

CITY OF HAYWARD

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



CITY OF
HAYWARD
HEART OF THE BAY

Agenda

Wednesday, February 17, 2021

5:00 PM

Remote Participation

Council Budget and Finance Committee

COVID-19 Notice: Consistent with State of California Executive Order No. 29-20 dated March 17, 2020, and Alameda County Health Officer Order No. 20-10 dated April 29, 2020, the Task Force will be participating in public meetings via phone/video conferencing.

Please note that we are now using the Zoom Webinar platform to conduct meetings.

How to submit written Public Comment:

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

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

Please click the link below to join the webinar:

*<https://hayward.zoom.us/j/98340291316?pwd=Q0JENWk2SFFra2dUbmZWenpmQkRodz09>
Passcode: Budget@2*

Or iPhone one-tap :

*US: +16699006833,,98340291316#,,,,*67286385# or +12532158782,,98340291316#,,,,*67286385#*

Or Telephone:

Dial (for higher quality, dial a number based on your current location):

*US: +1 669 900 6833 or +1 253 215 8782 or +1 346 248 7799 or +1 929 205 6099 or +1 301 715 8592
or +1 312 626 6799 or 833 548 0276
Meeting ID: 983 4029 1316
Passcode: 67286385*

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

CALL TO ORDER

ROLL CALL

PUBLIC COMMENTS:

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

APPROVAL OF MINUTES

[MIN 21-023](#)

Approve the January 20, 2021 Council Budget and Finance
Committee Meeting Minutes

Attachments: [Attachment I Minutes](#)

[MIN 21-024](#) Approve the January 25, 2021 Council Budget and Finance
Committee Meeting Minutes

Attachments: [Attachment I Minutes](#)

REPORTS/ACTION ITEMS

[RPT 21-033](#) FY 2021 Mid-Year Budget: FY 2021 Mid-Year Budget Review
and General Fund Long Range Financial Model Update

Attachments: [Attachment I Staff Report](#)
[Attachment II General Fund Long Range Financial Model
Update](#)

[RPT 21-035](#) Cannabis Revenue / Unfunded Liability Referral

Attachments: [Attachment I Staff Report](#)
[Attachment II Referrral Memorandum](#)

FUTURE AGENDA ITEMS

[ACT 21-017](#) Review and Approve the 2021 Agenda Planning Calendar

Attachments: [Attachment I 2021 Agenda Planning Calendar](#)

COMMITTEE MEMBER/STAFF ANNOUNCEMENTS

ADJOURNMENT

Next Meeting - 5:00 p.m. Wednesday, March 17, 2021

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



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File #: MIN 21-023

DATE: February 17, 2021

TO: Council Budget and Finance Committee

FROM: Director of Finance

SUBJECT

Approve the January 20, 2021 Council Budget and Finance Committee Meeting Minutes

RECOMMENDATION

That the Council Budget and Finance Committee reviews and approves the January 20, 2021 Council Budget Committee meeting minutes.

SUMMARY

The Council Budget Committee (CBFC) held a meeting on January 20, 2021, and the draft minutes are attached for the Committee's review and approval.

ATTACHMENTS

Attachment I 1/20/21 CBFC Meeting Minutes



COUNCIL BUDGET & FINANCE COMMITTEE MEETING
Meeting Minutes of January 20, 2021

Call to Order: 4:59 p.m.

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

Members Absent: None

Staff: Kelly McAdoo, Jennifer Ott, Dustin Claussen, Nicole Gonzales, Crissy Mello, Nicholas Mullins, Nick Tabari, Rick Rivera

Guests: None

Public Comments: None

1. Approval of Meeting Minutes from December 16, 2020

- Minutes were updated from the previously distributed version to reflect a more accurate summary of public comments.
- Councilmember Lamnin noted that the minutes reflected a desire from the Committee for hard copies of the FY 2022 budget to be distributed to Council but requested that Councilmembers be polled as preferences could vary.

Action: A motion was made by Councilmember Wahab to approve the minutes of the December 16, 2020 Council Budget and Finance Committee (CBFC) meeting with the requested updates. Motion seconded by Councilmember Lamnin. Unanimous approval.

2. FY 2021 General Fund Revenue Review and COVID-19 Funding Update

- Deputy Director Gonzales presented the Committee with an overview of FY 2021 General Fund revenues collected through November 2020.
- Director Claussen provided an update to COVID-19 funding. The bulk of funding received thus far has been CARES Act assistance. The City expects to receive \$1.5 million from Alameda County for the reimbursement of COVID-19 testing kits by the end of the month.

- Councilmember Wahab called for additional transparency with the public regarding COVID-19 funding, especially in setting expectations that City response expenses are not reimbursed dollar for dollar.
- Councilmember Lamnin clarified that revenues were in line with prior projections.
- Mayor Halliday requested that the Finance Department investigate lower-than-expected Utility Users Tax and Franchise Fee revenues.

Action: The Committee received the presentation and oral update.

3. Employee Home Loan Program Update

- Director Claussen presented the Committee with an update on the status of the Employee Home Loan Program in light of the City's response to COVID-19.
- Councilmember Lamnin requested that Staff investigate the Employee Home Loan Program as a potential investment vehicle for the City, including piloting a risk assessment program for potential borrowers.
- Councilmember Wahab requested that Staff evaluate whether Hayward could implement a program similar to San Mateo County's down payment assistance program for the community as well as employees.
- Mayor Halliday proposed partnering with the Association of Bay Area Governments (ABAG) to implement regional homeowners' assistance programs as a means of reducing commutes and greenhouse gas emissions. Councilmember Wahab supported Mayor Halliday's proposal.

Action: The Committee received the oral presentation.

4. Future Agenda Items

- The Committee requested clarification from Staff on scheduling for Innovation Workshops. Councilmember Wahab proposed extension of regularly scheduled Committee meetings as an alternative to scheduling additional meetings.
- City Manager McAdoo informed the Committee that Cannabis Tax revenues and the 1% portion of Cannabis revenues allocated for the Community Benefit Fund will be brought as items on separate dates.

Committee Members/Staff Announcements: None.

Adjournment: The meeting was adjourned at 6:06 p.m.



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File #: MIN 21-024

DATE: February 17, 2021

TO: Council Budget and Finance Committee

FROM: Director of Finance

SUBJECT

Approve of the January 25, 2021 Council Budget and Finance Committee Meeting Minutes

RECOMMENDATION

That the Council Budget and Finance Committee reviews and approves the January 25, 2021 Council Budget Committee meeting minutes.

SUMMARY

The Council Budget Committee (CBFC) held a meeting on January 25, 2021, and the draft minutes are attached for the Committee's review and approval.

ATTACHMENTS

Attachment I 1/25/21 CBFC Meeting Minutes



COUNCIL BUDGET & FINANCE COMMITTEE SPECIAL MEETING
Meeting Minutes of January 25, 2021

Call to Order: 7:03 p.m.

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

Members Absent: None

Staff: Kelly McAdoo, Jennifer Ott, Dustin Claussen, Chief Tony Chaplin, Captain Bryan Matthews, Nicole Gonzales, Adam Lumia, Mary Thomas, Laurel James, Nicholas Mullins, Rick Rivera, Nick Tabari, Crissy Mello

Guests: None

Public Comments: Zachariah Oquenda, "Suzanne", Cynthia Nunes

1. Review of Police Department Budget

- Captain Matthews provided the Committee with a presentation of the components of the Hayward Police Department Budget and distribution of budget expenses.
- Councilmember Wahab asked the Police Department to provide expanded operational data, including citation and arrest numbers, response times, case clearance rates, and lawsuit expenditures year over year since 2017. In addition, Councilmember Wahab requested a staffing analysis regarding investigation capacity and crime rates.
- Councilmember Wahab also requested that Dispatch Call Center operations be included in future staff report presentations at Committee and Council meetings.
- Councilmember Lamnin requested an explanation of Patrol Division staffing and command structure per shift, and its relationship to District Command. The Hayward Police Department was asked to consider what kinds of calls and needs are not being met by current structures, and the resources needed to address them.

