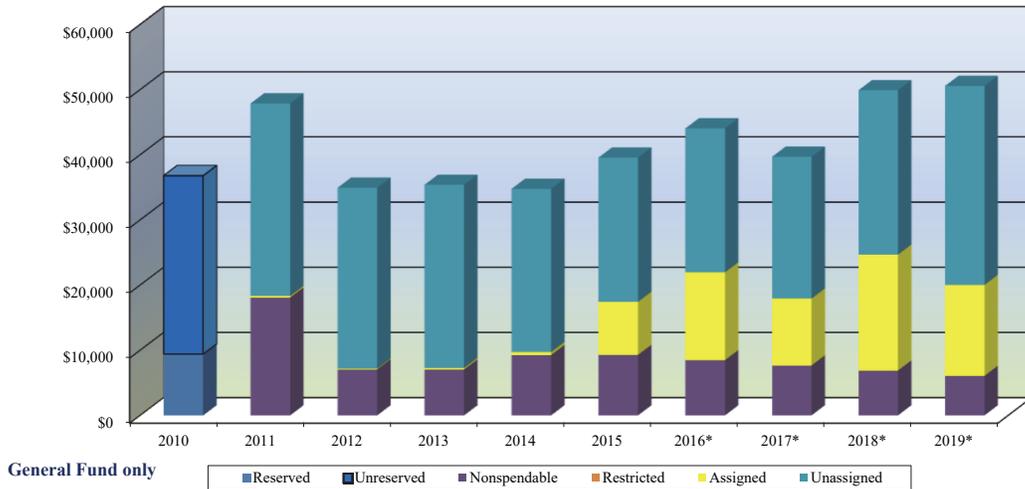
	Fiscal Year Ended June 30,			
	2010	2011	2012	2013
Business-Type Activities:				
Charges for Services:				
Sewer	19,186,749	20,338,593	22,333,628	22,136,846
Water	28,143,863	31,684,462	38,463,759	43,128,089
Airport	2,783,068	2,790,998	2,917,614	2,963,971
Centennial Hall Maintenance & Operation	42,954			
Stormwater	2,700,531	2,724,244	2,738,050	2,821,653
Operating Grants and Contributions			119,629	88,916
Capital Grants and Contributions	2,411,519	1,246,130		
Total Business-Type Activities Program Revenue	<u>55,268,684</u>	<u>58,784,427</u>	<u>66,572,680</u>	<u>71,139,475</u>
Total Primary Government Program Revenues	<u>\$106,514,707</u>	<u>\$118,242,777</u>	<u>\$143,883,230</u>	<u>\$118,559,166</u>
Net (Expense)/Revenue				
Governmental Activities	(\$87,659,207)	(\$91,089,852)	(\$64,581,185)	(\$98,736,197)
Business-Type Activities	3,106,917	4,130,703	7,076,883	7,520,210
Total Primary Government Net Expense	<u>(\$84,552,290)</u>	<u>(\$86,959,149)</u>	<u>(\$57,504,302)</u>	<u>(\$91,215,987)</u>
Total Primary Government Net Expense from prior page	<u>(\$84,552,290)</u>	<u>(\$86,959,149)</u>	<u>(\$57,504,302)</u>	<u>(\$91,215,987)</u>
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Taxes:				
Property Taxes	\$37,292,466	\$35,725,966	\$35,715,527	\$39,297,973
Incremental Property Tax	4,520,035	10,351,054	4,721,491	
Special Assessments		714,017	817,210	
Sales Taxes	23,508,544	25,491,533	26,346,354	29,197,989
Utility Users Tax	10,927,290	14,699,792	14,796,979	14,939,639
Real Property Transfer Tax	3,796,719	3,821,387	4,777,989	4,595,640
Franchise Tax	8,316,848	9,091,479	9,891,601	9,687,980
Business Tax	2,337,106	2,389,657	2,483,442	2,548,248
Excise Tax	1,857,223	1,699,438	1,742,210	1,868,695
Other Taxes	1,938,591	1,683,087	944,268	5,820,346
Motor Vehicle in-lieu, Unrestricted	457,126	694,933	75,744	78,484
Investment Earnings	819,649	434,426	369,203	534,927
Gain (Loss) on Sale of Capital Assets			(9,687)	
Gain (Loss) on land held for resale				
Miscellaneous	2,834,841	1,505,212	685,054	3,192,697
Transfers (refer to CAFR Footnote 4)	1,673,064	2,141,488	2,167,125	2,889,691
Extraordinary Item (refer to CAFR Footnote 19)			(9,342,122)	
Total Governmental Activities General Revenues and Transfers	<u>100,279,502</u>	<u>110,443,469</u>	<u>96,182,388</u>	<u>114,652,309</u>
Business-Type Activities:				
Investment Earnings	1,694,085	841,733	549,982	269,873
Gain (Loss) from disposal of capital assets				
Loss on equity investment				
Miscellaneous	834,449			
Transfers (refer to CAFR Footnote 19)	(1,673,064)	(2,141,488)	(2,167,125)	(2,889,691)
Total Business-Type Activities General Revenues and Transfers	855,470	(1,299,755)	(1,617,143)	(2,619,818)
Total Primary Government General Revenues and Transfers	<u>\$101,134,972</u>	<u>\$109,143,714</u>	<u>\$94,565,245</u>	<u>\$112,032,491</u>
Change in Net Position				
Governmental Activities	\$12,620,295	\$19,353,617	\$31,601,203	\$15,916,112
Business-Type Activities	3,962,387	2,830,948	5,459,740	4,900,392
Total Primary Government	<u>\$16,582,682</u>	<u>\$22,184,565</u>	<u>\$37,060,943</u>	<u>\$20,816,504</u>

* Due to City of Hayward Departmental reorganization, Community Development, and Culture and Leisure Departments no longer exist.
Source: City of Hayward Comprehensive Annual Financial Report

Fiscal Year Ended June 30,					
2014	2015	2016	2017	2018	2019
25,527,904	28,389,311	33,557,099	27,000,318	26,374,872	37,064,893
47,045,822	44,704,910	46,264,199	53,565,672	59,385,204	61,614,956
3,365,514	2,995,362	3,239,400	4,161,002	3,426,086	3,611,746
2,777,228	2,832,703	2,894,801	3,066,075	3,165,846	3,328,818
			1,162,390		
<u>78,716,468</u>	<u>78,922,286</u>	<u>85,955,499</u>	<u>88,955,457</u>	<u>92,352,008</u>	<u>105,620,413</u>
<u>\$115,325,163</u>	<u>\$114,449,014</u>	<u>\$152,004,070</u>	<u>\$127,631,898</u>	<u>\$128,418,417</u>	<u>\$151,353,759</u>
(\$108,447,796)	(\$119,572,409)	(\$106,721,218)	(\$158,356,185)	(\$199,345,204)	(\$175,093,564)
17,156,899	16,138,274	16,925,449	11,176,532	13,450,830	29,887,799
<u>(\$91,290,897)</u>	<u>(\$103,434,135)</u>	<u>(\$89,795,769)</u>	<u>(\$147,179,653)</u>	<u>(\$185,894,374)</u>	<u>(\$145,205,765)</u>
<u>(\$91,290,897)</u>	<u>(\$103,434,135)</u>	<u>(\$89,795,769)</u>	<u>(\$147,179,653)</u>	<u>(\$185,894,374)</u>	<u>(\$145,205,765)</u>
\$39,456,863	\$42,740,159	\$44,750,688	\$48,768,731	\$52,136,552	\$55,970,615
31,019,079	39,148,631	46,495,377	48,848,674	48,550,524	52,917,415
15,761,544	15,680,721	22,040,616	20,753,813	17,487,828	16,935,327
4,878,857	5,710,272	7,849,464	8,349,727	9,168,329	12,256,155
9,488,631	10,127,647	10,139,140	9,646,261	9,647,904	9,730,173
2,649,279	2,634,539	2,603,305	3,664,550	4,550,835	4,415,292
1,694,229	2,142,691	3,782,330	2,226,200	2,261,598	2,329,766
6,748,616	6,314,878	5,774,001	5,607,637	6,924,304	8,637,556
64,954	62,743	61,688	71,223	84,769	77,775
424,910	349,196	523,123	1,470,868	1,253,635	3,277,620
	(352,880)	882,491	121,761	49,910	
					10,982,198
3,473,568	2,996,956	5,505,290	5,130,121	5,514,057	7,837,732
2,458,989	2,618,309	2,801,309	2,861,623	2,621,785	3,665,266
<u>118,119,519</u>	<u>130,173,862</u>	<u>153,208,822</u>	<u>157,521,189</u>	<u>160,252,030</u>	<u>189,032,890</u>
650,066	533,521	1,019,170	1,920,919	925,665	4,305,963
				135,712	
					(111,379)
<u>(2,458,989)</u>	<u>(2,618,309)</u>	<u>(2,801,309)</u>	<u>(2,861,623)</u>	<u>(2,621,785)</u>	<u>(3,665,266)</u>
(1,808,923)	(2,084,788)	(1,782,139)	(940,704)	(1,560,408)	529,318
<u>\$116,310,596</u>	<u>\$128,089,074</u>	<u>\$151,426,683</u>	<u>\$156,580,485</u>	<u>\$158,691,622</u>	<u>\$189,562,208</u>
\$9,671,723	\$10,601,453	\$46,487,604	(\$834,996)	(\$39,093,174)	\$13,939,326
15,347,976	14,053,486	15,143,310	10,235,828	11,890,422	30,417,117
<u>\$25,019,699</u>	<u>\$24,654,939</u>	<u>\$61,630,914</u>	<u>\$9,400,832</u>	<u>(\$27,202,752)</u>	<u>\$44,356,443</u>

CITY OF HAYWARD
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

Thousands



	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016*	2017*	2018*	2019*
General Fund										
Reserved	\$9,434,579									
Unreserved	27,367,200									
Nonspendable		\$18,079,779 (b)	\$7,047,042	\$7,028,303	\$9,255,154	\$9,284,281	\$8,474,463	\$7,657,001	\$6,880,088	\$6,067,818
Restricted										
Assigned		256,170 (b)	133,571	256,170	459,100	8,150,187	13,485,813	10,276,759	17,794,142	13,959,459
Unassigned		29,550,120 (b)	27,763,993	28,115,304	25,052,543	22,134,362	22,098,817	21,767,997	25,248,062	30,554,839
Total General Fund (a)	<u>\$36,801,779</u>	<u>\$47,886,069</u>	<u>\$34,944,606</u>	<u>\$35,399,777</u>	<u>\$34,766,797</u>	<u>\$39,568,830</u>	<u>\$44,059,093</u>	<u>\$39,701,757</u>	<u>\$49,922,292</u>	<u>\$50,582,116</u>
All Other Governmental Funds										
Reserved	\$12,853,145									
Unreserved										
Unreserved, reported in:										
Debt Service funds	4,171,034									
Special revenue funds	16,022,583									
Capital project funds	14,181,758									
Undesignated funds										
Nonspendable		\$68 (b)	\$68		\$2,239,029	\$234,029	\$293			
Restricted		36,094,240 (b)	48,807,530	\$22,811,952	19,827,871	33,488,600	68,772,861	\$76,555,491	\$76,190,135	\$84,761,983
Assigned		5,568,584 (b)	7,460,751	2,646,543	7,670,060		68,374,788	58,691,704	33,810,387	26,111,962
Unassigned		(5,102,162) (b)	77,273	(724,802)		(2,508,938)			(1,644,451)	(5,969,846)
Total all other governmental funds	<u>\$47,228,520</u>	<u>\$36,560,730</u>	<u>\$56,345,622</u>	<u>\$24,733,693</u>	<u>\$29,736,960</u>	<u>\$31,213,691</u>	<u>\$137,147,942</u>	<u>\$135,247,195</u>	<u>\$108,356,071</u>	<u>\$104,904,099</u>

* General Fund includes balances related to the City's Measure C District Sales Tax

(a) The change in total fund balance for the General Fund and All Other Governmental Funds is explained in Management's Discussion and Analysis. The detail of Reserved and Designated Fund balance is explained in Note 9 of the financial statement footnotes.

(b) Starting Fiscal Year ending June 30, 2011, the City's fund balances are classified in accordance with GASB54 which requires the City to classify its fund balances based on spending constraints imposed on the use of resources. For programs with multiple funding sources, the City prioritizes and expends funds in the following order: Restricted, Committed, Assigned and Unassigned.

