

SPECIAL CITY COUNCIL MEETING

MAY 15, 2021

PRESENTATIONS

WORK SESSION

ITEM #1

WS 21-023

**Council Budget Work Session:
Review of Proposed Fiscal Year 2022
Operating Budget and the Five-Year Plan
and Receive and Discuss Department
Budget Presentations
(Report from City Manager McAdoo)**



PROPOSED BUDGET
FISCAL YEAR 2022

Proposed FY 2022 Operating Budget Work Session #1

May 15, 2021

Agenda



FY 2022 Proposed Budget Overview



Maintenance Services



Development Services



City Clerk's Office



Public Works



City Manager Office



Information Technology



Fire Department



Human Resources



Finance



Library



City Attorney's Office



Police Department



Mayor & City Council



Next Steps

FY 2021 Adopted Budget

Summary of Costing Saving Measures

	General Fund	All Other Funds	TOTAL
Supplies & Services Reduction	\$ 600,037		
Deferral of Planned OPEB Arc Payment	\$ 3,600,000		
Reduction in General Fund Transfers	\$ 1,235,000		
Reduction in Internal Service Fund Transfers	\$ 1,750,000		
Program Reductions	\$ 1,821,650	\$ 620,065	
Furlough/COLA Deferral	\$ 1,606,655	\$ 701,723	
Total Cost Saving Measures	\$ 10,613,342	\$ 1,321,788	\$ 11,935,130

	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Adjusted	FY 2022 Proposed
TOTAL REVENUE	\$ 158,401,280	\$ 181,803,935	\$ 170,106,989	\$ 172,863,726	\$ 178,634,398
Expenditures					
Salaries/Wages	\$ 71,680,538	\$ 73,974,696	\$ 74,848,892	\$ 82,189,306	\$ 84,128,660
Overtime	\$ 10,370,022	\$ 9,574,312	\$ 9,767,098	\$ 3,319,953	\$ 3,319,953
Program Reduction				\$ (1,821,651)	\$ -
Furlough / COLA Deferral				\$ (1,606,660)	\$ -
Retirement	\$ 23,365,671	\$ 26,950,515	\$ 30,182,824	\$ 34,535,792	\$ 37,602,027
Health/Other Benefits	\$ 12,341,085	\$ 12,222,463	\$ 12,339,886	\$ 15,245,631	\$ 15,845,067
Retiree Medical (Pay-Go)	\$ 2,794,391	\$ 3,019,533	\$ 3,107,143	\$ 3,056,913	\$ 3,247,556
Retiree Medical (UAL)	\$ 1,000,000	\$ 2,000,000	\$ 2,135,182	\$ 2,000,000	\$ 3,159,993
Workers Comp	\$ 6,207,027	\$ 6,785,695	\$ 6,790,537	\$ 8,142,877	\$ 8,021,514
Interdept Charges	\$ (5,154,873)	\$ (3,802,718)	\$ (5,031,113)	\$ (4,722,187)	\$ (4,722,187)
Vacancy Savings	\$ -	\$ -	\$ -	\$ (3,793,904)	\$ (2,855,629)
Subtotal Personnel	\$ 122,603,861	\$ 130,724,496	\$ 134,140,449	\$ 136,546,070	\$ 147,746,954
Supplies & Services	\$ 11,050,000	\$ 12,238,440	\$ 13,024,967	\$ 16,405,195	\$ 10,530,282
Internal Service Fees	\$ 11,863,225	\$ 15,504,161	\$ 16,858,099	\$ 14,047,896	\$ 14,889,954
Debt Service	\$ 3,282,506	\$ 2,856,848	\$ 2,014,583	\$ 2,931,407	\$ 2,851,018
Capital Outlay/Projects	\$ 2,857,666	\$ 8,783,877	\$ 5,826,205	\$ 896,950	\$ 4,235,000
Economic Development / Other Funds	\$ 350,000	\$ 3,550,000	\$ 350,000	\$ 350,000	\$ 350,000
Insurance	\$ 2,906,907	\$ 2,950,290	\$ 3,138,897	\$ 3,902,483	\$ 4,056,133
Subtotal O&M	\$ 32,310,304	\$ 45,883,616	\$ 41,212,750	\$ 38,533,931	\$ 36,912,387
TOTAL EXPENDITURES	\$ 154,914,165	\$ 176,608,113	\$ 175,353,199	\$ 175,080,001	\$ 184,659,341
Chng in Res-Surplus/(Shortfall)	\$ 3,487,115	\$ 5,195,822	\$ (5,246,210)	\$ (2,216,275)	\$ (6,024,943)