- Mayor Halliday seconded Councilmember Wahab’s request for expanded operational data.

Action: The Committee received the presentation.

2. Review Policy Workshop Participants

- Mary Thomas provided the Committee with an update on the Policy Innovation Workshop for Public Safety. This update included presentation of the proposed workshop rosters and a schedule of Innovation Workshop (“Workshop”) meetings. A demonstration of the Public Safety Community Outreach Project portal on the City of Hayward website was provided to the Committee.
- Councilmember Lamnin added to the prior discussion on data to emphasize case closure rates. Speaking to outcomes, asked that future Workshops be held to consider defining Public Safety.
- Councilmember Wahab and Mayor Halliday asked for process clarifications regarding the Workshops, including how meetings will be shared and/or broadcast to the public and how Workshop participant ideas and other data will be captured.
- Councilmember Wahab asked that Staff use social media to communicate Workshop dates and findings to the community throughout the process.

Action: The Committee received the presentation.

3. Future Agenda Items

- City Manager McAdoo proposed adding brief Workshop updates as a standing item to Council Budget and Finance Committee agendas throughout the process.

Committee Members/Staff Announcements: None.

Adjournment: The meeting was adjourned at 8:48 p.m.



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File #: RPT 21-033

DATE: February 17, 2021

TO: Council Budget and Finance Committee

FROM: Director of Finance

SUBJECT

FY 2021 Mid-Year Budget: FY 2021 Mid-Year Budget Review and General Fund Long Range Financial Model Update

RECOMMENDATION

That the Council Budget and Finance Committee reviews and provides comments on the FY 2021 Mid-Year Budget Review and General Fund Long Range Financial Model Update.

SUMMARY

This report presents the mid-year review of the FY 2021 Adopted Budget, and an update to the General Fund Long Range Financial Model (model) presenting proposed changes and projected year-end results based on current trends and data. While staff considers the entire City budget in its mid-year review, this report focuses primarily on the General Fund.

Proposed FY 2021 mid-year expenditures net a total increase of \$4.5 million in General Fund expenses. Of this amount, \$4.6 million is related to previously authorized and approved appropriations, and proposed FY 2021 mid-year expenditure adjustments totaling a net decrease of \$71,500. The proposed FY 2021 mid-year expenditures are largely one-time in nature. General Fund revenues are expected to exceed the originally projected FY 2021 amount by \$6.5 million.

If mid-year requests are approved as proposed, the FY 2021 Revised Budget would result in a projected shortfall, requiring the use of \$1.2 million in General Fund Reserves for FY 2021. While FY 2021 is projected to end of the year using \$1.2 million in General Fund Reserves, this is an improvement over what was projected at the time of adoption, which forecasted a use of \$3.3 million in General Fund Reserves.

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

ATTACHMENTS

File #: RPT 21-033

Attachment I	Staff Report
Attachment II	General Fund Long Range Financial Model Update



DATE: February 17, 2021

TO: Council Budget and Finance Committee

FROM: Director of Finance

SUBJECT: FY 2021 Mid-Year Budget: FY 2021 Mid-Year Budget Review and General Fund Long Range Financial Model Update

RECOMMENDATION

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SUMMARY

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

BACKGROUND

On June 23, 2020¹, Council adopted the FY 2021 Operating Budget projecting a net negative position at fiscal year end and a use of \$3.3 million in General Fund Reserves. Since the time of adoption of the FY 2021 Budget, the City has continued to address fiscal challenges related to the ongoing impacts of the COVID-19 pandemic. However, considering recently updated revenue projections, additional Council approved appropriations, and proposed new mid-year requests, the City's General Fund net position is projected to improve, amending the projected use of \$1.2 million in reserves to balance the budget rather than the \$3.3 million projected at the time of budget adoption.

Recent updated revenue projections reflect an estimated increase of \$6.5 million over the projected amount at the time of budget adoption. Also attributing to the change in projected use of General Fund reserves are previous Council approved appropriations. The largest of these appropriations are related to the City's response to COVID-19 pandemic. In July, Council authorized General Fund appropriations of \$1.0 million in emergency response funding and \$0.8 million to enter into a contract with La Familia Counseling Services for ongoing operation of the COVID-19 Testing Site. In November, Council authorized the appropriation of the City's allocation of Coronavirus, Aid, Relief, and Economic Security (CARES) Act funding, which amounted to nearly \$2.0 million. In addition, Council authorized an appropriation of \$0.7 million for contract services related to the demolition and hazardous materials removal from the former Holiday Bowl site due health and safety concerns.

This report includes an update to the General Fund Long Range Financial Model as part of the FY 2021 mid-year review, reflecting the proposed changes in revenue projections and expenditure adjustments.

DISCUSSION

Proposed FY 2021 mid-year expenditures net a total increase of \$4.5 million in General Fund expenses. Of this amount, \$4.6 million is related to previously authorized and approved appropriations, and proposed FY 2021 mid-year expenditure adjustments totaling a net decrease of \$71,500. The proposed FY 2021 mid-year expenditures are largely one-time in nature. Table 1 and Table 2 below detail the key changes in General Fund expenditures related to previous Council authorized and approved appropriations, and proposed new FY 2021 mid-year requests:

TABLE 1: PREVIOUS COUNCIL AUTHORIZED AND APPROVED APPROPRIATIONS

Previous Council Approved Appropriation	FY 2021 Impact (\$)
CARES Act COVID-19 Relief Appropriation	\$1,979,381
Additional Emergency Funding for COVID-19 Response	\$1,000,000
La Familia Staffing Services for COVID-19 Testing Site	\$749,999
RB Environmental Demolition and Hazmat Removal	\$690,000
Appropriation of Donations to Purchase Navigation Center Trailer	\$86,950
Equity Trainings/Services	\$62,500
Hayward Literacy Council Reimbursement	\$15,800

¹ Hayward City Council Meeting on June 23, 2020 - <https://hayward.legistar.com/LegislationDetail.aspx?ID=4576658&GUID=351E52E7-0DED-4DDC-8851-596E3E47D56B&Options=&Search=>

Previous Council Approved Appropriation	FY 2021 Impact (\$)
Previous Council Approved Appropriations Subtotal	\$4,584,630

TABLE 2: PROPOSED NEW FY 2021 MID-YEAR REQUESTS

Mid-Year Request (NEW)	FY 2021 Impact (\$)
No Mid-Year Personnel Requests	\$0
Personnel Expenses	\$0
Dixon St Fire Emergency Shelter Assistance (City Manager's Office)	\$20,000
Community Service Grants - Contingency Funds returned to Fund Balance (City Manager's Office)	(\$1,000,000)
Consultant Services (Development Services)	\$450,000
Contract Services for Revenue Recovery Services (Finance)	\$25,000
Costs for Payment Kiosk (Finance)	\$12,500
Contract Legal Services (Human Resources)	\$229,000
Contract Services - Job Classification Audit (Human Resources)	\$12,000
Consultant Services for Employee Relations (Human Resources)	\$50,000
Contract Services for COVID-19 Contact Tracing (Human Resources)	\$50,000
Rapid Turnaround DNA Program per SB 22 (Police)	\$60,000
Correction: restore operating budget inadvertently included in program reduction (PW)	\$60,000
Transfer-Out: Correction program reduction should be a decrease in transfer-out to CIP	(\$60,000)
Transfer-Out: To Facilities Capital Fund - Secure City Center Parking Garage	\$20,000
Non-Personnel Expenses	(\$71,500)
Mid-Year Requests (NEW) Subtotal	(\$71,500)
TOTAL GENERAL FUND EXPENSES	\$4,513,130