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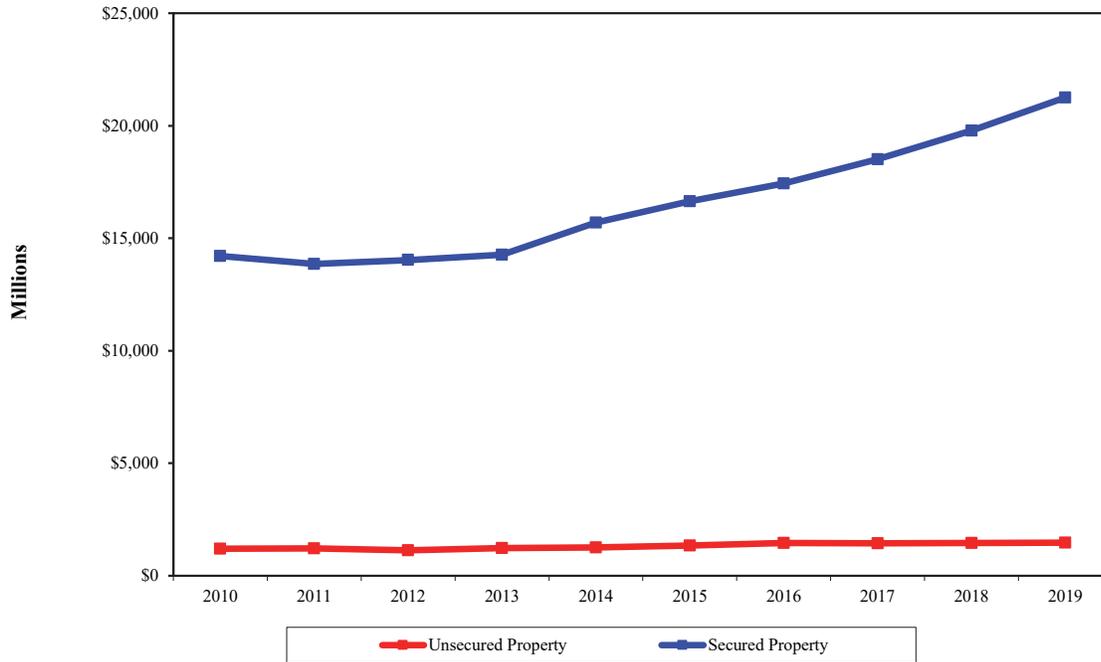
CITY OF HAYWARD
Changes in Fund Balance of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year Ended June 30,			
	2010	2011	2012	2013
Revenues				
Property Taxes	\$37,292,466	\$35,725,967	\$35,715,527	\$39,180,750
Property Tax Increment	10,180,653	10,351,054	4,721,491	
Special Assessments	610,058	714,015	817,210	891,037
Sales Taxes		25,491,532	26,346,354	29,197,989
Utility Users Taxes	10,927,290	14,699,792	14,796,979	14,939,639
Other Taxes	20,996,991	18,729,085	20,748,138	20,630,166
Licenses and permits	3,084,964	3,259,291	3,177,816	3,605,753
Fines and forfeitures	2,042,460	2,756,632	2,951,068	2,938,106
Use of money and property	1,471,396	1,153,359	1,098,574	756,670
Intergovernmental revenues	25,004,880	36,952,595	55,173,561	28,617,999
Fees and charges for services	8,807,886	9,262,348	8,851,474	8,377,718
Reimbursement from Developer	484,205	1,064,680	344,375	109,677
Other	2,559,991	7,787,702	6,565,952	1,934,141
Total Revenues	123,463,240	167,948,052	181,308,519	151,179,645
Expenditures				
Current:				
General government	8,564,302	7,930,669	8,034,218	9,841,308
Public safety	82,051,155	88,980,339	90,190,936	90,696,723
Public works and transportation	6,152,137	9,225,588	10,994,660	10,498,047
Library and community services	7,986,000	7,884,539	6,926,851	6,531,206
Economic development	5,986,083	5,622,527	4,396,669	1,847,619
Planning and building	5,558,437	5,562,298	5,346,481	5,806,741
Maintenance services	4,384,873	3,783,213	3,827,181	3,685,853
Nondepartmental				
Capital outlay	15,712,302	28,216,666	30,601,040	36,797,417
Debt service:				
Principal	2,940,621	3,071,058	1,751,366	1,854,870
Interest and fiscal charges	3,966,495	4,584,267	3,355,010	2,040,992
Bond issuance cost				
Pass-through payments	5,660,618	2,151,873	1,546	
Total Expenditures	148,963,023	167,013,037	165,425,958	169,600,776
Excess (deficiency) of revenues over (under) expenditures	(25,499,783)	935,015	15,882,561	(18,421,131)
Other Financing Sources (Uses)				
Gain on Sale				
Transfer of land held for resale to cap assets				
Proceeds from sale of capital asset		17,961		
Proceeds of refunding bonds (refer to CAFR Footnote 6)				
Premium on refunding bonds issued (refer to CAFR Footnote 6)				
Payment to refunded bond escrow agent (refer to CAFR Footnote 6)				
Proceeds of repayment agreement				
Proceeds from long term debt (refer to CAFR Footnote 6)		200,000		
Contributions from assessment district				
Transfers in (refer to CAFR Footnote 4)	26,352,391	35,397,325	14,518,727	11,304,955
Transfers out (refer to CAFR Footnote 4)	(33,068,855)	(36,133,801)	(15,548,463)	(12,689,762)
Total other financing sources (uses)	(6,716,464)	(518,515)	(1,029,736)	(1,384,807)
Extraordinary Item (Refer to CAFR Footnote 19)			(8,009,396)	
Net Change in fund balances	(\$32,216,247)	\$416,500	\$6,843,429	(\$19,805,938)
Debt service as a percentage of noncapital expenditures	5.7%	5.9%	3.9%	3.0%

Source: City of Hayward Comprehensive Annual Financial Report

Fiscal Year Ended June 30,					
2014	2015	2016	2017	2018	2019
\$38,971,067	\$42,128,306	\$44,159,430	\$47,195,566	\$51,235,946	\$54,467,978
972,339	980,329	1,166,399	1,026,071	1,003,388	1,059,378
31,019,079	39,148,631	46,495,377	48,848,674	48,550,524	52,917,415
15,761,544	15,680,721	22,040,616	20,753,813	17,487,828	16,935,327
21,310,770	23,424,572	26,554,046	27,518,428	28,116,819	32,658,149
4,078,392	5,031,300	6,316,823	7,766,510	7,091,074	7,814,026
2,285,486	2,549,034	2,341,565	2,499,964	2,487,183	2,670,298
635,092	357,388	561,895	1,746,291	1,644,775	3,473,471
33,839,482	22,647,381	37,101,458	28,403,369	23,151,743	28,991,082
8,172,604	7,639,834	9,885,890	5,889,181	7,360,450	7,373,160
252,910					
2,402,380	5,002,806	7,909,582	11,082,590	6,084,935	10,689,323
159,701,145	164,590,302	204,533,081	202,730,457	194,214,665	219,049,607
10,551,378	13,702,855	12,675,974	13,182,512	14,309,144	15,335,579
91,851,849	96,719,824	105,164,624	110,461,347	110,621,648	118,169,989
3,764,567	6,623,943	3,850,989	4,001,258	3,772,501	8,850,429
7,004,537	6,748,325	8,371,078	6,678,908	7,638,673	7,722,543
2,017,787	763,285	1,984,194	56,797	81,274	1,512,567
5,981,108	6,495,171	7,382,233	8,497,395	8,372,228	9,229,204
4,591,395	5,581,077	6,279,365	7,711,268	7,720,401	9,973,511
22,587,661	30,819,943	39,864,835	48,972,280	47,870,707	45,601,421
2,216,033	2,156,489	2,397,381	2,561,048	2,676,156	5,013,353
1,093,538	1,158,708	1,055,901	3,303,835	3,321,225	3,190,198
		1,054,619	2,972		
151,659,853	170,769,620	190,081,193	205,429,620	206,383,957	224,598,794
8,041,292	(6,179,318)	14,451,888	(2,699,163)	(12,169,292)	(5,549,187)
					10,982,198
		87,348,775			
		6,565,740			
		(20,455,936)			
2,488,880	5,500,000				
16,346,295	9,012,179	25,098,265	40,553,431	13,461,040	40,742,247
(22,375,934)	(12,188,316)	(27,899,357)	(44,118,007)	(17,962,337)	(48,967,406)
(3,540,759)	2,323,863	70,657,487	(3,564,576)	(4,501,297)	2,757,039
\$4,500,533	(\$3,855,455)	\$85,109,375	(\$6,263,739)	(\$16,670,589)	(\$2,792,148)
2.6%	2.4%	2.4%	3.8%	3.8%	4.6%

**CITY OF HAYWARD
 ASSESSED AND ESTIMATED ACTUAL
 VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS**



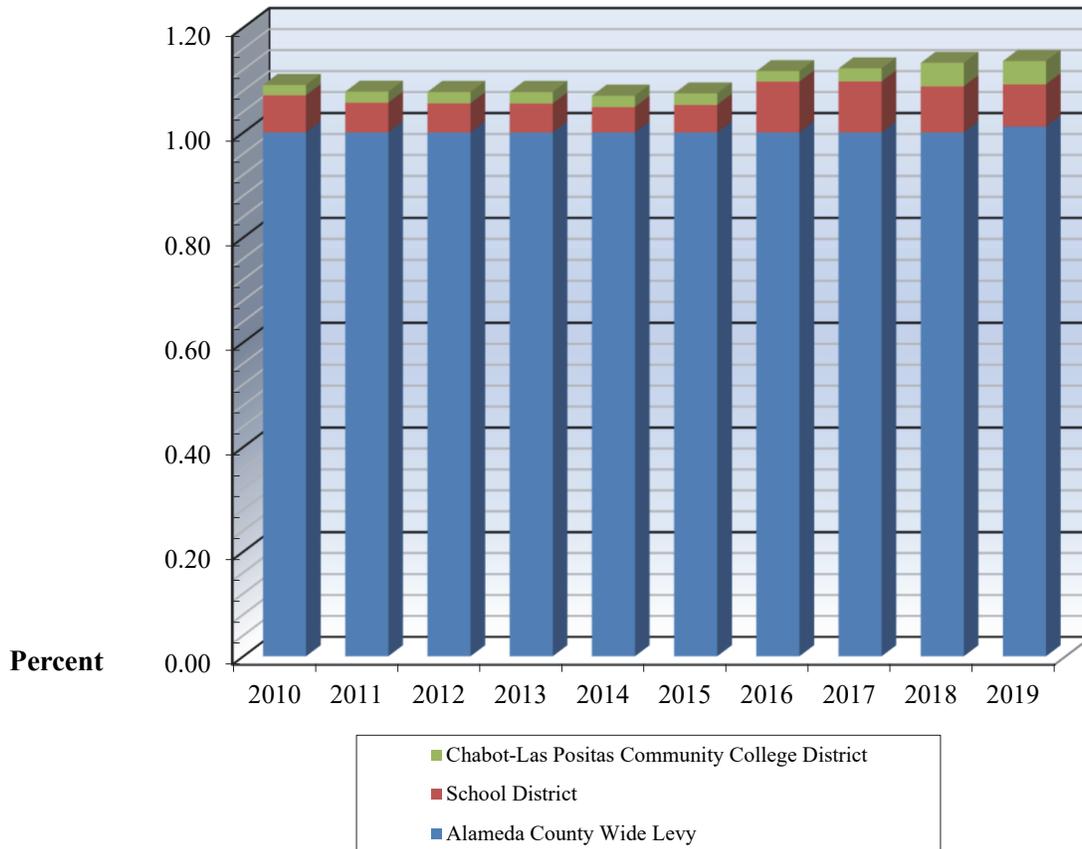
Fiscal Year	Total Secured Property	Total Unsecured Property	Total Assessed (c)	Estimated Full Market (a)	Direct Tax Rate (b)
2010	\$14,205,256,130	\$1,202,570,890	\$15,407,827,020	\$15,407,827,020	1%
2011	13,852,339,086	1,206,621,783	15,058,960,869	15,058,960,869	1%
2012	14,031,375,627	1,119,664,498	15,151,040,125	15,151,040,125	1%
2013	14,269,516,867	1,219,715,968	15,489,232,835	15,489,232,835	1%
2014	15,692,946,952	1,249,273,320	16,942,220,272	16,942,220,272	1%
2015	16,639,488,990	1,340,155,668	17,979,644,658	17,979,644,658	1%
2016	17,432,403,170	1,452,793,040	18,885,196,210	18,885,196,210	1%
2017	18,505,587,803	1,439,106,697	19,944,694,500	19,944,694,500	1%
2018	19,779,304,369	1,454,651,151	21,233,955,520	21,233,955,520	1%
2019	21,249,763,958	1,469,205,980	22,718,969,938	22,718,969,938	1%

NOTE:

- (a) The State Constitution requires property to be assessed at one hundred percent of the most recent purchase price, plus an increment of no more than two percent annually, plus any local over-rides. These values are considered to be full market values.
- (b) California cities do not set their own direct tax rate. The state constitution establishes the rate at 1% and allocates a portion of that amount, by an annual calculation, to all the taxing entities within a tax rate area.
- (c) Total assessed represents gross amount of the total assessed valuation of the taxable property.