Proposed FY 2022 General Fund - Revenue

	FY 2021 Adjusted	FY 2022 Proposed	Change YOY Adopted (\$)	Change YOY Adopted (%)
Property Tax	\$ 57,000,000	\$ 58,809,200	\$ 3,309,200	6%
Sales Tax	\$ 35,000,000	\$ 41,078,000	\$ 8,078,000	20%
UUT	\$ 17,135,000	\$ 17,542,000	\$ (593,000)	-3%
Real Property Transfer Tax	\$ 14,500,000	\$ 14,500,000	\$ 1,000,000	7%
Transient Occupancy Tax	\$ 1,000,000	\$ 1,500,000	\$ (300,000)	-20%
Cannabis Revenue	\$ 500,000	\$ 650,000	\$ 550,000	85%
Other Taxes/Franchises	\$ 15,561,000	\$ 16,540,000	\$ 979,000	6%
Permits & Fees	\$ 8,804,879	\$ 8,304,879	\$ (500,000)	-6%
Other Revenue	\$ 19,395,801	\$ 15,741,273	\$ (205,528)	-1%
Transfer In-Other Funds	\$ 3,967,046	\$ 3,969,046	\$ 2,000	0%
Total Revenues	\$ 172,863,726	\$ 178,634,398	\$ 12,319,672	7%

Proposed FY 2022 General Fund - Expenses

	FY 2021 Adjusted	FY 2022 Proposed	Change YOY Adopted (\$)	Change YOY Adopted (%)
Personnel	\$ 136,546,070	\$ 147,746,954	\$ 12,200,885	8%
Supplies & Services	\$ 16,405,195	\$ 10,530,282	\$ (1,408,734)	-13%
Internal Service Fees	\$ 14,047,896	\$ 14,889,954	\$ 842,058	6%
Debt Service	\$ 2,931,407	\$ 2,851,018	\$ (80,328)	-3%
Capital Outlay/Projects	\$ 896,950	\$ 4,235,000	\$ 3,385,000	80%
Economic Development / Other Funds	\$ 350,000	\$ 350,000	\$ -	0%
Insurance	\$ 3,902,483	\$ 4,056,133	\$ 153,650	4%
Total Expense	\$ 175,080,001	\$ 184,659,341	\$ 15,092,531	8%