General Fund revenues are expected to exceed the originally projected FY 2021 amount by \$6.5 million. Changes in revenue projections are detailed in Table 3 of the report. Key changes in the General Fund revenues are as follows:

TABLE 3: GENERAL FUND REVENUES

GENERAL FUND REVENUE ADJUSTMENTS	FY 2021 IMPACT (\$)
Intergovernmental Revenue for CARES Act	\$1,979,381
Intergovernmental Revenue for Alameda County Reimbursement	\$1,500,000
Projected increase in Sales Tax above budgeted amount	\$2,000,000
Projected increase in Property Tax above budgeted amount	\$1,500,000
Projected increase in Real Property Transfer Tax above budgeted amount	\$1,000,000
Projected increase in Cannabis Tax above budgeted amount	\$400,000
Projected decrease in Utility Users' Tax below budgeted amount	(\$1,000,000)
Projected decrease in Transient Occupancy Tax below budgeted amount	(\$800,000)
Projected decrease in Library Fines below budgeted amount	(\$30,000)
TOTAL GENERAL FUND REVENUES	\$6,549,381

If mid-year requests are approved as proposed, the FY 2021 Revised Budget would result in a projected shortfall, requiring the use of \$1.2 million in General Fund Reserves for FY 2021. While FY 2021 is projected to end of the year using \$1.2 million in General Fund Reserves, this is an improvement over what was projected at the time of adoption, which forecasted a use of \$3.3 million in General Fund Reserves.

GENERAL FUND REVENUES

FY 2021 General Fund revenues are projected to be \$6.5 million higher than originally projected. This is primarily attributed to projected increases in Sales Tax, Property Tax, and Cannabis Tax revenue. Updated revenue projections also include an increase in Intergovernmental Revenues, which include: 1) CARES Act funding allocation; and 2) Alameda County Reimbursement for COVID-19 testing kits. General Fund revenue projections also include anticipated decreases in revenue in Utility Users' Tax (UUT), Transient Occupancy Tax (TOT), and Library Fines, all of which have been negatively impacted by the ongoing COVID-19 pandemic.

The following analysis highlights key revenue variances as it pertains to FY 2021 mid-year projections and the impact on future year projections as outlined in the model.

Intergovernmental Revenue (increase of \$3.5 million) – The City received nearly \$2.0 million in CARES Act funding in response to COVID-19 relief. An additional \$1.5 million is included as Intergovernmental Revenue, and reflects the amount reimbursed by Alameda County for COVID-19 testing kits as outlined in a previously approved Memorandum of Understanding (MOU).

Sales Tax (increase of \$2.0 million) – The amount projected at the time of adoption anticipated a greater decrease to Sales Taxes due to the uncertainties surrounding the impacts of the COVID-19 pandemic. The updated Sales Tax projections reflect an increase of \$2.0 million, as Alameda County is no longer under a full shelter-in-place order, and certain businesses are able to resume some level of business.

Property Tax (increase of \$1.5 million) – The FY 2021 Adopted Budget projected a decline of 3% year-over-year in Property Tax revenues as part of an overall projected economic slowdown. However, Property Tax revenues have remained stable, and an update in Property Tax projections reflect an increase of \$1.5 million.

Real Property Transfer Tax (RPTT) (increase of \$1.0 million) – The amount projected at the time of adoption anticipated a greater slowdown in home sales stemming from the uncertainties surrounding the pandemic. Revenues have been adjusted based on current trends to reflect an increase in projected RPTT revenues through the end of the fiscal year.

Cannabis Tax (increase of \$400,000) – The FY 2021 Adopted Budget projected Cannabis Tax revenue at \$100,000. As of mid-year, one cannabis business has been in operation since late summer 2020 and remitted a total of \$95,000 in cannabis taxes for the first quarter of the fiscal year. Updated projections anticipate additional revenue through the remainder of the fiscal year.

Utility Users' Tax (decrease of \$1,000,000) – The Mid-Year FY 2021 adjustments include a reduction in Utility Users' Tax (UUT). The impacts of the pandemic have attributed to the projected decrease in UUT revenue.

Transient Occupancy Tax (decrease of \$800,000) – The Mid-Year FY 2021 adjustments include a reduction in Transient Occupancy Tax (TOT). Alameda County remains under a restrictive tier

(County Risk Level) in the current California tier system; the negative impacts to TOT are expected to continue until restrictions are fully lifted.

Library Fines (decrease of \$30,000) – The Mid-Year FY 2021 adjustments include a reduction in Library Fines and Fees. The decrease in projected revenue is the result of Council approval to waive fines and fee balances, and cessation of late fines.

GENERAL FUND EXPENDITURES

FY 2021 General Fund total adjustments include FY 2020 carryforwards, previous Council authorized and approved appropriations, and mid-year requests. FY 2021 General Fund expenditures, including proposed mid-year requests and previous Council authorized and approved appropriations are projected to be \$4.5 million higher than anticipated at the time the City adopted its budget. Of this amount, \$4.6 million is related to previously authorized and approved appropriations. Proposed FY 2021 mid-year expenditure requests total a net decrease of \$71,500. FY 2020 budget carryforwards total \$1.8 million and were approved with the FY 2020 Operating Budget. The following analysis highlights key expenditure variances as it pertains to FY 2021 mid-year projections and the fiscal impacts on future year projections, as illustrated in the model.

Operating Expenses

A number of adjustments are needed at mid-year to fund necessary and/or unanticipated expenditures, and to appropriate prior year carryforward requests into FY 2021.

Carryforward Requests (increase of \$1.8 million):

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

Previous Council Approved Appropriations - FY 2021 (increase of \$4.6 million):

City Council previously authorized and approved appropriations totaling \$4.6 million. A significant portion of these appropriations were authorized in response to the Novel Coronavirus (COVID-19) pandemic. Previously authorized and approved appropriations are as follows:

- Appropriation of CARES Act Coronavirus Relief Fund (increase of \$1,979,381);
- Emergency Response Funding in Response to COVID-19 (increase of \$1,000,000);
- Contract with La Familia for Operation of the COVID-19 Testing Site (increase of \$749,999);
- Contract with RB Environmental for Demolition and Hazardous Material Removal Services at the former Holiday Bowl Site (increase of \$690,000);
- Appropriation of Donations to Navigations Center for the Purchase of a Residential Trailer Unit (increase of \$86,950);
- Contract with Safir and Associates for Equity Leadership Training (increase of \$62,500); and
- Appropriation of Hayward Literacy Council Reimbursements (increase of \$15,800).

Proposed FY 2021 Mid-Year Requests – New (net decrease of \$71,500):

- Community Service Grants (decrease of \$1,000,000): \$1,000,000 in Community Services Funding returned to General Fund reserves. Funding had been approved on a contingency basis linked to revenues that fell short of projections.
- Supplies and Services (increase of \$60,000): A correction to the Adopted Budget will result in an increase of \$60,000 in the Public Works operating budget. The reduction was inadvertently included as a program reduction to the operating budget rather than the transfer out to CIP Funds. A corresponding correction to Transfer-Out is included below.
- Contract Services (increase of \$908,500) – Additional contract services are necessary in multiple departments.
 - Development Services is requesting \$450,000 for consultant services for outside plan check, inspection, and permit technicians with anticipated offsetting revenue;
 - Human Resources is requesting an increase of \$341,000 for contract services to assist with employee relations, labor negotiations, COVID-19 contact tracing, and job classification audits;
 - The Police Department is requesting an increase of \$60,000 for Rapid Turnaround DNA (RADS) Testing Services in order to comply with SB-22 requirements – Alameda County previously covered the cost of processing each RADS testing kit; however, due to changes in laws and mandates, Alameda County is no longer covering this cost and responsibility of compliance has been placed on local agencies;
 - Finance is requesting an increase of \$25,000 for contract services to preform revenue recovery services, including transient occupancy tax collection, sales tax audits, unlicensed business discovery services, and collection agency services; as well as \$12,500 for the construction of a window frame for the new payment kiosk outside City Hall. The \$12,500 is a shared portion of the total cost (\$25,000) of the new payment kiosk. The remaining \$12,500 will be covered by the Water Enterprise Fund; and
 - The City Manager’s Office is requesting an increase of \$20,000 to provide sheltering assistance stipends to low- and fixed-income victims of the Dixon Street Fire.