Source: Alameda County Auditor Controller Office Certificate of Assessed Valuations

**CITY OF HAYWARD
PROPERTY TAX RATES
ALL OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS**



<u>Fiscal Year</u>	<u>Alameda County Wide Levy</u>	<u>City of Hayward</u>	<u>Hayward Unified School District</u>	<u>Chabot-Las Positas Community College District</u>	<u>Bay Area Rapid Transit (BART)</u>	<u>Hayward Area Rec & Park</u>	<u>East Bay Regional Park</u>	<u>Total</u>
2010	1.0000	0.0018	0.0710	0.0195	0.0057		0.0108	1.1088
2011	1.0000	0.0018	0.0566	0.0211	0.0031		0.0084	1.0910
2012	1.0000	0.0018	0.0557	0.0214	0.0041		0.0071	1.0901
2013	1.0000	0.0018	0.0553	0.0219	0.0043		0.0051	1.0884
2014	1.0000	0.0018	0.0486	0.0214	0.0075		0.0078	1.0871
2015	1.0000	0.0018	0.0527	0.0217	0.0045		0.0085	1.0892
2016	1.0000	0.0018	0.0970	0.0198	0.0026		0.0067	1.1279
2017	1.0000	0.0018	0.0974	0.0246	0.0080		0.0032	1.1350
2018	1.0000	0.0018	0.0881	0.0445	0.0084	0.0299	0.0021	1.1748
2019	1.0112	0.0018	0.0806	0.0443	0.0070	0.0300	0.0057	1.1806

City of Hayward
Principal Property Tax Payers
Current Year and Nine Years Ago

<u>Employer</u>	<u>FY 2019</u>			<u>FY 2010</u>		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Russell City Energy Company, LLC	\$381,223,800	1	1.68%			
PSB Northern Calif Industrial Portfolio LLC	212,618,199	2	0.94%			
Southland Mall LP	178,216,437	3	0.78%			
Hayward 544 LLC	164,556,656	4	0.72%			
Hayward Point Eden I LP	107,072,487	5	0.47%	\$90,576,000	4	0.60%
ROC III CA Creekwood LLC	99,542,155	6	0.44%			
Hayward Industrial Park Associates	99,795,277	7	0.44%			
Impax Laboratories Inc.	88,434,879	8	0.39%	74,435,621	6	0.49%
SCI Limited Partnership I	78,755,271	9	0.35%	84,074,264	5	0.56%
Bottling Group LLC	76,312,894	10	0.34%	73,359,107	7	0.49%
Northern Cal Industrial Portfolio				182,036,240	1	1.21%
Kohls Department Stores Inc				123,267,837	2	0.82%
Berkeley Farm Inc.				106,249,359	3	0.71%
North 3 Holding LLC				60,433,572	8	0.40%
First American Title Co				57,382,168	9	0.38%
Target Corporation				56,799,618	10	0.38%
Subtotal	\$1,486,528,055		6.54%	\$908,613,786		6.03%

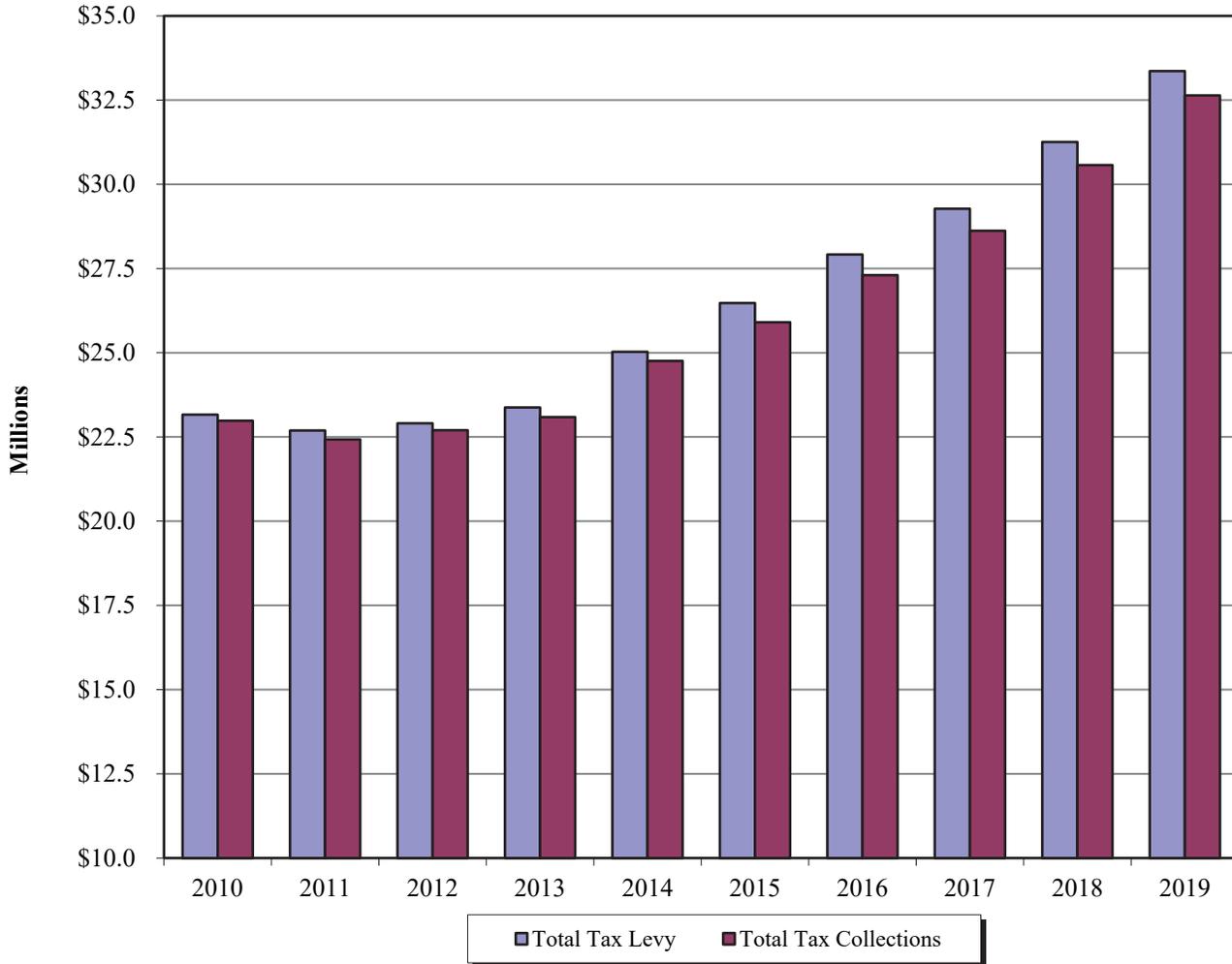
Total Assessed Valuation:

Fiscal Year 2018/2019 \$22,718,969,938

Fiscal Year 2008/2009 15,058,960,869

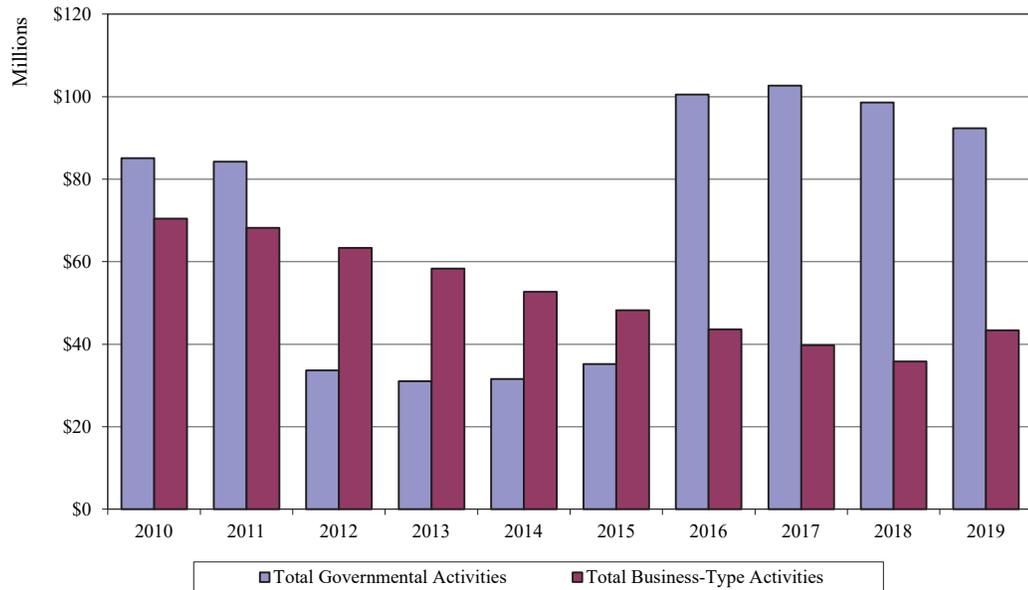
Source: Alameda County Assessor Fiscal Year Combined Tax Rolls

**CITY OF HAYWARD
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**



Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy
2010	23,161,547	21,849,101	94.33%	1,132,552	22,981,653	99.22%
2011	22,689,887	21,518,638	94.84%	907,086	22,425,724	98.84%
2012	22,905,414	21,746,406	94.94%	952,781	22,699,187	99.10%
2013	23,375,741	22,340,018	95.57%	748,912	23,088,930	98.77%
2014	25,027,044	24,356,397	97.32%	399,535	24,755,932	98.92%
2015	26,474,019	25,522,217	96.40%	382,845	25,905,062	97.85%
2016	27,915,350	26,854,859	96.20%	446,987	27,301,846	97.80%
2017	29,275,215	28,172,161	96.23%	448,808	28,620,970	97.77%
2018	31,255,890	30,158,955	96.49%	410,565	30,569,520	97.80%
2019	33,360,474	32,234,964	96.63%	403,490	32,638,455	97.84%

CITY OF HAYWARD
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS



Governmental Activities					
Fiscal Year	Tax Allocation Bonds	Certificates of Participation	Revenue Bonds	Capital Lease Obligations	Total
2010	\$51,570,000	\$29,045,000	\$1,449,610	\$3,058,792	\$85,123,402
2011	50,170,000	27,605,000	1,101,010	5,367,484	84,243,494
2012	0 (a)	26,095,000	740,240	6,846,579	33,681,819
2013	0 (a)	24,525,000	575,000	5,943,842	31,043,842
2014	0 (a)	22,895,000	3,003,880	5,699,806	31,598,686
2015	0 (a)	21,195,000	2,695,717	11,279,313	35,170,031
2016	0 (a)	87,348,775	2,371,338	10,787,079	100,507,193
2017	0 (a)	91,613,001	2,044,350	9,050,057	102,707,408
2018	0 (a)	89,212,869	1,709,786	7,661,734	98,584,389
2019	0 (a)	84,487,311	1,372,620	6,444,593	92,304,524

Business-Type Activities					
Fiscal Year	Water Revenue Bonds	Sewer Revenue Bonds	Total	Total Government	Government Debt Per Capita (b)
2010	\$11,232,695	\$59,227,319	\$70,460,014	155,583,416	\$1,016.19
2011	10,276,995	57,944,117	68,221,112	152,464,606	1,045.43
2012	9,277,380	54,047,154	63,324,534	97,006,353	659.40
2013	8,225,000	50,073,263	58,298,263	89,342,105	600.59
2014	6,570,000	46,137,248	52,707,248	84,305,934	558.18
2015	6,055,000	42,151,592	48,206,592	83,376,623	545.34
2016	5,525,000	38,116,304	43,641,304	144,148,497	906.68
2017	4,980,000	34,755,949	39,735,949	142,443,357	884.52
2018	4,420,000	31,370,520	35,790,520	134,374,909	829.32
2019	3,840,000	39,546,141	43,386,141	135,690,665	851.08

Note : Debt amounts exclude any premiums, discounts, or other amortization amounts.

(a) Tax Allocation Bonds are reported under Redevelopment Successor Agency as Fiduciary Fund as Redevelopment Agency was dissolved on January 31, 2012 as per ABx1 26 and AB1484.

(b) Per Capita based on City population; refer to Demographic and Statistics Schedule for population data.

Source: City of Hayward
 State of California, Department of Finance (population)
 U.S. Dept of Commerce, Bureau of the Census (income)

**CITY OF HAYWARD
COMPUTATION OF DIRECT AND OVERLAPPING DEBT**

2018-19 Assessed Valuation:	\$ 22,252,263,892
Redevelopment Incremental Valuation:	<u>(2,685,319,288)</u>
Adjusted Assessed Valuation:	\$ 19,566,944,604

	Total Debt 6/30/2019	% Applicable (1)	City's Share of Debt 6/30/2019	
DIRECT DEBT:				
City of Hayward General Fund Obligations	\$ 92,304,524	100.000%	<u>\$ 92,304,524</u>	\$ 92,304,524
Total Direct Debt				\$ 92,304,524
OVERLAPPING DEBT:				
Overlapping Tax and Assessment Debt:				
Alameda County	\$ 240,000,000	7.679%	\$ 18,429,600	
Bay Area Rapid Transit District	809,660,000	2.961%	23,974,033	
Chabot-Las Positas Community College District	661,410,000	17.800%	117,730,980	
Castro Valley Unified School District	133,055,000	0.111%	147,691	
Hayward Unified School District	559,501,925	85.937%	480,819,169	
New Haven Unified School District	231,024,413	14.193%	32,789,295	
Pleasanton Unified School District	73,495,000	0.037%	27,193	
San Lorenzo Unified School District	157,710,000	15.391%	24,273,146	
Washington Township Healthcare District	331,290,000	1.904%	6,307,762	
Hayward Area Recreation and Park District	116,110,000	55.178%	64,067,176	
East Bay Regional Park District	178,710,000	4.689%	8,379,712	
City of Hayward Community Facilities District No. 1	5,561,643	100.000%	5,561,643	
City of Hayward 1915 Act Bonds	310,000	100.000%	<u>310,000</u>	
Subtotal Overlapping Tax and Assessment Debt				\$ 782,817,400
Ratios to 2017-18 Assessed Valuation:				
Subtotal Overlapping Tax and Assessment Debt	4.00%			
OVERLAPPING GENERAL FUND DEBT:				
Alameda County General Fund Obligations	\$ 868,272,500	7.679%	\$ 66,674,645	
Alameda County Pension Obligation Bonds	-	0.000%	-	
Alameda-Contra Costa Transit District Certificates of Participation	11,465,000	9.091%	1,042,283	
Hayward Unified School District Certificates of Participation	16,022,317	85.937%	13,769,099	
San Lorenzo Unified School District Certificates of Participation	9,905,000	15.391%	1,524,479	
Castro Valley and Pleasanton Unified School District Certificates of Participation	5,770,000	0.111% & 0.037%	<u>5,846</u>	
Subtotal Overlapping General Fund Debt				\$ 83,016,352
OVERLAPPING TAX INCREMENT DEBT(Successor Agencies):	\$ 55,225,000	14.260% & 100.000%	<u>\$ 33,442,532</u>	\$ 33,442,532
Total Overlapping Debt				<u>\$ 899,276,284</u>
Grand Total Direct and Overlapping Debt				<u>\$ 991,580,808</u> (2)
Combined Total Direct and Overlapping Debt				<u>\$ 991,580,808</u> (2)
Ratio to 2018-19 Assessed Valuation:				
Combined Total Direct and Overlapping Tax and Assessment Debt	5.07%			

NOTE:

- (1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.
- (2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations. Qualified Zone Academy Bonds are included based on principal due at maturity.

