

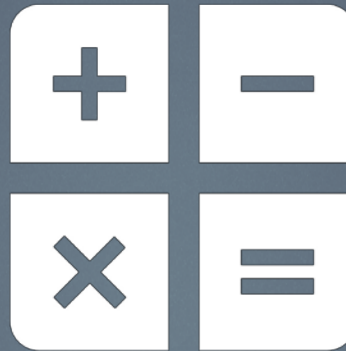
**SPECIAL CITY COUNCIL MEETING
TUESDAY, MARCH 17, 2020**

PRESENTATIONS

ITEM #5 LB 20-010

FY 2020 MID-YEAR BUDGET: FY 2020 MID-YEAR BUDGET REVIEW AND GENERAL FUND LONG RANGE FINANCIAL MODEL UPDATE

Presentation



FY 2020 Mid-Year Budget Review & General Fund Long Range Financial Model Update

Presentation Overview



- ▶ Review Proposed FY 2020 Mid-Year Changes
- ▶ General Fund Impacts
- ▶ Fiscal Sustainability Strategies

- ▶ Recommendations:
 - 1) City Council Reviews the FY 2020 Mid-Year Budget;
 - 2) City Council Adopt resolutions providing amendments to the previously adopted City of Hayward Operating and Capital Improvement Budgets for Fiscal Year 2020;
 - 3) City Council Provide prioritization on remaining Council supported revenue strategies.

Summarized Proposed Mid-Year Changes (Expenditures)



Previous Council Approved Appropriations		FY 2020 Impact (\$)
Personnel Related Expenditures		\$252,742
City Center Demolition		\$4,401,150
One-time Expenditures		\$354,831
Grant Expenditure Appropriations		\$46,492
Previous Council Approved Appropriations Subtotal		\$5.1M
Proposed Mid-Year Request (NEW)		FY 2020 Impact (\$)
Personnel Related Expenditures		(\$6,474)
One-time Expenditures		\$536,577
Transfer Out to Other Funds		\$110,000
Proposed Mid-Year Requests (NEW) Subtotal		\$0.6M
TOTAL GENERAL FUND EXPENSES		\$5.7 M

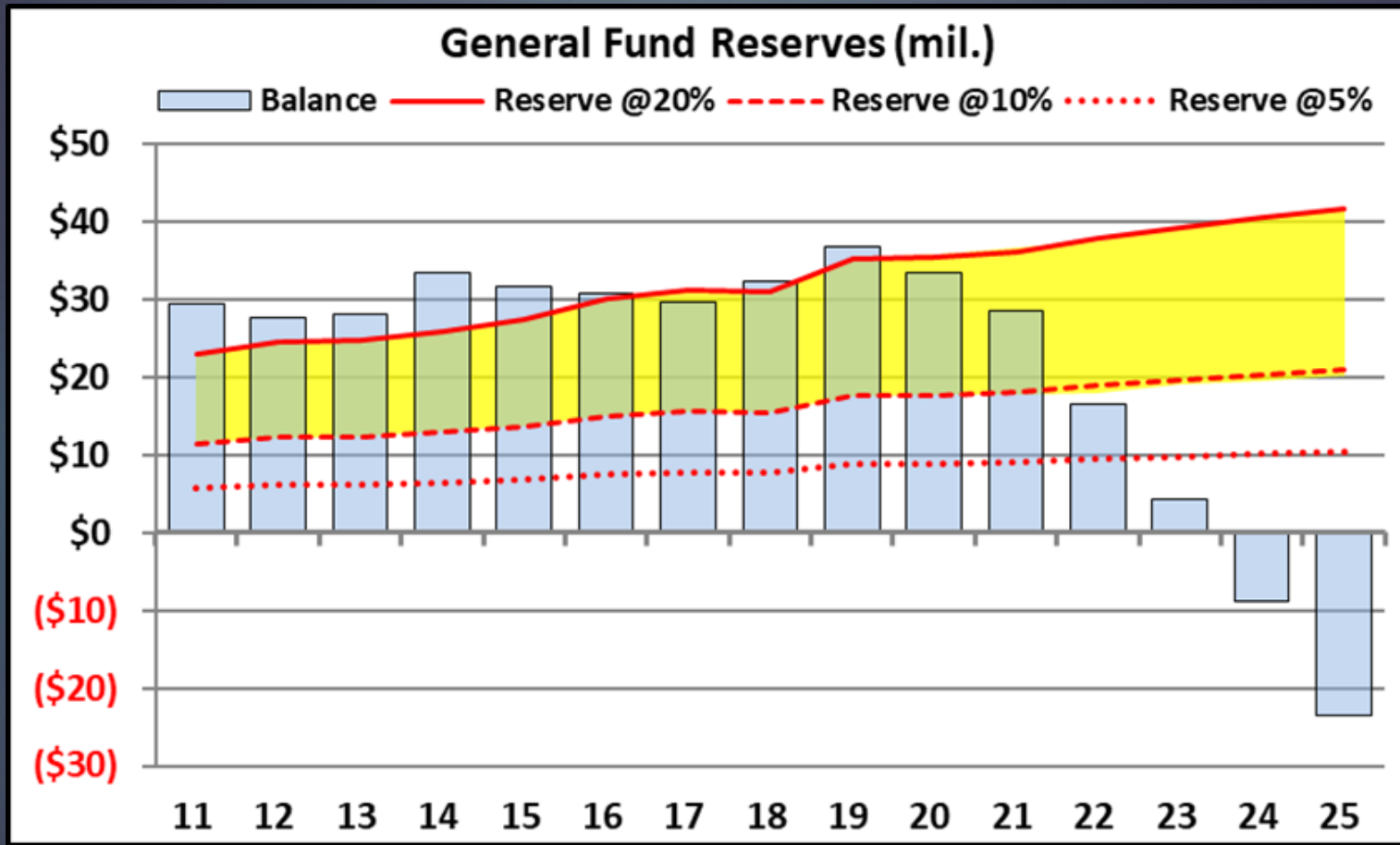
Proposed Mid-Year Changes – General Fund