Transfer-Out (net decrease of \$40,000)

- A transfer-out from the General Fund to the Facilities Capital Fund in the amount of \$20,000 is requested to cover the costs of security and maintenance services at the vacant Foothill City Center Parking Garage; and
- Correction: Program reduction at the time of budget should have been a decrease in the transfer-out to CIP Funds, rather than a reduction in department operating budget. The correction will result in a decrease of \$60,000 in Transfer-Out to CIP Funds.

The amounts shown below in Table 4 demonstrate the General Fund impact of the changes being proposed as part of the City’s FY 2021 Mid-Year Budget Review from the time that Council adopted the City’s Operating Budget in June of 2020. In total, the changes presented for

consideration will require the projected use of \$1.2 million in General Fund reserves, reduced from \$3.3 million that was projected at the time of adoption.

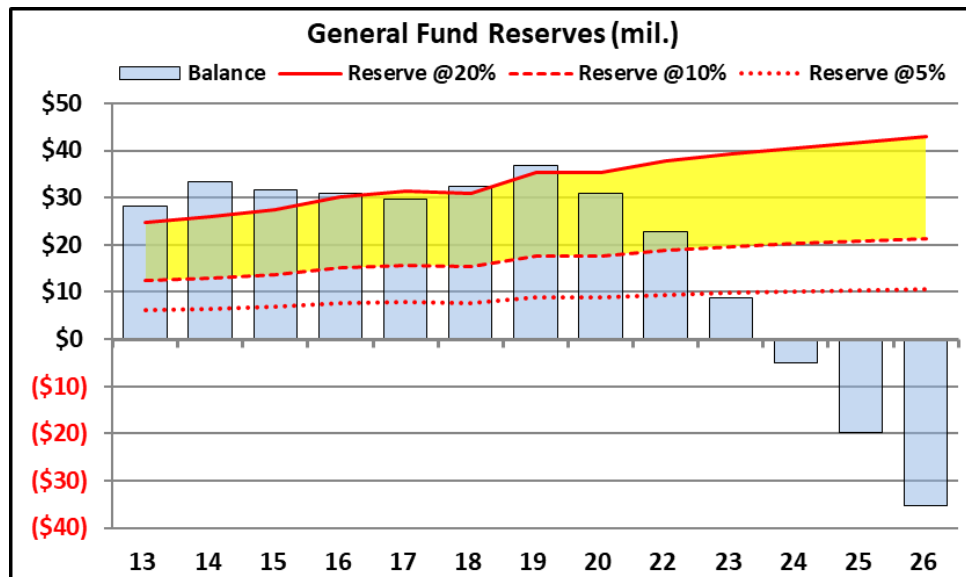
TABLE 4: SUMMARY OF PROPOSED MID-YEAR CHANGES (FIGURES SHOWN IN 000s)

<i>\$ in thousands</i>	FY 2021 Adopted	Change	FY 2021 Mid-Year Revised
Revenue			
Property Tax		\$1,500	
Sales Tax		\$2,000	
Utility Users Tax		(\$1,000)	
Real Property Transfer Tax		\$1,000	
Transient Occupancy Tax		(\$800)	
Cannabis Tax		\$400	
Intergovernmental Revenue		\$3,479	
Library Fines		(\$30)	
Total Revenue	\$166,315	\$6,549	\$172,864
Expenditures			
No Mid-Year Personnel Requests		\$0	
Net Staffing Expenses	\$134,546	\$0	\$134,546
Dixon St Fire Emergency Shelter Assistance (City Manager's Office)		\$20	
Contingency Funds returned to Fund Balance (City Manager's Office)		(\$1,000)	
Consulting Services (Development Services)		\$450	
Contract Services for Revenue Recovery Services (Finance)		\$25	
Costs for Payment Kiosk (Finance)		\$13	
Legal Services (Human Resources)		\$229	
Contract Services - Job Classification Audit (Human Resources)		\$12	
Consultant Services Employee Relations Services (Human Resources)		\$50	
COVID-19 Contact Tracing (Human Resources)		\$50	
Rapid Turnaround DNA Program per SB 22 (Police)		\$60	
Correction: restore operating budget inadvertently reduced (PW)		\$60	
Previous Council Approved Appropriation - Non-Personnel Expenses		\$4,585	
Net Operating Expenses	\$25,987	\$4,553	\$30,540
Transfer-Out to Facilities Capital Fund - Secure Foothill Parking Garage		\$20	
Transfer-Out: Correction program reduction to CIP		(\$60)	
Transfers to Other Funds	\$9,034	(\$40)	\$8,994
Total Expenditures	\$169,567	\$4,513	\$174,080
Total Surplus/(Shortfall)	(\$3,252)		(\$1,216)

Attachment II is an updated version of the model that includes projected changes in revenue and expenses impacting the City's projected year-end fiscal position for FY 2021. The FY 2021 Adopted Budget assumed a \$3.3 million use of General Fund Reserves by the end of the fiscal year. Based on the FY 2021 Adopted Budget, the model projected that General Fund Reserves would fall to 16.3% of the City's budgeted General Fund expenditures, with a further drop to 7.7% of expenditures by the end of FY 2022.

As part of the mid-year review process, the model has been updated to include current revenue projections, mid-year expenditure requests, and previous Council approved appropriations as discussed in this report. The updated model projects the use of \$1.2 million in General Fund Reserves. The reduction in use of reserves can be attributed to an increase in projected revenues as of mid-year, specifically in Sales Tax, Property Tax, Real Property Transfer Tax, and Cannabis Tax revenues. The mid-year review also includes the CARES Act allocation, and reimbursement from Alameda County for COVID-19 testing kits, which reflect an increase of nearly \$3.5 million in Intergovernmental revenue. It is uncertain whether local agencies will receive additional CARES Act funding before the end of FY 2021. As a result, the model does not include assumptions of further COVID-19 funding.

Per current policy, the General Fund Reserve should equal 20% of budgeted General Fund expenditures. Based on the updated model and current projections, the City is expected to fall short of compliance with the policy. Mid-year updates to the model project ending the fiscal year with a General Fund balance of 17.0% of FY 2021 General Fund expenditures. The graph below depicts revised General Fund revenues and expenditures based on updated FY 2021 projections.



MEASURE C FUND

Measure C Operating

The Council, as well as the ballot language for Measure C, established a number of spending priorities for these funds. These priorities include a mix of capital projects and funding allocations toward operating services. While Measure C revenues are to primarily be used to fund capital

projects, operating activities, such as police services, addressing illegal dumping, litter control, and graffiti abatement, which also fulfill the promises of Measure C.