General Fund Five Year Forecast Update Proposed FY 2022

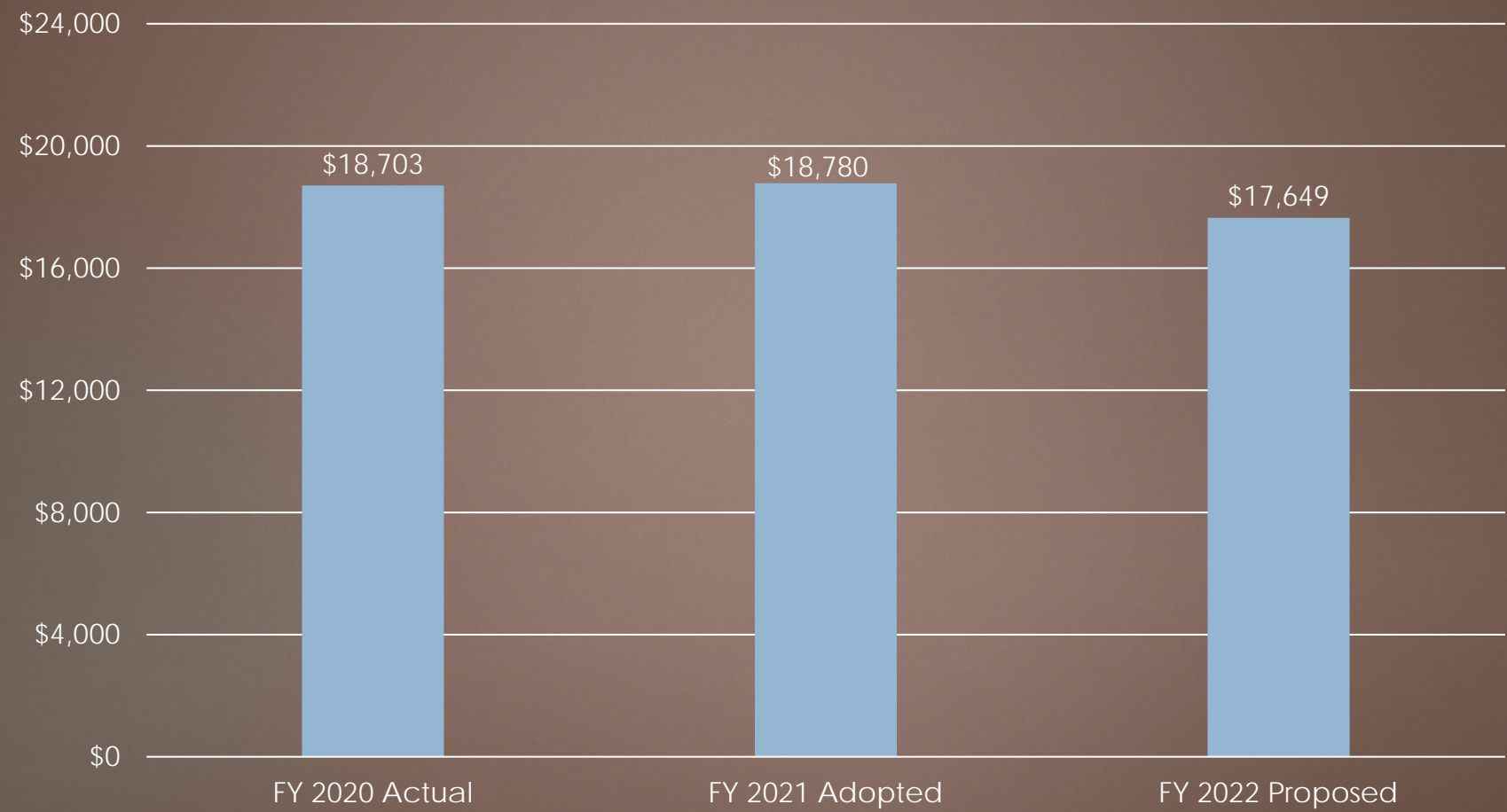
General Fund Forecast (FY 2022 Proposed) <i>\$ In thousands</i>	FY 2022 Year 1	FY 2023 Year 2	FY 2024 Year 3	FY 2025 Year 4	FY 2026 Year 5
Revenue	\$178,634	\$184,941	\$190,855	\$196,427	\$201,783
Expenditures	184,659	194,122	199,921	206,715	212,483
<i>Net Change in Reserve-Surplus / (shortfall)</i>	(6,025)	(9,181)	(9,067)	(10,288)	(10,700)
Beginning Balance	\$28,631	\$22,606	\$14,925	\$7,358	(\$2,930)
<i>Net Change in Reserve - Surplus / (Shortfall)</i>	(6,025)	(9,181)	(9,067)	(10,288)	(10,700)
<i>American Rescue Plan Act Funding</i>		1,500	1,500		
Ending Balance	\$22,606	\$14,925	\$7,358	(\$2,930)	(\$13,629)