<i>\$ in thousands</i>	FY 2020 Adopted	Change	FY 2020 Mid-Year Revised
Revenue			
Sales Tax		\$3,711	
Cannabis Tax		(\$240)	
Intergovernmental Revenue		\$39	
Total Revenue	\$172,439	\$3,511	\$175,950
Expenditures			
Delete/Add Finance Tech. (1.0) for Admin. Secretary (1.0) - Finance		(\$6)	
Previous Council Approved Appropriation - Personnel Expenses		\$253	
Net Staffing Expenses	\$135,448	\$247	\$135,695
Latent Print Case Management Software (Police)		\$33	
Contract Services (Finance)		\$20	
Contract Services (Human Resources)		\$59	
Software - NeoGov Implementation (Human Resources)		\$22	
Hayward Area Shoreline JPA - Contribution (Development Services)		(\$12)	
Consultant Services (Development Services)		\$400	
PERB Settlement Adjustment		\$7	
Library Expenses to be Reimbursed by Literacy Council		\$7	
Previous Council Approved Appropriation - Non-Personnel Expenses		\$306	
Net Operating Expenses	\$27,798	\$843	\$28,641
Transfer-Out to Facilities Management Fund for Library Expenses		\$70	
Transfer-Out to Facilities Capital		\$28	
Transfer-Out to Hayward Area Shoreline JPA		\$12	
Previous Council Approved Appropriation - Transfer-Out		\$4,496	
Transfers to Other Funds	\$8,858	\$4,606	\$13,464
Total Expenditures	\$172,104	\$5,696	\$177,800
Total Surplus/(Shortfall)	\$335		(\$1,849)

Net impact of proposed changes is a decrease of \$1.5M in General Fund reserves over adopted FY 2020 Budget

Long Term General Fund Reserve Projection



Updated General Fund 5-Year Forecast



GENERAL FUND FORECAST -					
Proposed FY 2020 Mid-Year Changes					
<i>in thousands</i>	FY 2020 Year 1	FY 2021 Year 2	FY 2022 Year 3	FY 2023 Year 4	FY 2024 Year 5
Revenues	\$175,950	\$175,693	\$178,527	\$184,100	\$189,813
Expenditure	177,800	180,628	190,308	196,441	202,858
Net Change in Reserve - Surplus / (Shortfall)	(1,849)	(4,934)	(11,781)	(12,341)	(13,045)
Beginning Balance*	\$36,877	\$35,028	\$30,093	\$18,312	\$5,971
Net Change in Reserve - Surplus / (Shortfall)	(1,849)	(4,934)	(11,781)	(12,341)	(13,045)
Ending Balance	\$35,028	\$30,093	\$18,312	\$5,971	(\$7,074)
Target to maintain 20% GF Reserves in Operating Expenses	\$35,560	\$36,126	\$38,062	\$39,288	\$40,572
General Fund Reserve Level as % of Total Expenses	19.7%	16.7%	9.6%	3.0%	(3.5%)
Amount Above or (Below) Target 20%	(\$532)	(\$6,032)	(\$19,750)	(\$33,317)	(\$47,646)
Percentage Above or (Below) Target 20%	(1.50%)	(16.7%)	(51.9%)	(84.8%)	(117.4%)

Long Term Financial Outlook – Fiscal Sustainability Strategies

- ▶ Staff reviewed strategies supported by Council during the October 2017 fiscal sustainability work session.
 - ▶ Revenue Generating Strategies
 - ▶ Costing Shifting Strategies
 - ▶ Expenditure Control Strategies
 - ▶ Changes in provision of services that Council could implement

Status Update of Council Supported Fiscal Sustainability Strategies



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

Council Direction on Potential Fiscal Sustainability Strategy Implementation

► Council Consideration & Direction:

1. Seeking Council's direction as to whether it would recommend the placing of the increase to the City's TOT on the November 2020 ballot.
2. Seeking Council's direction as to whether to conduct community polling to further assist in decision making on a possible ballot measure.