Source: California Municipal Statistics, Inc.

**CITY OF HAYWARD
COMPUTATION OF LEGAL BONDED DEBT MARGIN
Last Ten Fiscal Years**

ASSESSED VALUATION:

Secured property assessed value, net of exempt real property	\$22,718,969,938
---	------------------

BONDED DEBT LIMIT (15.% OF ASSESSED VALUE)	\$3,407,845,491
--	-----------------

AMOUNT OF DEBT SUBJECT TO LIMIT:

Total Bonded Debt	\$92,304,524
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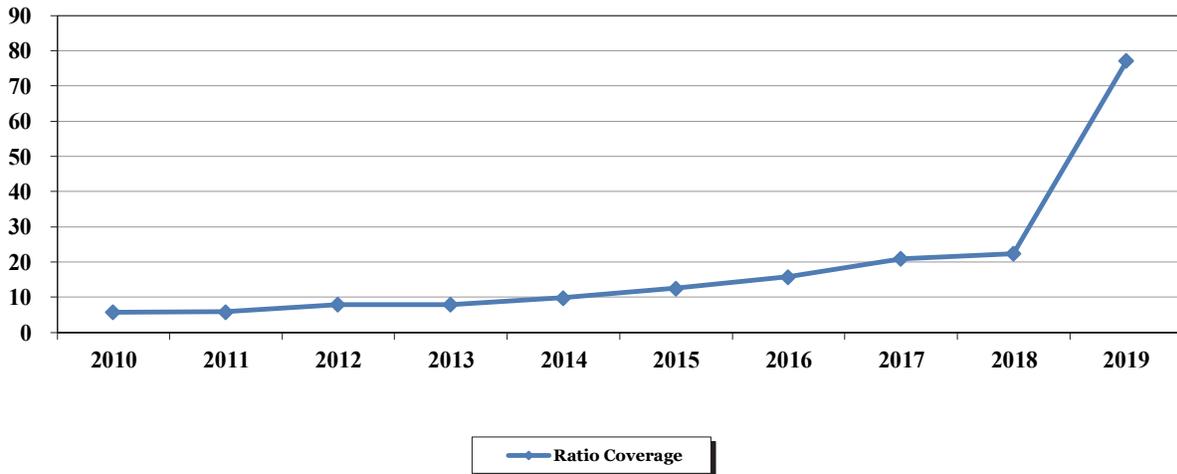
Less Tax Allocation Bonds and Sales Tax Revenue Bonds, Certificate of Participation not subject to limit	92,304,524
---	------------

Amount of debt subject to limit	0
---------------------------------	---

LEGAL BONDED DEBT MARGIN	\$3,407,845,491
--------------------------	-----------------

Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total net debt applicable to the limit as a percentage of debt limit
2010	\$2,258,844,130	0	\$2,258,844,130	0.00%
2011	2,272,656,019	0	2,272,656,019	0.00%
2012	2,323,384,925	0	2,323,384,925	0.00%
2013	2,541,333,041	0	2,541,333,041	0.00%
2014	2,541,333,041	0	2,541,333,041	0.00%
2015	2,696,946,699	0	2,696,946,699	0.00%
2016	2,832,779,432	0	2,832,779,432	0.00%
2017	2,991,704,175	0	2,991,704,175	0.00%
2018	3,185,093,328	0	3,185,093,328	0.00%
2019	3,407,845,491	0	3,407,845,491	0.00%

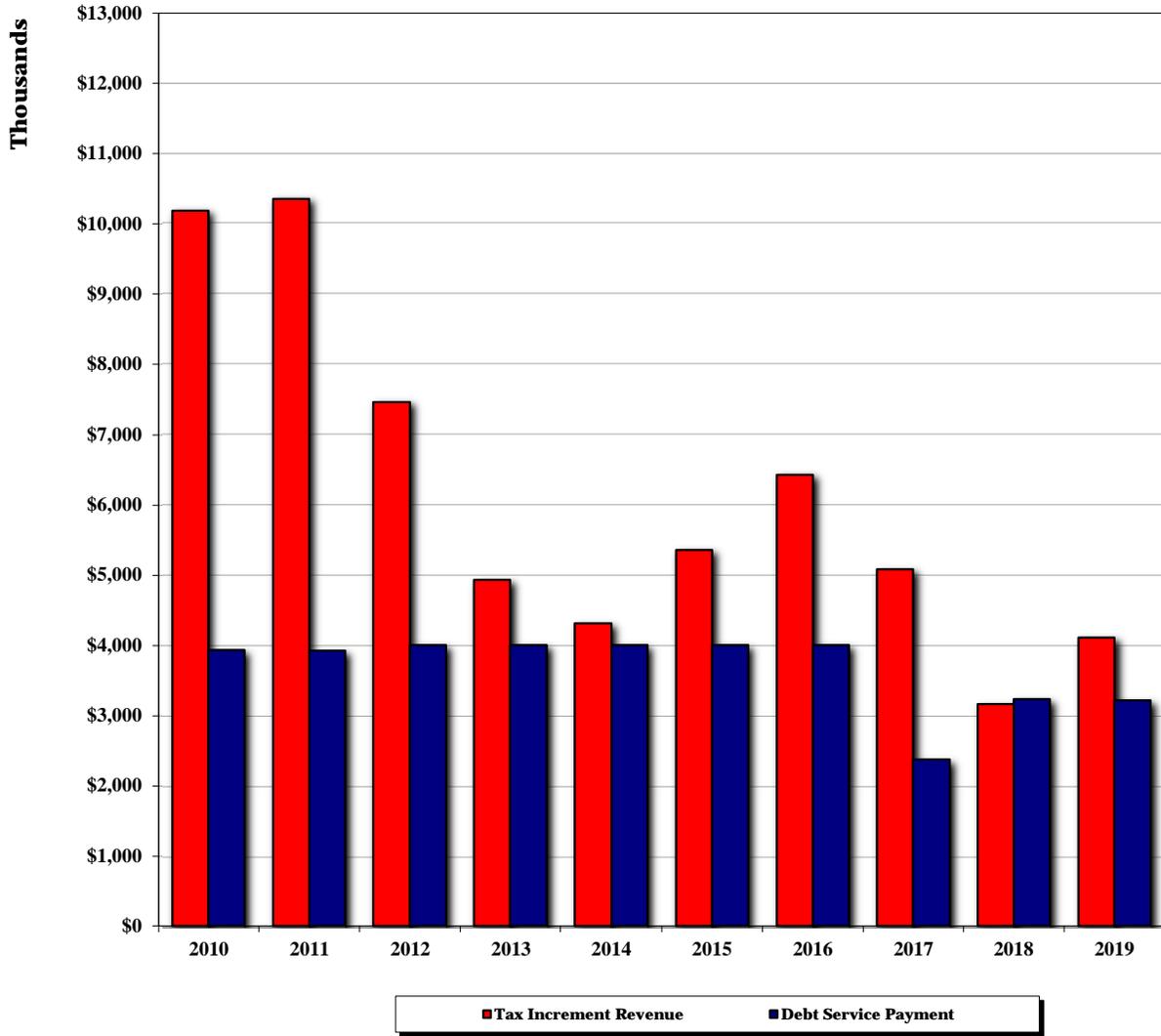
**CITY OF HAYWARD
REVENUE BOND COVERAGE
WASTEWATER REVENUE BONDS
LAST TEN FISCAL YEARS**



Fiscal Year	Gross Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Ratio Coverage
				Principal	Interest	Total	
2010	\$49,514,021	\$37,952,868	\$11,561,153	\$1,325,000	\$676,988	\$2,001,988	5.77
2011	52,765,158	41,042,710	11,722,448	1,370,000	628,288	1,998,288	5.87
2012	61,287,200	45,366,632	15,920,568	1,425,000	577,688	2,002,688	7.95
2013	65,512,421	49,506,563	16,005,858	1,490,000	527,831	2,017,831	7.93
2014	73,136,288	47,380,860	25,755,428	2,160,000	459,280	2,619,280	9.83
2015	73,564,675	49,566,818	23,997,857	1,615,000	302,938	1,917,938	12.51
2016	80,748,945	52,915,644	27,833,301	1,555,498	205,533	1,761,031	15.81
2017	82,325,821	60,602,745	21,723,076	886,781	151,341	1,038,122	20.93
2018	86,614,724	63,289,309	23,325,415	919,040	121,929	1,040,969	22.41
2019	102,636,863	60,860,754	41,776,109	450,134	90,738	540,872	77.24

Notes: (1) Includes all Wastewater Operating Revenues, Non-operating Interest Revenue, Connection Fees and other Non-operating Revenue
(2) Includes all Wastewater Operating Expenses less Depreciation and Interest

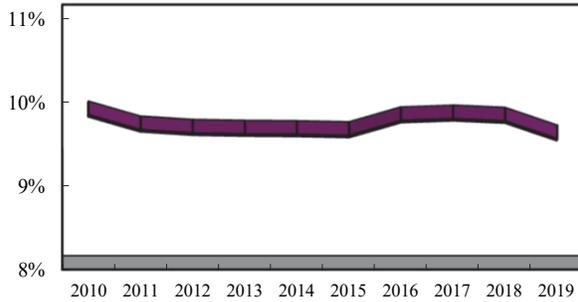
**CITY OF HAYWARD
 BONDED DEBT PLEDGED REVENUE COVERAGE
 TAX ALLOCATION BONDS
 LAST TEN FISCAL YEARS**



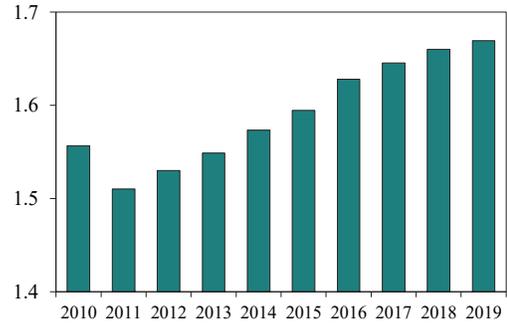
Fiscal Year	Tax Increment Revenue	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2010	\$10,180,653	\$1,335,000	\$2,598,772	\$3,933,772	2.59
2011	10,351,054	1,400,000	2,532,021	3,932,021	2.63
2012	7,465,404	1,540,000	2,469,022	4,009,022	1.86
2013	4,934,694	1,605,000	2,400,322	4,005,322	1.23
2014	4,317,292	1,680,000	2,328,657	4,008,657	1.08
2015	5,365,287	1,750,000	2,253,588	4,003,588	1.34
2016	6,427,560	1,835,000	2,173,931	4,008,931	1.60
2017	5,089,716	2,035,000	347,642	2,382,642	2.14
2018	3,163,863	1,685,000	1,550,975	3,235,975	0.98
2019	4,109,694	1,735,000	1,487,550	3,222,550	1.28

Source: City of Hayward Annual Financial Statements

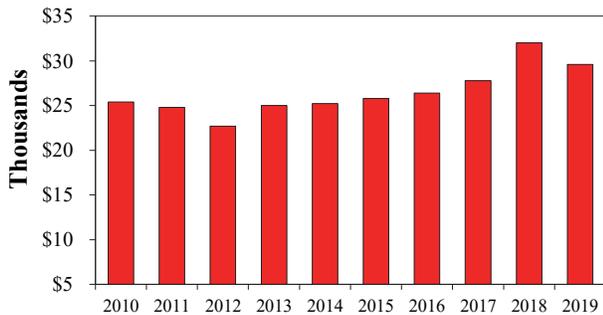
CITY OF HAYWARD DEMOGRAPHIC AND ECONOMIC STATISTICS LAST TEN FISCAL YEARS



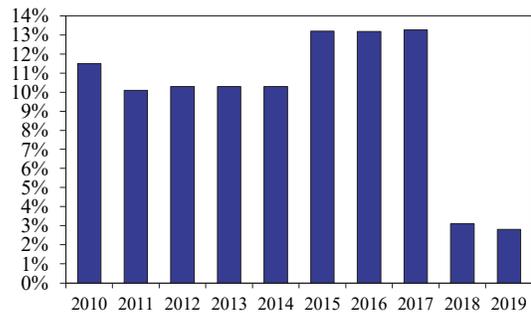
■ City Population as a % of County Population