MAINTENANCE SERVICES DEPARTMENT FY 2022 BUDGET PRESENTATION

MSD Budget Comparison

FY 2020 - FY 2022



Budget in 1,000's

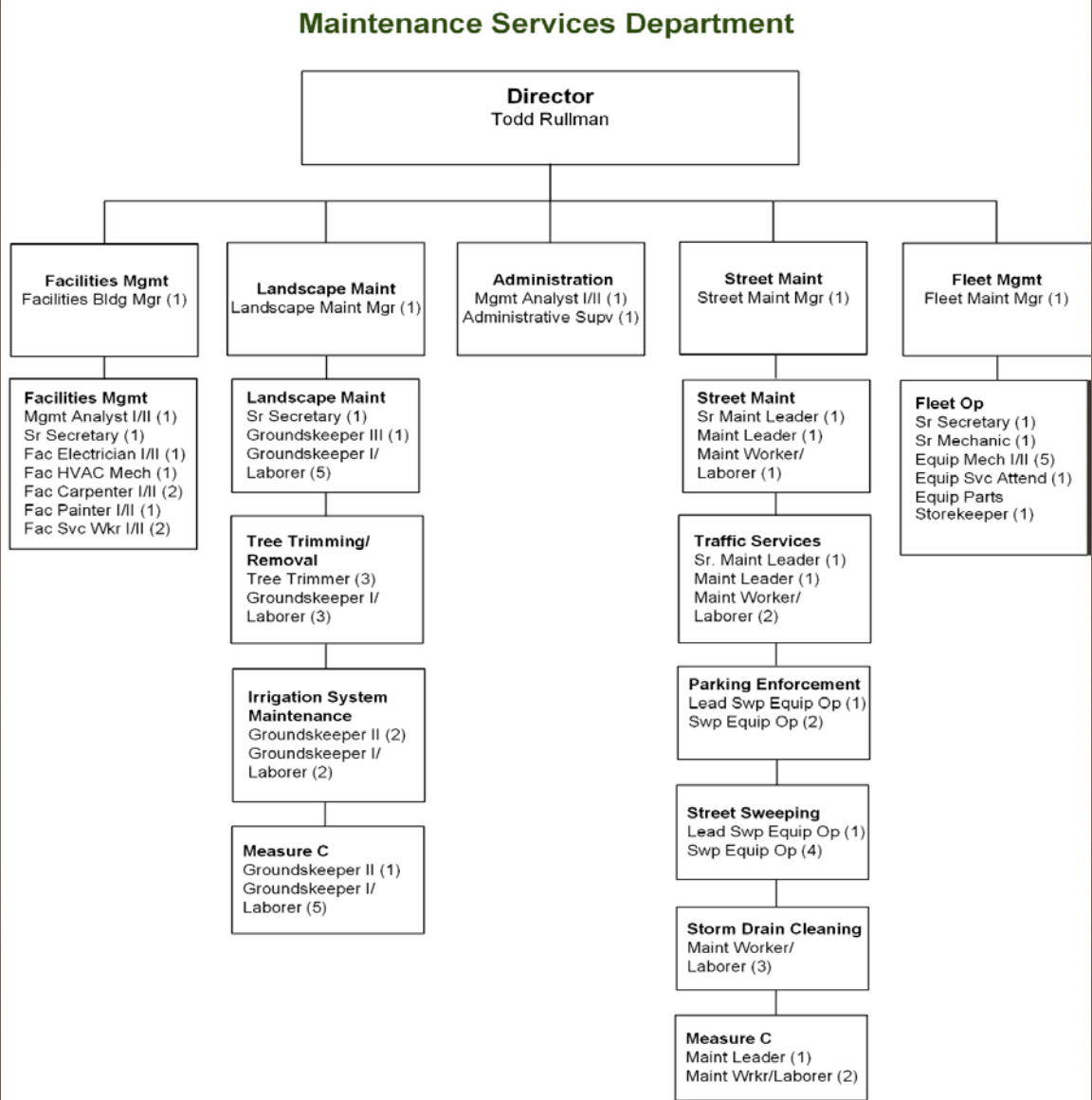
Significant Changes Planned for FY 2022



FY 2022 Significant Changes Planned

1. 5% reduction in General Fund supplies and services.
2. Return to pre-pandemic staffing levels and getting back to our core services.
3. Fill Frozen Positions.