FY 2021 Measure C operating fund total adjustments include FY 2020 carryforwards and a mid-year request. Proposed FY 2021 Measure C expenditure related requests total an increase of \$105,993. Proposed FY 2021 Measure C revenue is projected to be approximately \$1.6 million higher than originally projected. The following details the additional requests:

- FY 2020 budget carryforwards (increase of \$5,933)
- Maintenance Services Overtime for Citywide Cleanup (increase \$100,000)

Measure C Capital

While Measure C funds operating programs and related expenses, Measure C funds are primarily used to fund capital projects. FY 2021 Measure C capital total adjustments include prior year carryforwards.

FY 2021 Council adopted expenditure appropriations of \$16 million in the Measure C capital fund. Total adjustments included in the mid-year review are \$52.5 million. These adjustments are comprised entirely of FY 2020 carryforwards, and are primarily related to construction costs for the Fire Station 6 and Regional Fire Training Center project.

Staff will provide an update to the Measure C 20-Year Financial Forecast as part of the Council report on February 23, 2021.

OTHER FUNDS

Total adjustments for FY 2021 Other Funds include FY 2020 carryforwards, previous Council approved appropriations, and mid-year requests. Expenditure increases in Other Funds total \$28.7 million. Of this total, FY 2020 budget carryforwards total \$21.2 million; and appropriations previously approved by City Council total \$4.7 million. Increase in expenditure requests at mid-year amount to \$2.9 million. Detail of mid-year adjustments are as follows:

Previous City Council Approved Appropriations (increase of \$4.7 million)

- Appropriations of additional allocation in CDBG funds in response to the COVID-19 pandemic (increase of \$1.2 million);
- Appropriation of various grants and donations (increase of \$0.5 million)
- Appropriation for East Bay Dischargers Authority (EBDA) Maintenance Agreement (increase of \$134,000)
- Appropriation for 2020 Urban Water Management Plan (increase of \$140,000)
- Appropriations of Measure BB Paratransit funds for Safe Route for Seniors (increase of \$2.7 million)

Proposed Mid-Year Requests (increase of \$2.9 million)

- Water and Sewer Funds (increase of \$147,500): Water Fund (\$25,000) and Sewer Fund (\$15,000) for COVID PPE supplies for utilities operations and maintenance field staff;

Water Fund increase of \$95,000 for bank processing fees; and \$12,500 for half of the estimated cost to construct the payment kiosk window frame.

- Recycled Water Fund (increase of \$35,000) for unanticipated repair and maintenance of the new recycled water system.
- Airport (increase of \$53,000): \$23,000 increase of estimated annual energy expenditure and \$10,000 increase of estimated annual water expenditure; \$20,000 increase to replace encumbrance utilized for other urgent needs at Airport during the first half FY 2021.
- City Manager (net increase of \$7,602): an increase of \$7,602 to match the FY 2021 Federal HOME award project allocation.
- Landscape and Lighting Assessment District (increase of \$80,000): LLAD 7 (\$45,000) and LLAD 11 (\$35,000) for additional water budget needed for large leak and dry conditions.
- Measure BB Paratransit funds for Safe Routes for Seniors (decrease of \$2.7 million). Mid-Year request includes a transfer of funds out of the Operating Budget and into the Capital Improvement Program Budget.
- Transfer-Out to Other Funds (increase of \$5.3 million): Transfer-Out of Operating Water Fund to Recycled Water Fund (\$600,000); and Transfer Out from Operating Sewer Fund to Sewer Capital Improvement Fund (\$4.7 million). The Transfer-Out is a correction to FY 2019 deposit of connection fee revenue that should have been deposited into the Sewer Capital Fund rather than the Sewer Operating Fund. Corresponding Transfer-in shown under the Sewer Capital Improvement Fund of \$4.7 million will result in a net-zero impact.

CAPITAL IMPROVEMENT FUNDS

Total adjustments for FY 2021 Capital Improvement Funds include FY 2020 carryforwards, previous Council approved appropriations, and mid-year requests. The FY 2021 Capital Improvement Budget adjustments total a net increase of \$188.7 million. Of this amount, FY 2020 carry forwards total \$120.5 million; and prior Council authorized and approved appropriations total \$5.5 million. Proposed mid-year adjustments reflect an increase in projected expenditures in the amount of \$2.6 million. **Table 5** provides detail of the proposed FY 2021 CIP mid-year changes.

TABLE 5: PROPOSED FY 2021 MID-YEAR CIP CHANGES

Mid-Year CIP Changes	FY 2021 Mid-Year Changes
Measure BB-CIP Paratransit (Fund 219) - Transfer of Budget from Operating Budget Measure BB Paratransit (Fund 214) into newly created Measure BB-CIP Paratransit Fund.	\$2,700,000
Capital Project (Fund 405) - Secure Foothill City Center Parking Garage Perimeter.	\$20,000
Water Improvement (Fund 604) - Reduction in Transfer-Out to correct duplicate budget entry for debt service payment.	(\$273,000)
Sewer Replacement (Fund 611) - Unanticipated Emergency and Spot Repairs.	\$100,000
Airport Capital (Fund 621) - Project Scope Revision to CCTV Upgrade Project, including Installation of New Gate Card Readers.	\$100,000
Total Net Change	\$2,647,000

STRATEGIC ROADMAP

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

FISCAL IMPACT

The overall fiscal impact of the proposed mid-year adjustments is outlined throughout this staff report.

SUSTAINABILITY FEATURES

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

PUBLIC CONTACT/NEXT STEPS

Upon recommendation by the Committee, staff will present the FY 2021 Mid-Year Budget Review and General Fund Long Range Financial Model Update to the full City Council at the regular scheduled meeting on Tuesday, February 23, 2021.

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

Recommended by: Dustin Claussen, Director of Finance

Approved by:

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

Kelly McAdoo, City Manager

SUMMARY FORECAST		Actual	Actual	Actual	Actual	Actual	Adopted	Mid-Year	Mid-Year	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
(\$ in Thousands)		2015-16	2016-17	2017-18	2018-19	2019-20	Budget	Requests	Proposed	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2030-31	2030-31
1	Property Tax	\$44,159	\$47,196	\$51,236	\$54,468	\$58,432	\$55,500	\$1,500	\$57,000	\$58,809	\$60,837	\$63,326	\$65,996	\$68,438	\$69,961	\$71,529	\$71,712	\$72,336	\$74,869
2	Sales Tax	33,059	34,839	33,389	\$35,024	\$39,680	33,000	2,000	35,000	37,568	39,454	41,249	42,394	43,468	44,471	43,482	45,272	47,140	49,089
3	UUT	22,041	20,754	17,488	16,935	16,066	18,135	(1,000)	17,135	17,542	17,959	18,385	18,753	19,128	19,510	19,657	20,124	20,602	21,091
4	Real Property Transfer Tax	7,849	8,350	9,168	12,256	12,150	13,500	1,000	14,500	15,008	15,533	16,076	16,398	16,726	17,060	16,549	17,128	17,727	18,348
5	Transient Occupancy Tax	2,591	2,560	2,808	2,823	2,187	1,800	(800)	1,000	1,319	1,365	1,413	1,441	1,470	1,499	1,454	1,505	1,558	1,612
6	Cannabis Revenue	-	-	-	-	3	100	400	500	800	864	933	1,008	1,088	1,175	1,269	1,371	1,481	1,599
7	Other Taxes/Franchises	14,915	14,337	14,531	14,750	15,863	15,561	-	15,561	15,905	16,257	16,618	16,917	17,222	17,533	17,604	17,996	18,398	18,809
8	Permits & Fees	12,218	14,917	8,486	10,298	7,643	8,805	-	8,805	9,093	9,392	9,700	9,918	10,142	10,371	10,255	10,590	10,937	11,295
9	Other Revenue*	13,136	11,754	17,336	17,893	14,539	15,947	3,449	19,396	16,273	16,505	16,737	16,980	17,220	17,508	17,846	18,190	18,541	18,900
10	Transfer In-Other Funds	3,845	3,855	3,960	17,357	3,964	3,967	-	3,967	3,979	3,990	4,001	4,012	4,023	4,035	4,047	3,259	3,271	3,285
11	Transfer In-Measure C	213	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Total Revenues	154,026	158,561	158,401	181,804	170,526	166,315	6,549	172,864	176,296	182,154	188,438	193,816	198,925	203,126	203,691	207,147	211,991	218,897
13	Salaries/Wages	67,543	70,003	71,681	73,975	74,852	81,879	-	81,879	82,763	84,431	86,666	88,608	90,593	92,622	94,702	96,824	98,994	101,212
14	Overtime	8,592	9,254	10,370	9,574	9,767	3,320	-	3,320	3,415	3,498	3,577	3,657	3,740	3,824	3,911	3,999	4,089	4,181
15	Program Reduction						(1,822)	-	(1,822)										
16	Furlough / COLA Deferral						(1,607)	-	(1,607)										
17	Retirement	20,675	23,021	23,366	26,951	30,183	34,536	-	34,536	37,534	40,504	42,283	44,640	46,295	47,210	48,650	50,303	51,980	53,680
18	Health/Other Benefits	12,196	12,437	12,341	12,222	12,340	15,194	-	15,194	15,982	16,829	17,736	18,687	19,693	20,757	21,883	23,073	24,332	25,664
19	Retiree Medical (Pay-Go)	2,810	2,847	2,794	3,020	3,107	3,057	-	3,057	3,164	3,248	3,372	3,483	3,598	3,728	3,864	3,940	4,050	4,180
20	Retiree Medical (UAL)	1,070	-	1,000	2,000	2,135	1,000	-	1,000	4,388	4,504	4,676	4,830	4,990	5,170	5,358	5,463	5,616	5,797
21	Workers Comp	5,732	6,284	6,207	6,786	6,791	8,143	-	8,143	8,231	8,397	8,619	8,812	9,009	9,211	9,418	9,629	9,845	10,066
22	Interdept Charges	(4,450)	(4,015)	(5,155)	(3,803)	(5,031)	(4,361)	-	(4,361)	(4,485)	(4,594)	(4,698)	(4,804)	(4,912)	(5,023)	(5,136)	(5,252)	(5,371)	(5,492)
23	Vacancy Savings	-	-	-	-	-	(3,794)	-	(3,794)	(2,105)	(2,153)	(2,215)	(2,273)	(2,334)	(2,397)	(2,463)	(2,482)	(2,552)	(2,625)
24	Subtotal Personnel	114,168	119,831	122,604	130,724	134,143	135,546	-	135,546	148,886	154,665	160,016	165,640	170,673	175,103	180,186	185,497	190,983	196,664
25	Supplies & Services	9,559	10,113	11,050	12,238	13,893	11,939	4,466	16,405	11,939	12,178	12,421	12,670	12,923	13,182	13,445	13,714	13,988	14,268
26	Internal Service Fees	13,336	14,413	11,863	15,504	16,858	14,048	-	14,048	14,329	14,615	14,908	15,206	15,510	15,820	16,137	16,459	16,789	17,124
27	Debt Service	3,445	3,572	3,283	2,857	2,015	2,931	-	2,931	2,794	2,794	2,794	2,794	2,794	2,794	2,794	2,794	2,794	2,795
28	Capital Outlay/Projects	2,141	1,653	2,858	8,784	5,826	850	47	897	1,479	1,420	1,367	1,374	1,376	1,348	1,350	1,352	1,354	1,356
29	Economic Development / Other Funds	-	350	350	3,550	350	350	-	350	350	350	350	350	350	350	350	350	350	350
30	Insurance	2,338	2,889	2,907	2,950	3,139	3,902	-	3,902	3,981	4,060	4,141	4,224	4,309	4,395	4,483	4,572	4,664	4,757
31	Additions/(Reductions)	6,023	3,977	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	Subtotal O&M	36,843	36,967	32,310	45,884	42,081	34,021	4,513	38,534	34,871	35,417	35,981	36,618	37,262	37,888	38,558	39,241	39,938	40,650
33	Total Expense	151,011	156,798	154,914	176,608	176,224	169,567	4,513	174,080	183,757	190,082	195,998	202,257	207,934	212,991	218,744	224,739	230,921	237,314
34																			
35	Chng in Res-Surplus/(Shortfall)	3,015	1,763	3,487	5,196	(5,697)	(3,252)	2,036	(1,216)	(7,460)	(7,928)	(7,559)	(8,441)	(9,010)	(9,865)	(15,053)	(17,592)	(18,930)	(18,417)
36																			
37	Beginning Balance	31,684	30,829	29,679	32,385	36,877	30,848	-	30,848	29,632	22,172	14,244	6,684	(1,757)	(10,767)	(20,632)	(35,685)	(53,277)	(72,207)
38	CAFR Adjustments	(3,870)	(2,913)	(781)	(704)	(332)													
39	Ending Balance	30,829	29,679	32,385	36,877	30,848	27,596	2,036	29,632	22,172	14,244	6,684	(1,757)	(10,767)	(20,632)	(35,685)	(53,277)	(72,207)	(90,624)
40																			
41	* Includes CARES Act Funding of \$1.979 million, plus \$1.5 million from Alameda County for reimbursement of COVID-19 testing.																		
42																			
43																			
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52	Balance as % of Total Expense	20.4%	18.9%	20.9%	20.9%	17.5%	16.3%	45.1%	17.0%	12.1%	7.5%	3.4%	-0.9%	-5.2%	-9.7%	-16.3%	-23.7%	-31.3%	-38.2%
53	Balance at 20% of Expenses	30,202	31,360	30,983	35,322	35,245	33,913	903	34,816	36,751	38,016	39,200	40,451	41,587	42,598	43,749	44,948	46,184	47,463
54	Amt Above or (Below) 20%	627	(1,681)	1,402	1,555	(4,397)	(6,317)	1,133	(5,184)	(14,580)	(23,773)	(32,515)	(42,209)	(52,354)	(63,231)	(79,434)	(98,224)	(118,391)	(138,087)



CITY OF HAYWARD

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

File #: RPT 21-035

DATE: February 17, 2021

TO: Council Budget and Finance Committee

FROM: Director of Finance

SUBJECT

Cannabis Revenue / Unfunded Liability Referral

RECOMMENDATION

That the Committee reviews and discusses the Council referral from Councilmember Wahab that was presented to the Council Budget & Finance Committee on October 21, 2020.

SUMMARY

This report is a review of a Council referral submitted on October 13, 2020. The Council referral requests that an agenda item be created to discuss funding Hayward's debt and investment in economic development through the use of Cannabis Tax revenue.

This report provides an overview of the referral recommendation that the Committee may consider for recommendation to the full City Council for further review and consideration. The referral recommends funding debt service and investment in economic development by prioritizing the use of revenue generated by the City's Cannabis Tax.

ATTACHMENTS

Attachment I	Staff Report
Attachment II	Referral Memorandum



DATE: February 17, 2021

TO: Council Budget & Finance Committee

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This report provides an overview of the referral recommendation that the Committee may consider for recommendation to the full City Council for further review and consideration. The referral recommends funding debt service and investment in economic development by prioritizing the use of revenue generated by the City's Cannabis Tax.

BACKGROUND

City policies are routinely reviewed by both the Council Budget and Finance Committee, as well as the full City Council. Policy reviews typically include discussion focused on standard best practices, and the long-term needs of both the organization and community.