■ Alameda Co. Population



■ Per Capita Income



■ Unemployment Rate (%)

Fiscal Year	City Population	Per Capita Income	City Unemployment Rate	Alameda Co. Population	City Population % of County
2010	153,104	25,407	11.5%	1,556,657	9.84%
2011	145,839	24,803	10.1%	1,510,271	9.66%
2012	147,113	22,681	10.3%	1,529,875	9.62%
2013	148,756	25,019	10.3%	1,548,681	9.61%
2014	151,037	25,208	10.3%	1,573,254	9.60%
2015	152,889	25,770	13.2%	1,594,569	9.59%
2016	158,985	26,405	13.2%	1,627,865	9.77%
2017	161,040	27,774	13.3%	1,645,359	9.79%
2018	162,030	32,021	3.1%	1,660,202	9.76%
2019	159,433	29,583	2.8%	1,669,301	9.55%

Sources: U.S. Census Bureau

State of California - Department of Finance, Office of The Director

State of California - Employment Development Department, Labor Market Information Division

City of Hayward
Principal Employers
Current Year and Nine Years Ago

<u>Employer</u>	<u>FY 2019</u>	<u>FY 2010</u>		
		<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Alameda County Sheriff's Department	*			
Baxter Bio Pharma	*			
Berkeley Farms, LLC	*			
California State University East Bay	*	1,447	2	0.9%
Chabot Community College	*	600	7	0.4%
Fremont Bank Operations Center	*			
Gillig Corporation	*	700	6	0.5%
Hayward Unified School District	*	2,500	1	1.6%
Illumina	*			
Impax Laboratories, Inc.	*			
Pentagon Technologies	*			
Plastikon Industries, Inc.	*			
Siemens Building Tech	*			
St. Rose Hospital	*	842	5	0.5%
Kaiser Permanente Medical Center **		1,200	3	0.8%
City of Hayward		845	4	0.6%
Merelich Mechanical		500	8	0.3%
Bay Cities Auto Auction		500	9	0.3%
Kobe Precision		450	10	0.3%
Alameda Newspaper Group		300	13	0.2%
Pepsi Cola		400	12	0.3%
Injex Industries, Inc		425	11	0.3%
Subtotal		<u>10,284</u>		<u>6.7%</u>
Total City Population Using Census Data		<u>153,104</u>		

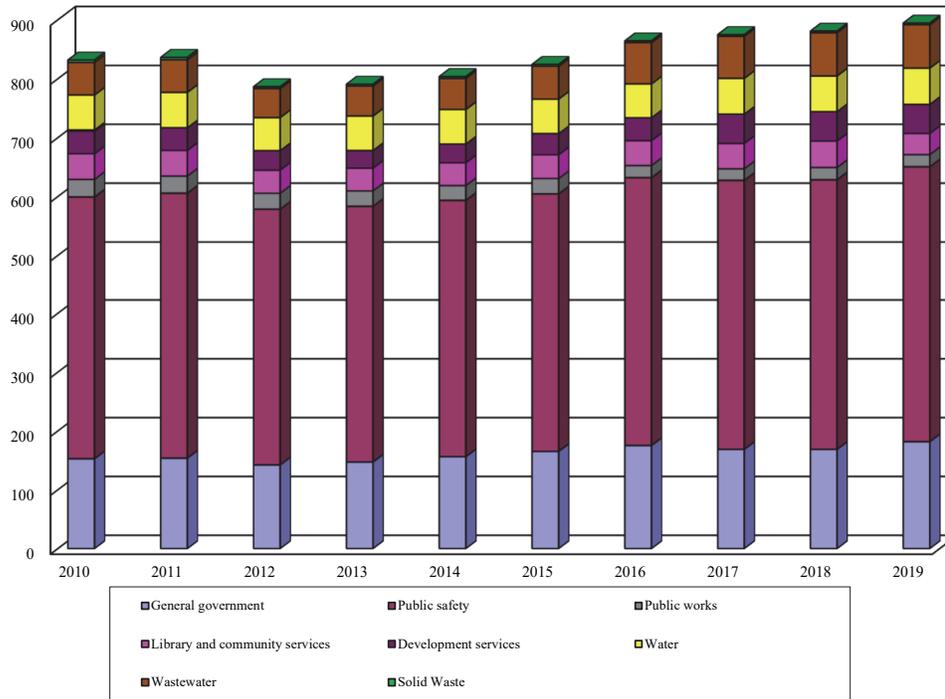
Source: City of Hayward Adopted Operating Budget FY19

Note: FY19 data not available for ranking or total employment.

* Presented in alphabetical order based on economic development's assessment.

** Closed in November 2013

CITY OF HAYWARD
Full-Time Equivalent City Government Employees by Function
Last Ten Fiscal Years



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Function										
General government	152.50	153.50	142.00	146.90	156.00	165.00	175.00	168.50	168.50	181.50
Public safety	446.70	452.20	436.50	436.50	437.50	439.50	457.00	459.00	460.00	469.00
Public works	29.75	29.00	27.00	26.10	25.00	26.00	20.50	19.56	20.71	20.56
Library and community services	43.45	43.45	39.10	38.55	38.55	40.20	42.20	42.80	44.80	35.80
Development services	38.50	38.50	33.25	30.00	32.00	36.00	39.00	50.00	50.00	49.50
Water	59.25	60.00	56.00	58.40	58.50	58.50	57.30	60.61	60.46	61.41
Wastewater	55.50	55.50	49.50	51.00	53.00	56.00	70.40	71.58	73.58	73.78
Solid Waste	4.00	4.00	3.00	3.00	3.00	3.00	2.80	2.75	2.75	2.75
Total	829.65	836.15	786.35	790.45	803.55	824.20	864.20	874.80	880.80	894.30

Source: City of Hayward Adopted Operating Budget

*Due to City of Hayward department reorganization, Community Development and Culture and Leisure departments no longer exist.

CITY OF HAYWARD
Operating Indicators by Function/Program
Last Four Fiscal Years

Function/Program	2016	2017	2018	2019
Public safety:				
Fire alarms	17,463	17,989	18,898	18,823
Police: (Uniform Crime Reporting Statistics)				
Property crime calls	4,430	4,925	4,967	4,749
Violent crime calls (a)	560	593	633	604
Arson calls	19	27	33	28
Public works				
Pavement Condition Index (PCI)*	67	68	69	70
*Industry measure of street condition with 100 ideal score				
Annual pavement improvement projects	12	14	13	10
Airport operations count/flights	112,274	108,680	112,962	106,447
Airport reported based aircraft	427	436	470	461
Library and Community Services				
Social Services Projects Funded	13	17	20	18
Facilities Projects Funded	5	4	2	2
Economic Development Projects Funded	5	3	2	3
New Housing/Rehab Projects Funded	1	1	18	2
Public Services Projects Funded	4	2	5	5
Measure B Projects Funded			7	8
Measure BB Projects Funded			1	0
Planning				
Active Subdivisions	41	32	45	41
Active Parcel Maps	9	5	7	7
Building Permits	4,420	4,882	4,934	5,107
Residential Rental Inspections	1,518	1,435	1,039	977
Library and neighborhood services				
Library Materials in Collection	165,542	161,708	166,100	164,396
Library Circulation (Items checked out)	808,116	824,788	654,989	159,806
Community Preservation Cases	3,735	3,501	2,771	2,917
Water				
Water service connections	34,340	35,600	36,327	37,526
Water main breaks	35	23	14	21
Average daily consumption (thousands of gallons)	12,255	12,870	14,458	14,046
Wastewater				
Sewer service connections	32,610	32,520	34,320	34,728
Average daily treatment (thousands of gallons)	10,840	11,810	11,480	11,574
Solid Waste				
Landfilled waste recycled and diversion rate*	73%	70%	70%-75%	66%
*Diversion rate beginning in calendar year 2000 and each year thereafter.				

(a) Excluded Simple assault calls, restated prior years.

Source: City of Hayward

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CITY OF HAYWARD
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year Ended June 30,				
	2009	2010	2011	2012	2013
Public safety:					
Fire stations (a)	9	9	9	9	9
Number of firefighters and officers (b)	116	121	121	118	115
Police stations	1	1	1	1	1
Number of police officers (c)	181	198	207	197	189
Public works					
Miles of streets	260	260	266	266	266
Street lights	7,700	8,000	8,143	8,143	8,143
Traffic Signals	108	108	133	134	135
Airport	1	1	1	1	1
Library and neighborhood services					
City Libraries	2	2	2	2	2
Water					
Number of consumers	140,000	140,000	140,000	140,000	140,000
Average daily consumption (gallons)	18,600,000	17,400,000	17,400,000	15,600,000	15,500,000
Miles of water mains	350	350	350	350	370
Storage capacity (gallons)	28,100,000	28,100,000	29,300,000	29,350,000	29,350,000
Wastewater					
Miles of sewers	320	320	320	320	320
Number of treatment plants	1	1	1	1	1
Treatment capacity (gallons)	16,500,000	16,500,000	18,500,000	18,500,000	18,500,000

(a) Includes Fairview Fire District Station under contract

(b) Represents actual hired firefighters and officers which may be different than budgeted number of positions

(c) Represents actual hired police officers which may be different than budgeted number of positions

Sources: City of Hayward

Fiscal Year Ended June 30,

2014	2015	2015	2016	2018	2019
9	9	9	9	9	9
127	118	118	114	129	124
1	1	1	1	1	1
199	177	186	194	176	178
266	266	283	283	283	283
8,161	8,178	8,273	8,288	8,238	8,327
135	134	134	136	143	146
1	1	1	1	1	1
2	2	2	2	2	2
150,000	150,000	150,000	155,000	160,500	159,500
15,200,000	13,600,000	12,255,000	12,870,000	14,650,000	14,046,000
380	385	385	385	385	391
29,350,000	29,350,000	29,350,000	30,550,000	30,550,000	25,350,000
325	325	325	325	325	321
1	1	1	1	1	1
18,500,000	18,500,000	18,500,000	18,500,000	18,500,000	18,400,000

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**CITY OF HAYWARD
MEMORANDUM ON INTERNAL CONTROL
AND
REQUIRED COMMUNICATIONS
FOR THE YEAR ENDED JUNE 30, 2019**

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**CITY OF HAYWARD
MEMORANDUM ON INTERNAL CONTROL
AND
REQUIRED COMMUNICATIONS**

For The Year Ended June 30, 2019

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MEMORANDUM ON INTERNAL CONTROL

To the City Council of
the City of Hayward, California

In planning and performing our audit of the basic financial statements of the City of Hayward as of and for the year ended June 30, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Included in the Schedule of Other Matters are recommendations not meeting the above definitions that we believe are opportunities for strengthening internal controls and operating efficiency.

This communication is intended solely for the information and use of management, City Council, others within the organization, and agencies and pass-through entities requiring compliance with *Government Auditing Standards*, and is not intended to be and should not be used by anyone other than these specified parties.

Maze & Associates

Pleasant Hill, California
December 19, 2019

Accountancy Corporation
3478 Buskirk Avenue, Suite 215
Pleasant Hill, CA 94523

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CITY OF HAYWARD

MEMORANDUM ON INTERNAL CONTROL

SCHEDULE OF OTHER MATTERS

NEW GASB PRONOUNCEMENTS OR PRONOUNCEMENTS NOT YET EFFECTIVE

The following comment represents new pronouncements taking effect in the next few years. We have cited them here to keep you abreast of developments:

EFFECTIVE FISCAL YEAR 2019/20:

GASB 84 – Fiduciary Activities

The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

GASB 90 - Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61

The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

CITY OF HAYWARD

MEMORANDUM ON INTERNAL CONTROL

SCHEDULE OF OTHER MATTERS

EFFECTIVE FISCAL YEAR 2020/21:

GASB 87 – Leases

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

GASB 89 - Accounting for Interest Cost Incurred before the End of a Construction Period

The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

CITY OF HAYWARD

MEMORANDUM ON INTERNAL CONTROL

SCHEDULE OF OTHER MATTERS

EFFECTIVE FISCAL YEAR 2021/22:

GASB 91 - Conduit Debt Obligations

The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations.

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

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REQUIRED COMMUNICATIONS

To the City Council of
the City of Hayward, California

We have audited the basic financial statements of the City of Hayward for the year ended June 30, 2019. Professional standards require that we communicate to you the following information related to our audit under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance.

Significant Audit Findings

Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year, except as follows:

The following Governmental Accounting Standards Board (GASB) pronouncement became effective, but did not have a material effect on the financial statements.

GASB 83 Certain Asset Retirement Obligations

The following GASB pronouncement became effective, but did not have a material effect on the financial statements. See Note 6 to the financial statements for additional disclosure.

GASB 88 Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements

Unusual Transactions, Controversial or Emerging Areas

We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City's financial statements were:

Estimated Fair Value of Investments: Cash and investments held by the City at June 30, 2019 were measured by fair value as disclosed in Note 2 to the financial statements. Fair value is essentially market pricing in effect as of June 30, 2019. These fair values are not required to be adjusted for changes in general market conditions occurring subsequent to June 30, 2019.