Review of Staff Recommendations:

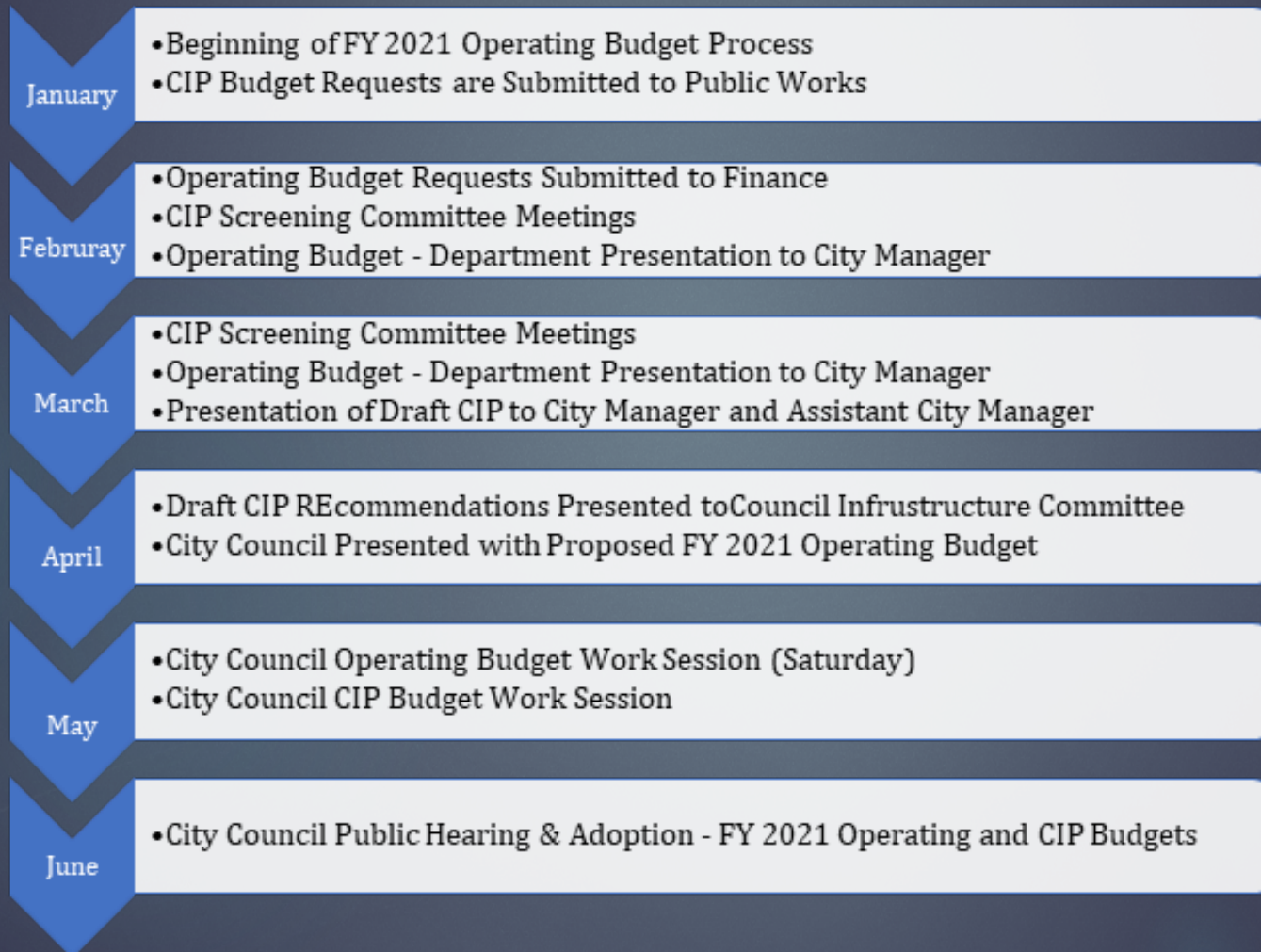
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Questions & Discussion



Next Steps...

FY 2021 Budget Process:



Proposed Mid-Year Changes - Other Funds / CIP Funds

Other Funds

Proposed Other Funds Mid-Year Changes	FY 2020 Impact (\$)
FY 2019 Carryforward	\$15.1M
Previous Council Approved Appropriations	\$ 5.7M
Mid-Year (New) Expenditures	\$ 0.6M
Proposed Other Funds Mid-Year Changes Subtotal	\$21.4M

CIP Funds

Proposed CIP Mid-Year Change	FY 2020 Impact (\$)
FY 2019 Carryforward	\$ 168.4M
Previous Council Approved Appropriations	\$ 10.2M
Mid-Year (New) Expenditures	\$ 10.1M
Proposed CIP Mid-Year Changes Subtotal	188.7M