On April 17, 2019, the Committee reviewed and discussed the City's One-Time Use of Funds Policy¹. The Committee recommended policy amendments to provide clear guidelines on the use of one-time revenue. The Committee developed well defined designations for the use of one-time revenues to fund the City's unfunded liabilities, build General Fund Reserves, programming for capital infrastructure needs, funds for emerging needs, and designation of funds for economic development needs. The policy also outlines that receipt of one-time revenues of \$1,000,000 or more, or those above the previously established Council thresholds be brought to Council for designation. The Committee recommended policy amendments that were presented to the full City Council for consideration and were adopted as part of the FY

¹ Council Budget and Finance Committee meeting on April 17, 2019 - <https://hayward.legistar.com/LegislationDetail.aspx?ID=3920697&GUID=2DADE33D-8FD7-4876-BDA9-81E125CC03D4&Options=&Search=>

2020 Operating Budget adoption process. The table below outlines the designation as approved by the City Council.

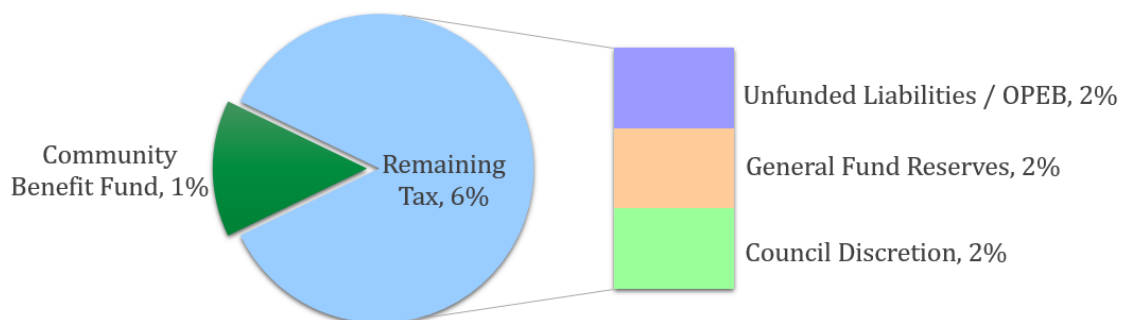
%	Designation
50%	95% would be allocated to fund the City's unfunded liabilities 5% would be allocated to build General Fund Reserves
50%	70% would be programmed for capital infrastructure needs 20% would be appropriated for emerging needs 10% or up to \$1M would be appropriated for economic development needs

On October 13, 2020, the Hayward City Council received a Council referral to consider the establishment of a policy to prioritize revenue generated by the City's Cannabis Tax. The referral requests the development and implementation of a policy to establish designations related to the use of revenue generated by the City's Cannabis Tax.

DISCUSSION

Attachment II provides the original referral memorandum for the Committee's reference, which asks the Council to establish a policy to prioritize and designate revenues generated by the 7% Cannabis Tax. The graph below provides a visual presentation of the recommendation outlined in the referral.

Graph 1: Prioritization of Revenue Generated by Cannabis Tax



The referral further indicates that if the General Fund Reserves are at the required policy level (20% today) of the General Funds, 1% will still be added to the General Fund Reserves. Any remainder should have the consideration between paying down debt further and investing in the City's Economic Development efforts.

Staff's understanding is that the referral requests having this policy added to the existing Council policies regarding use of revenues and one time funds.

ECONOMIC IMPACT

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

FISCAL IMPACT

There are no direct fiscal impacts associated with this report as it is informational only. For the Committee's reference, the Cannabis tax generated \$2,984 in revenue during FY 2020 and \$95,168 in revenue to date during FY 2021.

STRATEGIC ROADMAP

This agenda item supports the Strategic Priority of Organizational Health. This item is not specifically related to a project currently identified in the Strategic Roadmap.

PUBLIC CONTACT

The contents and topics of this agenda item have been discussed at Committee meetings on April 17, 2019 and October 21, 2020. The policy mentioned in the Background section above was also adopted by Council at the May 21, 2019 meeting at the time the City adopted its FY 2020 Operating Budget. The agenda for this item was posted in compliance with the California Brown Act.

NEXT STEPS

Staff will proceed with direction and recommendations made by the Committee.

Prepared by: Nicole Gonzales, Deputy Director of Finance

Recommended by: Dustin Claussen, Director of Finance

Approved by:

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

Kelly McAdoo, City Manager

COUNCIL REFERRAL MEMORANDUM



To: Mayor and City Council of Hayward

Date: 10/13/20 Council

From: Member Aisha Wahab

Referral: **Item for Discussion Regarding the Prioritization of Staff & City Services by Funding Hayward's Debt & Invest in Economic Development Through Cannabis Tax Revenue**

The City of Hayward's (COH) economy and services have been negatively impacted due to the Coronavirus or COVID-19. City services are performed by hardworking Hayward employees (*police officers, firefighters, maintenance workers, clerical staff, engineers, and many others*). City staff have made serious concessions (*furloughs, foregoing the Cost of Living Adjustments (COLAs), hiring freezes, reductions to services and supplies, layoffs, and more*) with the potential to make further concessions. In order to avoid further cuts to staff or services the City of Hayward must prioritize paying down debt. The particular debt that must be prioritized is the considerable growth in employee benefit costs, particularly pension and post-employment healthcare costs, while addressing staffing to manage increasing workloads and emerging needs in our community. The opportunity presents itself through the revenue generated from the Cannabis Tax, currently in its infancy as the City has only 1 retail business open in Downtown Hayward. Before this revenue is utilized for any other need, the City can prioritize the longstanding debt as a way to finally get ahead for good.

In an effort to avoid another tax to the residents of Hayward, and to fulfill a contractual promise made to each employee who has worked hard to serve the city, we must prioritize paying off the City's debt.

Referral Request:

It is recommended that the City of Hayward consider the following (not limited to):

Prioritize the Revenue Generated by the 7% Cannabis Tax (max 15%) to Pay Down City Debt & Invest In Economic Development

- 1% of the tax is already allocated for the Community Engagement Fund
- The remaining 6% tax (*can fluctuate as the Ballot Measure describes - 15% max*) will be prioritized as follows:
 - **A minimum of 1/3 of the funds generated by the Cannabis tax should be directed to the unfunded liabilities/OPEB.**
 - A maximum of up to 70% of revenue generated, if possible (*if General Fund Reserve is at the required level*)
 - **A minimum of 1/3 of the funds generated by the Cannabis tax should be directed to the General Reserve.**
 - If the General Fund Reserve is at the required policy level (20% today) of the General Funds, 1% will still be added to the General Reserve Fund.
 - The remainder should have the consideration between paying down the debt further and investing in the City's Economic Development efforts (*staff, marketing, events, investment in projects, one-time loans to new businesses, etc. – the focus must be to improve the City of Hayward's economy*)
 - *This needs to be measurable for all of Hayward, not just Downtown Hayward*
 - **The remaining balance (1/3) of the funds generated by the Cannabis tax may be directed per Council discretion.**

Debt Consideration: Retirement Annual Cost (annual cost: \$40.9 million), Workers' Compensation (annual cost: \$8.7 million), Retiree Medical – OPEB (annual cost: \$3.5 million "pay go"), etc. (*figures taken from FY21 Budget page 63/420*)

Timeline: As soon as possible, in conjunction with efforts building Cannabis enterprises in the City.

Stakeholders: All City of Hayward Union Groups, Alameda Labor Council, Relevant Stakeholders

Prepared & Submitted By:

Aisha Wahab

Aisha Wahab, M.B.A.