Estimate of Depreciation: Management's estimate of the depreciation is based on useful lives determined by management. These lives have been determined by management based on the expected useful life of assets as disclosed in Note 5 to the financial statements. We evaluated the key factors and assumptions used to develop the depreciation estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Estimated Net Pension Assets and Liabilities and Pension-Related Deferred Outflows and Inflows of Resources: Management's estimate of the net pension assets and liabilities and deferred outflows/inflows of resources are disclosed in Note 12 to the financial statements and are based on actuarial studies determined by California Public Employees Retirement System and GASB 67/ 68 Pension Accounting Reports, which are based on the experience of the City. We evaluated the key factors and assumptions used to develop the estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Estimated Net OPEB Liabilities and Pension-Related Deferred Outflows and Inflows of Resources: Management's estimate of the net OPEB liability is disclosed in Note 14 to the financial statements and is based on actuarial study determined by a consultant, which is based on the experience of the City. We evaluated the key factors and assumptions used to develop the estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Disclosures

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. Except for adjustments on land held for resale and loans payable, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Professional standards require us to accumulate all known and likely uncorrected misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We have no such misstatements to report to the City Council.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in a management representation letter dated December 19, 2019.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Information Accompanying the Financial Statements

We applied certain limited procedures to the required supplementary information that accompanies and supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the required supplementary information and do not express an opinion or provide any assurance on the required supplementary information.

We were engaged to report on the supplementary information which accompany the financial statements, but are not required supplementary information. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the Introductory and Statistical Sections which accompany the financial statements, but are not required supplementary information. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

This information is intended solely for the use of City Council and management and is not intended to be, and should not be, used by anyone other than these specified parties.

Maze & Associates

Pleasant Hill, California
December 19, 2019



CITY OF HAYWARD

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

File #: CONS 20-071

DATE: January 28, 2020

TO: Mayor and City Council

FROM: Director of Public Works

SUBJECT

Adopt a Resolution Awarding a Contract to Vellutini Corporation dba Royal Electric Company for the Hayward High-Speed Fiber Optic Network Installation Project (Phase 1), Project No. 07275, in an Amount Not-to-Exceed \$2,407,944

RECOMMENDATION

That Council adopts a Resolution (Attachment II) awarding a contract to Vellutini Corporation dba Royal Electric Company for the Hayward High-Speed Fiber Optic Network Installation Project (Phase 1), Project No. 07275, in the Amount Not-to-Exceed \$2,407,944, for the total project, including contingencies.

SUMMARY

The Fiber-Optic Master Plan outlines the design and development of a high-speed fiber optic network loop through the Industrial Corridor of Hayward. This project, known as "Highspeed Hayward" will connect Hayward's existing science, technology, and engineering sectors to high speed gigabit networks while serving as another amenity to attract new business investment to the City.

Phase 1 of the project will add 3.4 miles of new conduit and cabling along with supporting pull boxes at an estimated total project cost of \$4,218,392. Future Phases 2 & 3 will add an additional 7.6 miles of conduit and cabling to complete the high-speed fiber optic network "loop". Attachment III provides a map showing the locations of each phase and the "loop." This project is funded by a grant from the Economic Development Agency (EDA).

Staff is recommending the award of the construction contract to Vellutini Corporation dba Royal Electric Company in the amount of \$1,614,442 and authorizing the expenditure of up to \$2,407,944 for the total project, including contingencies for the construction of the Hayward High-Speed Fiber Optic Network Installation Project Phase 1.

File #: CONS 20-071

ATTACHMENTS

Attachment I	Staff Report
Attachment II	Resolution
Attachment III	High-Speed Hayward Fiber Optic Network Map
Attachment IV	Bid Summary



DATE: January 28, 2020

TO: Mayor and City Council

FROM: Deputy City Manager
Director of Public Works

SUBJECT: Adopt a Resolution Awarding a Contract to Vellutini Corporation dba Royal Electric Company for the Hayward High-Speed Fiber Optic Network Installation Project (Phase 1), Project No. 07275, in the Amount Not-to-Exceed \$2,407,944.

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SUMMARY

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Staff is recommending the award of the construction contract to Vellutini Corporation dba Royal Electric Company in the amount of \$1,614,442 and authorizing the expenditure of up to \$2,407,944 for the total project, including contingencies for the construction of the Hayward High-Speed Fiber Optic Network Installation Project Phase 1.

BACKGROUND

The City’s Industrial Corridor is home to more than 5,100 businesses that employ nearly 47,500 workers. This corridor is expected to grow as an economic and employment center

and evolve to achieve a healthy balance of traditional manufacturing and information-and-technology based uses.

Given the importance of the Industrial Corridor, the City has made it a priority to enable greater fiber-based connectivity for its numerous businesses located in the corridor and for attracting new business. To achieve this, the City intends to deploy a municipally owned high-speed fiber optic network to serve existing and future businesses within the corridor.

On April 25, 2017, Council approved the appropriation of General Fund money and City right-of-way land value contributions¹ to fulfill the EDA grant match requirements. At that time, the total project cost was estimated at \$5,489,648 with an EDA grant of 50% (\$2,744,824). The City's 50% match consisted of \$2,185,765 in City right-of-way valuation and \$559,059 of General Fund contributions, totaling \$2,744,824.

On July 18, 2017, Council approved and adopted the Fiber-Optic Master Plan² formulated by staff and the City's fiber optic technology consultant, CTC Technology and Energy. The Fiber-Optic Master Plan serves as a visionary document that sets the overarching goals and objectives for deploying a fiber-optic network in the City. The Fiber-Optic Master Plan defined and evaluated potential fiber optic network routes. These routes were used as preliminary design requirements for this project.

On June 26, 2018, Council awarded a Professional Services Agreement to Kimley-Horn³ for the design and preparation of construction documents for the proposed 11 miles of new conduit and cabling for construction bidding purposes.

On August 21, 2019, EDA approved the City's proposed re-scoping of the project to construct only Phase 1. The project budget of \$4,218,392 for Phase 1 is funded by a \$2,744,824 grant by the U.S. Department of Commerce - EDA and a 35% (\$1,473,568) match by the City. The City match consists of \$1,146,000 in City right-of-way valuation in addition to \$327,568 of City funds. Construction documents for Phase 2 & 3 are completed; however construction of Phases 2 & 3 won't start until funding can be obtained.

On November 19, 2019, Council approved the plans and specifications and call for bids, and bids were opened on January 7, 2020⁴. The City received six bids, ranging from \$1,614,442 to \$6,377,991 (includes two bid alternate items) as summarized in the bid tabulation (Attachment IV). The lowest responsible bidder was Vellutini Corporation dba Royal Electric Company, in the amount of \$1,614,442.

DISCUSSION

¹ <https://hayward.legistar.com/LegislationDetail.aspx?ID=3028622&GUID=54F5291B-D384-4DF6-9B64-AE13875D0159&Options=&Search=>

² <https://hayward.legistar.com/LegislationDetail.aspx?ID=3103126&GUID=AB6A99B7-6804-43D1-A9B4-3C353E69C824&Options=&Search=>

³ <https://hayward.legistar.com/LegislationDetail.aspx?ID=3537874&GUID=76352DA1-9C41-45C2-8099-0EC97CEAA7DC&Options=&Search=>

⁴ <https://hayward.legistar.com/LegislationDetail.aspx?ID=4244334&GUID=D9C19814-EEF9-4F84-A0FE-103B734E03A3&Options=&Search=>

This project includes three phases that will link critical services to support business activity and growth by utilizing 9 miles of the existing City conduit network and adding 11 miles of conduit and cabling for a dark fiber network. A dark fiber optic network is a City-owned and maintained conduit and fiber optic cabling that is “dark,” or un-used, until a private partnership is established to “light,” or utilize, the fiber optic network. The private partner will be responsible for installing and maintaining all required network electronics, customer equipment, marketing, and customer contracts. Phase 1 will add 3.4 miles of new conduit and cabling along with supporting pull boxes at an estimated total project cost of \$4,218,392. Future Phases 2 & 3 will add an additional 7.6 miles of conduit and cabling to complete the loop. Attachment III provides a map showing the locations of each phase.

The project is categorically exempt from environmental review under Sections 15303 (d) of the California Environmental Quality Act Guidelines for the new construction of small structures.

ECONOMIC IMPACT

This project, known as “Highspeed Hayward” will connect Hayward’s existing science, technology, and engineering sectors to high speed gigabit networks while serving as another amenity to attract new business investment in the City.

FISCAL IMPACT

On April 25, 2017, Council approved the contribution of \$559,059 of General Fund money and \$2,185,765 of City right-of-way valuation to fulfill the EDA match requirement at that time. On August 21, 2019, EDA approved the City’s proposed re-scoping of the project to construct only Phase 1. The Phase 1 estimated project costs total \$4,218,392 and requires a 35% City match. For Phase 1, the City will contribute \$1,146,000 in right-of-way valuation in addition to \$327,568 of City monies. Funding for this work specifically will come from the General Fund contribution to the grant, which has already been appropriated and allocated by the Council to Fund 731, Project 07275.

The estimated project cost is as follows:

Design and Prepare Construction Documents	\$380,000
Phase 1 - Construction Costs	\$1,614,442
Phase 1 – Inspections	\$88,448
City Match Right-of-Way Security Interest Contribution	\$1,146,000
Administrative Costs	\$113,000
Title Work, Appraisals & Miscellaneous Items	\$83,000
Contingencies	<u>\$793,502*</u>
Total	\$4,218,392

** The contingency is higher than normal for this project due to the nature of the proposed work and uncertainty of potential field conflicts. The federal grant agency agrees.*

STRATEGIC INITIATIVES

This agenda item is a routine operational item and does not relate to one of the Council's Strategic Initiatives.

SUSTAINABILITY FEATURES

This project requires directional underground boring instead of traditional open trench construction, which satisfies the following General Plan policies:

- NR-2.3 Emissions Reduction
- NR-2.4 Community Greenhouse Gas Reduction
- PFS-7.5 Municipal Waste Reduction

PUBLIC CONTACT

Immediately after the construction contract is awarded, a preliminary notice explaining the project will be posted and distributed to all residents and businesses along the affected streets. After the construction work has been scheduled, signs on barricades will be posted seventy-two hours prior to commencement of work indicating the date and time of work, along with the impacted parking spaces.

NEXT STEPS

If Council adopts the attached resolution and approves the plans and specifications, and call for bids, the tentative construction schedule of the project is as follows:

EDA Approval of Award of Construction Contract	January 22, 2020
Council Award Contract	January 28, 2020
Begin Construction	February 24, 2020
Complete Construction	September 2020

Prepared by: Alex Tat, Associate Civil Engineer
Kathy Garcia, Deputy Director of Public Works

Recommended by: Jennifer Ott, Deputy City Manager
Alex Ameri, Director of Public Works

Approved by:



Kelly McAdoo, City Manager

HAYWARD CITY COUNCIL

RESOLUTION NO. 20-_____

Introduced by Council Member _____

RESOLUTION AWARDING A CONSTRUCTION CONTRACT TO VELLUTINI CORPORATION DBA ROYAL ELECTRIC COMPANY

WHEREAS, by resolution on April 25, 2017, the City Council accepted EDA Grant No. 07-01-07286 for Hayward High Speed Fiber Optic Network Installation Project (Phase 1), Project No. 07275 and authorized the City Manager to take all necessary action associated with the grant; and

WHEREAS, on January 7, 2019, six (6) bids were received ranging from \$1,614,442 to \$6,377,991; Vellutini Corporation dba Royal Electric Company of Sacramento, California submitted the lowest responsive bid in the amount of \$1,614,442; and

WHEREAS, the Administrative Change Order (ACO) or contingency budget of \$793,502 was not disclosed; and

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Hayward that Vellutini Corporation dba Royal Electric Company is hereby awarded the construction contract for Hayward High Speed Fiber Optic Network Installation Project (Phase 1), Project No. 07275, for the amount of \$1,614,442, in accordance with the construction contract adopted therefore and on file in the office of the City Clerk of the City of Hayward at and for the price named and stated in the bid of the hereinabove specified contractor and all other bids are hereby rejected.

BE IT FURTHER RESOLVED by the City Council of the City of Hayward that the City Manager is authorized to expend up to \$2,407,944 for construction and contingencies to complete the project.

BE IT FURTHER RESOLVED that the City Manager is hereby authorized and directed to execute the contract with Vellutini Corporation dba Royal Electric Company, in the name of and for and on behalf of the City of Hayward, in a form to be approved by the City Attorney.

IN COUNCIL, HAYWARD, CALIFORNIA _____, 2020

ADOPTED BY THE FOLLOWING VOTE:

AYES: COUNCIL MEMBERS:
 MAYOR:

NOES: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

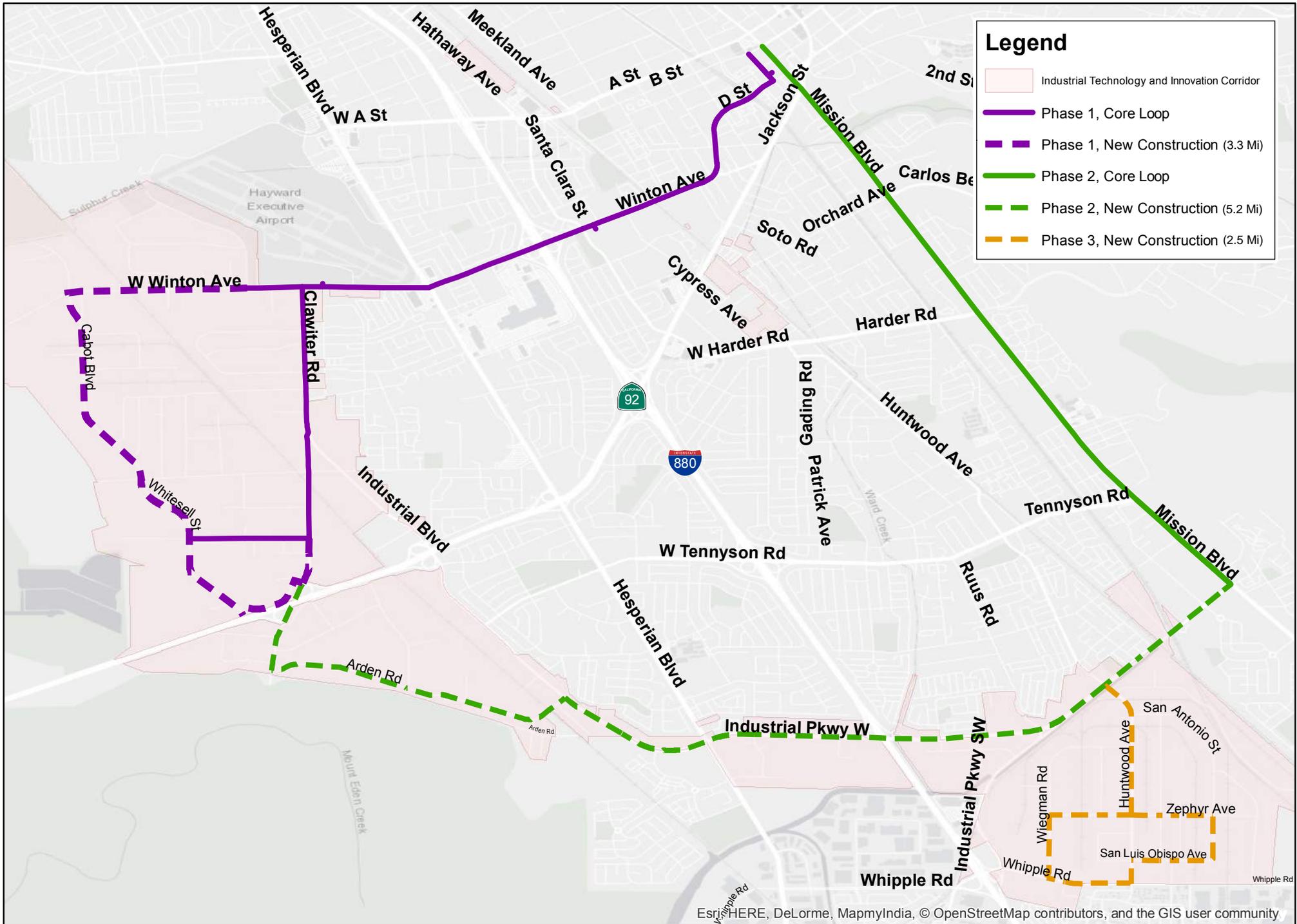
ABSENT: COUNCIL MEMBERS:

ATTEST: _____
 City Clerk of the City of Hayward

APPROVED AS TO FORM:

City Attorney of the City of Hayward

High-Speed Hayward Fiber Optic Network



"PROJECT TITLE: HAYWARD HIGH-SPEED FIBER OPTIC NETWORK INSTALLATION PROJECT (PHASE 1)

PROJECT NO.: 07275 BIDS OPENED: 1/7/2020

NUMBER OF BIDS RECEIVED: 6"

BID SUMMARY				ENGINEER'S ESTIMATE				Vellutini Corporation dba Royal Electric Company		Tennyson Electric Inc.		Gruendl Inc. dba Ray's Electric		Crosstown Electrical & Data, Inc.		Westech Industries Inc.		MP Nexlevel of California, Inc	
								8481 Carbide Court Sacramento, CA 95828		7275 National Dr. Suite A-2 Livermore, CA 94550		411 Pendleton Way Suite B Oakland, CA 94621		5454 Diaz Street Irwindale, CA 91706		12755 E. Stockton Blvd. Galt, CA 95632		500 County Road 37 Maple Lake, MN 55358	
								Phone No. 916-226-2100		Phone No. 925-606-1038		Phone No. 510-577-7700		Phone No. 626-813-6693		Phone No. 209-744-8488		Phone No. 320-963-2400	
								Fax. No. 916-226-2150		Fax. No. 925-606-7656		Fax. No. 510-577-7706		Fax. No. 626-869-0192		Fax. No. 209-744-8588		Fax. No. 320-963-2873	
ITEM	DESCRIPTION	QTY.	UNIT	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL		
1	MOBILIZATION	1	LS	\$35,400.00	\$35,400.00	\$100,400.00	\$100,400.00	\$62,975.00	\$62,975.00	\$125,000.00	\$125,000.00	\$150,000.00	\$150,000.00	\$15,000.00	\$15,000.00	\$96,700.00	\$96,700.00		
2	TRAFFIC CONTROL	1	LS	\$42,500.00	\$42,500.00	\$46,000.00	\$46,000.00	\$98,600.00	\$98,600.00	\$175,000.00	\$175,000.00	\$85,000.00	\$85,000.00	\$203,300.00	\$203,300.00	\$679,955.00	\$679,955.00		
3	RECYCLING IMPLEMENTATION	1	LS	\$2,500.00	\$2,500.00	\$4,560.00	\$4,560.00	\$22,100.00	\$22,100.00	\$25,000.00	\$25,000.00	\$50,000.00	\$50,000.00	\$40,000.00	\$40,000.00	\$570,000.00	\$570,000.00		
4	FURNISH AND INSTALL TYPE N48 SPLICE VAULT (30"X48")	34	EA	\$3,000.00	\$102,000.00	\$5,700.00	\$193,800.00	\$5,250.00	\$178,500.00	\$4,000.00	\$136,000.00	\$3,250.00	\$110,500.00	\$10,400.00	\$353,600.00	\$7,505.00	\$255,170.00		
5	FURNISH AND INSTALL 2-4" SCHEDULE 80 PVC CONDUIT (FINAL QUANTITY)	13,254	LF	\$65.00	\$861,510.00	\$53.00	\$702,462.00	\$58.00	\$768,732.00	\$88.00	\$1,166,352.00	\$116.00	\$1,537,464.00	\$104.23	\$1,381,464.42	\$225.50	\$2,988,777.00		
6	FURNISH AND INSTALL 2-4" SCHEDULE 80 PVC CONDUIT IN 10" DIAMETER STEEL CASING (FINAL QUANTITY)	680	LF	\$120.00	\$81,600.00	\$223.00	\$151,640.00	\$185.00	\$125,800.00	\$375.00	\$255,000.00	\$325.00	\$221,000.00	\$718.68	\$488,702.40	\$710.00	\$482,800.00		
7	FURNISH AND INSTALL 288-STRAND SMFO TRUNK IN NEW OR EXISTING CONDUIT	24,400	LF	\$15.00	\$366,000.00	\$4.30	\$104,920.00	\$9.50	\$231,800.00	\$20.00	\$488,000.00	\$14.48	\$353,312.00	\$6.27	\$152,988.00	\$15.45	\$376,980.00		
8	FIBER OPTIC CABLE SPLICING AND TESTING	4	EA	\$1,000.00	\$4,000.00	\$2,280.00	\$9,120.00	\$8,500.00	\$34,000.00	\$10,000.00	\$40,000.00	\$4,500.00	\$18,000.00	\$2,875.00	\$11,500.00	\$7,115.00	\$28,460.00		
BID ALTERNATE BID ITEMS																			
9	REMOVE EXISTING PULL BOX AND REPLACE WITH N48 SPLICE VAULT	17	EA	\$3,000.00	\$51,000.00	\$7,300.00	\$124,100.00	\$4,100.00	\$69,700.00	\$4,000.00	\$68,000.00	\$4,000.00	\$68,000.00	\$14,000.00	\$238,000.00	\$9,875.00	\$167,875.00		
10	FURNISH AND INSTALL 1-4" SCHEDULE 80 PVC CONDUIT (FINAL QUANTITY)	4,436	LF	\$65.00	\$288,340.00	\$40.00	\$177,440.00	\$50.00	\$221,800.00	\$70.00	\$310,520.00	\$120.00	\$532,320.00	\$77.84	\$345,298.24	\$164.85	\$731,274.60		
				TOTAL BASE BID:		\$1,495,510.00	\$1,312,902.00		\$1,522,507.00		\$2,410,352.00		\$2,525,276.00		\$2,646,554.82		\$5,478,842.00		
				TOTAL BID ALTERNATE BID ITEMS:		\$339,340.00	\$301,540.00		\$291,500.00		\$378,520.00		\$600,320.00		\$583,298.24		\$899,149.60		
				GRAND TOTAL:		\$1,834,850.00	\$1,614,442.00		\$1,814,007.00		\$2,788,872.00		\$3,125,596.00		\$3,229,853.06		\$6,377,991.60		



CITY OF HAYWARD

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

File #: CONS 20-075

DATE: January 28, 2020

TO: Mayor and City Council

FROM: City Clerk

SUBJECT

Adopt a Resolution Appointing Ms. Isabel Pimentel to the Community Services Commission to Fulfill the Unexpired Term of Mr. Ernesto Sarmiento Jr.

RECOMMENDATION

That the Council adopts a resolution (Attachment II) appointing Ms. Isabel Pimentel to the Community Services Commission to fulfill the unexpired term of Mr. Ernesto Sarmiento Jr., which will expire on September 30, 2021.

SUMMARY

The annual recruitment for Commissions and the Keep Hayward Clean and Green Task Force was conducted from April 5, 2019 to July 5, 2019. Following a pre-screening process, 33 applicants were invited to interview with the City Council. On July 23, 2019, the City Council interviewed nine applicants to fill two vacancies on the Community Services Commission. The City Council was impressed with the group of qualified applicants who reflected Hayward's diversity and, in particular, the City Council was interested in appointing Ms. Isabel Pimentel to the Community Services Commission, but there were not enough vacancies to appoint Ms. Pimentel. Due to the limited number of vacancies, the City Council asked City staff to consider the possibility of appointing an alternate to the Community Services Commission. Staff's analysis concluded in a recommendation for a waitlist of applicants who had been interviewed by the City Council but were not selected for service. The waitlist would be valid for one year and would expire at the beginning of the new recruitment.

On January 21, 2019, the City Council accepted the resignation of Mr. Ernesto Sarmiento Jr. from the Community Services Commission, effective January 1, 2020. Mr. Sarmiento was appointed to the Community Services Commission on September 19, 2017 and his term was due to expire on September 30, 2021. During its meeting, the City Council directed the City Clerk to contact Ms. Isabel Pimentel to confirm her eligibility status and interest in serving on the Community Services Commission. Ms. Pimentel was contacted on January 22, 2020. Ms. Pimentel continues to meet the eligibility criteria and is honored to be considered for appointment to the Community Services Commission.

File #: CONS 20-075

ATTACHMENTS

Attachment I	Staff Report
Attachment II	Resolution



DATE: January 28, 2020

TO: Mayor and City Council

FROM: City Clerk

SUBJECT: Adopt a Resolution Appointing Ms. Isabel Pimentel to the Community Services Commission to Fulfill the Unexpired Term of Mr. Ernesto Sarmiento Jr.

RECOMMENDATION

That the Council adopts a resolution (Attachment II) appointing Ms. Isabel Pimentel to the Community Services Commission to fulfill the unexpired term of Mr. Ernesto Sarmiento Jr., which will expire on September 30, 2021.

SUMMARY AND DISCUSSION

The annual recruitment for Commissions and the Keep Hayward Clean and Green Task Force was conducted from April 5, 2019 to July 5, 2019. Following a pre-screening process, 33 applicants were invited to interview with the City Council. On July 23, 2019, the City Council interviewed nine applicants to fill two vacancies on the Community Services Commission. The City Council was impressed with the group of qualified applicants who reflected Hayward's diversity and, in particular, the City Council was interested in appointing Ms. Isabel Pimentel to the Community Services Commission, but there were not enough vacancies to appoint Ms. Pimentel. Due to the limited number of vacancies, the City Council asked City staff to consider the possibility of appointing an alternate to the Community Services Commission. Staff's analysis concluded in a recommendation for a waitlist of applicants who had been interviewed by the City Council but were not selected for service. The waitlist would be valid for one year and would expire at the beginning of the new recruitment.

On January 21, 2019, the City Council accepted the resignation of Mr. Ernesto Sarmiento Jr. from the Community Services Commission, effective January 1, 2020. Mr. Sarmiento was appointed to the Community Services Commission on September 19, 2017 and his term was due to expire on September 30, 2021. During its meeting, the City Council directed the City Clerk to contact Ms. Isabel Pimentel to confirm her eligibility status and interest in serving on the Community Services Commission. Ms. Pimentel was contacted on January 22, 2020. Ms. Pimentel continues to meet the eligibility criteria and is honored to be considered for appointment to the Community Services Commission.

If appointed, Ms. Isabel Pimentel's term would be effective immediately and would end on September 30, 2021. Following Council's action, the City Clerk would administer the oath of office prior to Ms. Pimentel's first Community Services Commission meeting. Ms. Pimentel

would also be required to fulfill training requirements and complete an Assuming Office Statement, Form 700 within the required deadline. Ms. Pimentel's application is on file in the office of the City Clerk.

FISCAL IMPACT

There is no fiscal impact associated with this action.

STRATEGIC INITIATIVES

This agenda item is a routine operational item and does not relate to one of the Council's Strategic Initiatives.