Hayward City Council Member

For Reference:

CITYWIDE BUDGET OVERVIEW

Table 7: Summary of Benefit Liabilities

(in millions)	Actuarial Valuation Date	Accrued Liability	Value of Assets	Funded Ratio	Unfunded Liability	Unfunded Ratio
CalPERS Police Safety Plan	6/30/2018	\$ 406.28	\$ 243.85	60.0%	\$ 162.43	40.0%
CalPERS Fire Safety Plan	6/30/2018	\$ 306.09	\$ 187.17	61.2%	\$ 118.92	38.9%
CalPERS Miscellaneous Plan	6/30/2018	\$ 473.97	\$ 305.87	64.5%	\$ 168.10	35.5%
Total Cal PERS		\$ 1,186.34	\$ 736.89	62.1%	\$ 449.45	37.9%
OPEB - Retiree Medical Police Officers	6/30/2017	\$ 33.64	\$ 2.01	6.0%	\$ 31.63	94.0%
OPEB - Retiree Medical Firefighters	6/30/2017	\$ 15.24	\$ 1.40	9.2%	\$ 13.84	90.8%
OPEB - Retiree Medical Miscellaneous	6/30/2017	\$ 20.21	\$ 2.05	10.1%	\$ 18.16	89.9%
Total OPEB-Retiree Medical		\$ 69.09	\$ 5.46	7.9%	\$ 63.63	92.1%
Workers' Compensation	6/30/2019	\$ 18.86	\$ 18.48	98.0%	\$ 0.38	2.0%
Accrued Leave Payouts	6/30/2019	8.35	0.00	0.0%	\$ 8.35	100.0%
TOTAL		\$ 1,282.64	\$ 760.83	59.3%	\$ 521.81	40.7%

Retirement Annual cost (annual cost: \$40.9 million) - The City is fully meeting its annual required contribution (ARC) amounts based on the CalPERS premium rates. Given the new CalPERS "smoothing" methodology, the long-term intent is to fund the City's liability over the 30-year amortization period.

City Budget Link:

<https://www.hayward-ca.gov/sites/default/files/documents/FY-2021-Adopted-Operating-Budget.pdf>

Date: 10/5/20
To: Mayor and City Council of Hayward & City Manager McAdoo
Regarding: Support of the Referral Regarding the Prioritization of Staff & City Services by
Funding Hayward's Debt & Invest in Economic Development Through Cannabis
Tax Revenue

We support Council Member Aisha Wahab's referral to support City workers and services. We believe that this proposal is critical to the financial stability of the city now, and in the future.

We support the proposal:

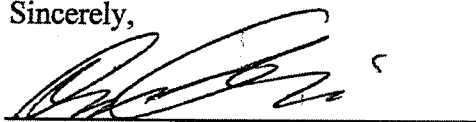
Prioritize the Revenue Generated by the 7% Cannabis Tax (max 15%) to Pay Down City Debt & Invest in Economic Development

- 1% of the tax is already allocated for the Community Engagement Fund
- The remaining 6% tax (*can fluctuate as the Ballot Measure describes - 15% max*) will be prioritized as follows:
- **A minimum of 1/3 of the funds generated by the Cannabis tax should be directed to the unfunded liabilities/OPEB.**
 - A maximum of up to 70% of revenue generated, if possible (if General Fund Reserve is at the required level)
- **A minimum of 1/3 of the funds generated by the Cannabis tax should be directed to the General Reserve.**
 - If the General Fund Reserve is at the required policy level (20% today) of the General Funds, 1% will still be added to the General Reserve Fund.
 - The remainder should have the consideration between paying down the debt further and investing in the City's Economic Development efforts (staff, marketing, events, investment in projects, one-time loans to new businesses, etc. – the focus must be to improve the City of Hayward's economy)
 - This needs to be measurable for all of Hayward, not just Downtown Hayward
- **The remaining balance (1/3) of the funds generated by the Cannabis tax may be directed per Council discretion.**

This is a proactive solution to the City's past debt (\$40 million) that has yet to be paid in full and protects the City's future by freeing funds for emerging needs.

We trust you to support this initiative and by doing so, you are prioritizing Hayward employees and resident services.

Sincerely,



NAME: Andrew Ghali
TITLE: Union President
ORG. Hayward Firefighters L1909



NAME: RICARDO FLORES
TITLE: UNION PRESIDENT
ORG. HAYWARD POLICE OFFICERS'
ASSOCIATION



ALAMEDA LABOR COUNCIL AFL-CIO

Send all correspondence to:

Executive Secretary-Treasurer

Elizabeth Ortega-Toro, CWA 39521

Date: 10/15/20

President

Yvonne Williams, ATU 192

To: Mayor and City Council of Hayward & City Manager McAdoo

1st Vice President

Martha Kuhl, CNA

Regarding: Support of the Referral **Regarding the Prioritization of Staff & City Services by Funding Hayward's Debt & Invest in Economic Development Through Cannabis Tax Revenue**

2nd Vice President

Gary Jimenez, SEIU 1021

We support Council Member Aisha Wahab's referral to support City workers and services. We believe that this proposal is critical to the financial stability of the city now, and in the future.

Executive Committee

Michael Blair, IAFF 55

Doug Bloch, IBT JC7

Greg Bonato, IBEW 595

Rosemarie Boothe-Bey, OPEIU 29

Keith Brown, OEA

Cathy Campbell, AFT 1078

Andreas Cluver, BCTC

Don Crossato, IAM 1546

Cloudell Douglas, CBTU

Maggie Feder, UFCW 5

Rich Fierro, IBT 70

Chris Finn, ATU 1555

Al Fortier, IBEW 1245

Keith Gibbs, CWA 9412

Zach Goldman, IFPTE 21

Eugenia Gutierrez, SEIU USWW

Mike Henneberry, IBT 853

Wei Ling Huber, Unite Here 2850

Calvin Johnson, SEIU 2015

Ben Kim, IAFF 689

Maricruz Manzanarez, AFSCME 3299

Omar Sabeh, IATSE 107

Ché Timmons, UA 342

Cindy Zecher, CSEA 27

We support the proposal:

Prioritize the Revenue Generated by the 7% Cannabis Tax (max 15%) to Pay Down City Debt & Invest in Economic Development

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Sincerely,

Elizabeth Ortega-Toro

Executive Secretary-Treasurer

Trustees

Howard Egerman, AFGE 3172

Linda Stanley, FORUM

Kat Bedford, AFSCME 3299

Sergeant at Arms

Nathaniel Arnold, ATU 192



CITY OF HAYWARD

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

File #: ACT 21-017

DATE: February 17, 2021

TO: Council Budget and Finance Committee

FROM: Director of Finance

SUBJECT

Review and Approve the 2021 Agenda Planning Calendar

RECOMMENDATION

That the Council Budget and Finance Committee reviews and approves the 2021 Agenda Planning Calendar.

SUMMARY

The 2021 Agenda Planning Calendar suggests agenda topics for the year for the Committee's consideration.

ATTACHMENTS

Attachment I 2021 Agenda Planning Calendar



COUNCIL BUDGET AND FINANCE COMMITTEE
FY 2021 Agenda Planning Calendar
February 17, 2021

Meeting Location: Remote Participation

Meeting Time: 5:00 p.m.

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

DATE	SUGGESTED TOPICS (subject to change)
February 17, 2021	FY 2021 Mid-Year Review & Update of General Fund Long Range Financial Model FY 2021 Fund Balance Policy Review & Cannabis Revenue/Unfunded Liability Referral
March 17, 2021	Discussion on Mayor & City Council FY 2022 Budget FY 2022 Budget Process Update Annual Review of City Issued Debt Annual City Benefit Liabilities and Funding Plan Review
April 21, 2021	FY 2022 Proposed Budget Discussion COVID-19 Funding Update Final Policy Innovation Workshop Presentations
May 19, 2021	<i>TBD</i>
June 16, 2021	FY 2022 Budget Process Debrief

Non-scheduled future agenda topics:

- Fleet Utilization Study
- Community Foundation Funding
- Public Banking Update