Prepared and Recommended by: Miriam Lens, City Clerk

Approved by:



Kelly McAdoo, City Manager

HAYWARD CITY COUNCIL

RESOLUTION No. 20-

Introduced by Council Member _____

RESOLUTION APPOINTING MS. ISABEL PIMENTEL TO THE COMMUNITY SERVICES COMMISSION TO FULFILL THE UNEXPIRED TERM OF MR. ERNESTO SARMIENTO JR.

WHEREAS, the City Council conducted its annual recruitment for Commissions and Keep Hayward Clean and Green Task Force from April 5, 2019 to July 5, 2019; and

WHEREAS, on July 23, 2019, the City Council interviewed nine applicants to fill two vacancies on the Community Services Commission; and

WHEREAS, due to the limited number of vacancies on the Community Services Commission, Ms. Isabel Pimentel was not appointed to the Community Services Commission but was placed on a waitlist; and

WHEREAS, Community Services Commissioner Ernesto Sarmiento Jr. resigned due to unforeseen circumstances, effective January 1, 2020;

THEREFORE, BE IT RESOLVED by the City Council of the City of Hayward that Ms. Isabel Pimentel is selected from the waitlist to fulfill Mr. Sarmiento's unexpired term, which will expire on September 30, 2021.

IN COUNCIL, HAYWARD, CALIFORNIA _____, 2020.

ADOPTED BY THE FOLLOWING VOTE:

AYES: COUNCIL MEMBERS:
 MAYOR:

NOES: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ATTEST: _____
 City Clerk of the City of Hayward

APPROVED AS TO FORM:

City Attorney of the City of Hayward



CITY OF HAYWARD

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

File #: PH 20-005

Financing of New Affordable Units at Terraces at Mission Apartments: Terraces at Mission Apartments: Public Tax and Equity Fiscal Responsibility Act Hearing as Required by the Internal Revenue Code of 1986, and Adoption of a Resolution Approving the Issuance by California Public Finance Authority of Tax-Exempt Bonds to Finance the Acquisition, Construction and Development of Terraces at Mission Apartments for 110 Units of Senior Affordable Housing by Preservation Partners Located at 28870 Mission Boulevard
(Item Continued Until Further Notice)



CITY OF HAYWARD

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

File #: LB 20-006

DATE: January 28, 2020

TO: Mayor and City Council

FROM: Public Works Director

SUBJECT

Garbage and Recycling Annual Rate Increase: Adopt a Resolution Approving the Garbage and Recycling Rates for 2020-2021, Effective March 1, 2020

RECOMMENDATION

That Council adopts a resolution (Attachment II) approving the garbage and recycling annual rate increase of 3.186% for all residential and commercial accounts effective March 1, 2020.

SUMMARY

Refuse rates typically increase on March 1 of each year, in accordance with the Franchise Agreement between the City and Waste Management of Alameda County (WMAC) that became effective on March 1, 2015. Rate Year Six (RY6) of the Franchise Agreement will commence on March 1, 2020. Per the Franchise Agreement, the rates for RY6 shall be set based on a Consumer Price Index (CPI) adjustment to WMAC's current revenues. The calculated RY6 increase is 3.186%.

ATTACHMENTS

Attachment I	Staff Report
Attachment II	Resolution
Attachment III	Garbage and Recycling Rates Survey



DATE: January 28, 2020
TO: Mayor and City Council
FROM: Director of Public Works
SUBJECT: Garbage and Recycling Annual Rate Increase: Adopt a Resolution Approving the Garbage and Recycling Rates for 2020-2021

RECOMMENDATION

That Council adopts a resolution (Attachment II) approving the garbage and recycling annual rate increase of 3.186% for all residential and commercial accounts effective March 1, 2020.

SUMMARY

Refuse rates typically increase on March 1 of each year, in accordance with the Franchise Agreement between the City and Waste Management of Alameda County (WMAC) that became effective on March 1, 2015. Rate Year Six (RY6) of the Franchise Agreement will commence on March 1, 2020. Per the Franchise Agreement, the rates for RY6 shall be set based on a Consumer Price Index (CPI) adjustment to WMAC's current revenues. The calculated RY6 increase is 3.186%.

BACKGROUND

The Franchise Agreement between the City and WMAC for garbage, recycling, and organics collection and processing is in effect for up to ten years and details a specific rate adjustment process for each year. In the first year of the contract, rates were negotiated and agreed upon at an initial rate. The rates for years two and three were increased by 3% each year. The Franchise Agreement required the rates for RY4 be set by following a detailed cost-based adjustment to ensure that WMAC received an after-tax return on its investment of 5.5%. The rate increase for RY4 was calculated to be 5.004%. Rate Years Five through Ten are to be set through an index-type of adjustment process using the CPI, government fees, and other factors.

Until recently, the majority of recyclables collected in the United States were sold to China. Policy changes enacted by China in 2017 and intensified in 2018 severely negatively impacted the U.S. recyclables export markets, especially for mixed-plastics and mixed-paper. For example, when markets were strong, processors could receive more than \$200 per ton for mixed paper. Over the last two years, some haulers have had to pay to dispose of mixed paper.

In addition, local processors have experienced increased costs to remove contamination from recyclables. Residential recycling in Hayward is collected primarily by Tri-CED, a subcontractor to WMAC. Tri-CED has been experiencing operational and financial challenges due to the China National Sword policy. In RY5, in addition to the CPI adjustment, Tri-CED requested a special rate increase of \$2.20 per household. Council approved an additional \$2.00 per household, which was incorporated into the rates. This increase was within the rate adjustment threshold approved by Council as part of the Franchise Agreement.

DISCUSSION

Staff received WMAC's initial rate application for RY6 in December 2019. City staff performed a detailed review of WMAC's application and ensured all calculations were consistent with the procedures outlined in the Franchise Agreement and confirmed the validity of the proposal. The annual percentage change in CPI between 2018 and 2019 was 3.5%. After adjustments for fees and projected revenues, the increase applied to the RY6 adjustment calculation is 3.186%.

Calculation of the proposed RY6 rate increase also includes approximately \$31,000 in additional compensation for Tri-CED to allow for recycling worker wage increases. This amount was agreed to during contract negotiations and equates to 0.075% of the overall proposed increase.

Over the past year, Tri-CED has continued to face challenges related to increased processing costs and decreased commodity values. For RY6, the \$2.00 per household incorporated into the rates last year has been carried forward and will be increased by the RY6 adjustment. Tri-CED is requesting an additional \$1.73 per household for RY6. In cooperation with Union City, which also uses Tri-CED for recycling services, the City retained an outside consultant to perform a review of Tri-CED's operation and financials and determined that the costs attributable to China's National Sword equated to about \$1.45 per household during the mid-2018 to mid-2019 timeframe. Commodity markets have not noticeably changed in the past year, so staff does not support an additional increase in Tri-CED's compensation. If the \$1.73 in additional compensation for Tri-CED were included, then the overall rate increase would be 5.561%. This would exceed the rate increase cap established as part of the original Franchise Agreement approval and would require a new Proposition 218 election in order to approve the rate increase.

Union City granted Tri-CED additional compensation of \$2.00 per household in 2019, and in 2018, Fremont initiated a \$1.50 per household recycling fee in response to China's National Sword policy. Other Alameda County jurisdictions that have approved additional compensation to recycling processors in response to the downturn in the recycling markets include Dublin, Livermore, and Berkeley.

ECONOMIC IMPACT

Residents and businesses will be paying 3.186% more for refuse and recycling services for the period of March 1, 2020, through February 28, 2021. With a 3.186% increase, the new

monthly service charge for residential customers with the standard 32-gallon cart for garbage service would be \$35.62, or \$1.10 higher than the existing rate. For residents subscribing to the smaller 20-gallon cart, the new service charge would be \$24.37, or \$0.75 higher than the existing rate. A comparison of rates with several nearby communities is included as Attachment III.

FISCAL IMPACT

With the proposed increase, it is projected that General Fund Franchise Fees revenue related to this agreement will increase by approximately \$227,530 annually.

STRATEGIC INITIATIVES

This agenda item is a routine operational item and does not directly relate to Council's three adopted strategic initiatives.

SUSTAINABILITY FEATURES

The rate increase will allow the City, WMAC, and Tri-CED to continue to provide Hayward residents and businesses with recycling and composting services, so they can maximize the diversion of waste from the landfill. Solid waste management involves the safe and responsible management of discarded material from generation through processing to disposal. Reducing waste landfilled by maximizing the reuse, recycling, and composting of materials increases diversion, conserves natural resources, and plays an important role in making a community sustainable. No additional programs are contemplated as part of Rate Year Six services.

PUBLIC CONTACT

The public was notified of the rate increase in 2014 as part of the new franchise agreement announcement mailed to all rate payers. That notice provided an estimated increase for each year of the franchise agreement and indicated that the increase that would be effective on March 1, 2020, would be adjusted by CPI and would be a minimum of 3%. If Council approves the proposed rate increase, customers will be notified through bill inserts included with their garbage bill and a message printed on their garbage bill.

NEXT STEPS

The rate increase would be effective on March 1, 2020. If Council approves the rate adjustment, staff will work with WMAC to implement the new rates and advise customers. A brief statement regarding the fee increase will be printed on the customer's garbage bills. In addition, staff will work with Tri-CED to further review options for addressing the financial challenges presented by the recycling market.

Prepared by: Jeff Krump, Solid Waste Program Manager

Recommended by: Alex Ameri, Director of Public Works

Approved by:

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

Kelly McAdoo, City Manager

HAYWARD CITY COUNCIL

RESOLUTION NO. 20-

Introduced by Council Member _____

RESOLUTION APPROVING THE GARBAGE & RECYCLING RATE ADJUSTMENT
FOR 2020-2021

WHEREAS, the Franchise Agreement between the City of Hayward and Waste Management of Alameda County (WMAC) became effective on March 1, 2015; and

WHEREAS, garbage and recycling rates typically increase on March 1 of each year and Rate Year Six of the Franchise Agreement will commence on March 1, 2020; and

WHEREAS, the Franchise Agreement dictates that the rates for Rate Year Six shall be set based on a Consumer Price Index (CPI) adjustment to WMAC's projected Rate Year Five revenues; and

WHEREAS, the City completed the necessary review of WMAC's rate application; and

WHEREAS, calculations based on the methodology specified in the Franchise Agreement show that an increase of 3.186% is appropriate and warranted; and

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Hayward hereby approves the increase of 3.186% from March 2020 through February 2021 for garbage and recycling rates for residents and businesses in the City of Hayward that are served under the Franchise Agreement.

IN COUNCIL, HAYWARD, CALIFORNIA _____, 2020

ADOPTED BY THE FOLLOWING VOTE:

AYES: COUNCIL MEMBERS:
 MAYOR:

NOES: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ATTEST: _____
 City Clerk of the City of Hayward

APPROVED AS TO FORM:

City Attorney of the City of Hayward

Comparison of Monthly Garbage & Recycling Rates

Table 1 Multi-family Dwelling Rates (assuming 1x per week service for 20 units)

Municipality	Garbage (3cy)	Recycling (1cy)	Organics (1cy)	Total
Livermore	\$350.16	\$87.54	\$87.54	\$525.24
Hayward (current)	\$378.25	\$7.38 per unit	Included w/ Garbage	\$525.85
Hayward (proposed)	\$390.30	\$7.62 per unit	Included w/ Garbage	\$542.70
Fremont	\$246.39	\$8.94 per unit	\$150.65	\$575.84
Union City (Republic)	\$413.43	\$94.66	\$94.66	\$602.75
Castro Valley (ACI)	\$902.84	Included w/ Garbage	Included w/ Garbage	\$902.84
City of Alameda (ACI)	\$479.57	\$13.78 per unit	\$9.90 per unit	\$953.17
Oakland (WMAC)	\$816.22	\$15.27 per unit	Included w/ Garbage	\$1121.62

Table 2, Single-Family Dwelling Rates

Municipality	Garbage (20 gallon)	Garbage (30-35 gallon)*	Garbage (60-64 gallon)
Hayward (current)	\$23.62	\$34.52	\$61.56
Hayward (proposed)	\$24.37	\$35.62	\$63.52
Livermore	\$29.35	\$38.85	\$58.18
Fremont	\$38.94	\$39.72	\$43.33
City of Alameda (ACI)	\$33.25	\$41.97	\$68.95
Castro Valley (ACI)	\$30.79	\$47.74	\$82.91
Union City (Republic)	\$44.49	\$47.78	\$90.12
Oakland (WMAC)	\$43.93	\$49.88	\$88.05

*Most common container size

Table 3 Commercial Rates (assuming 1x per week service)

Municipality	Garbage (3cy)	Recycling (1cy)	Organics (1cy)	Total
Fremont	\$244.85	\$81.69	\$150.65	\$477.19
Livermore	\$350.16	\$87.54	\$87.54	\$525.24
Hayward (current)	\$378.25	\$73.41	\$73.41	\$525.07
Hayward (proposed)	\$390.30	\$75.75	\$75.75	\$541.80
Union City (Republic)	\$413.43	\$94.66	\$94.66	\$602.75
City of Alameda (ACI)	\$479.57	\$127.89	\$127.89	\$735.35
Castro Valley (ACI)	\$902.84	Included w/ Garbage	Included w/ Garbage	\$902.84
Oakland (WMAC)	\$581.09	(open market)	\$183.01	-