MSD Organization Chart



FTE
FY 2021 – 69
FY 2022 Proposed – 69

FY 2021 Highlights/Accomplishments



Responding
to COVID

Cleaning
Our City



Greening
Our Fleet

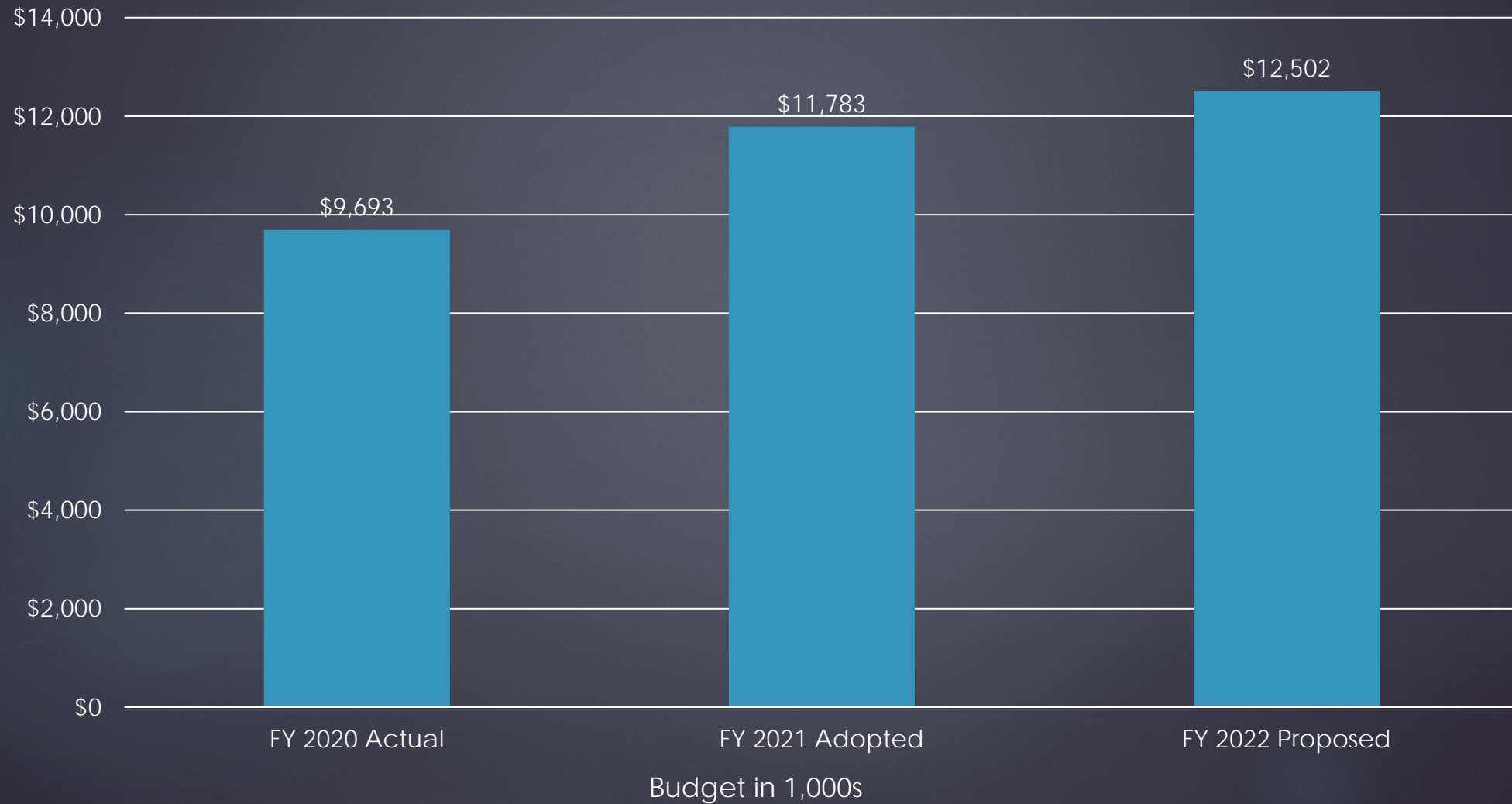
Questions & Discussion





DEVELOPMENT SERVICES DEPARTMENT FY 2022 BUDGET PRESENTATION

DSD Budget Comparison FY 2020 - FY 2022



Significant Changes Planned for FY 2022

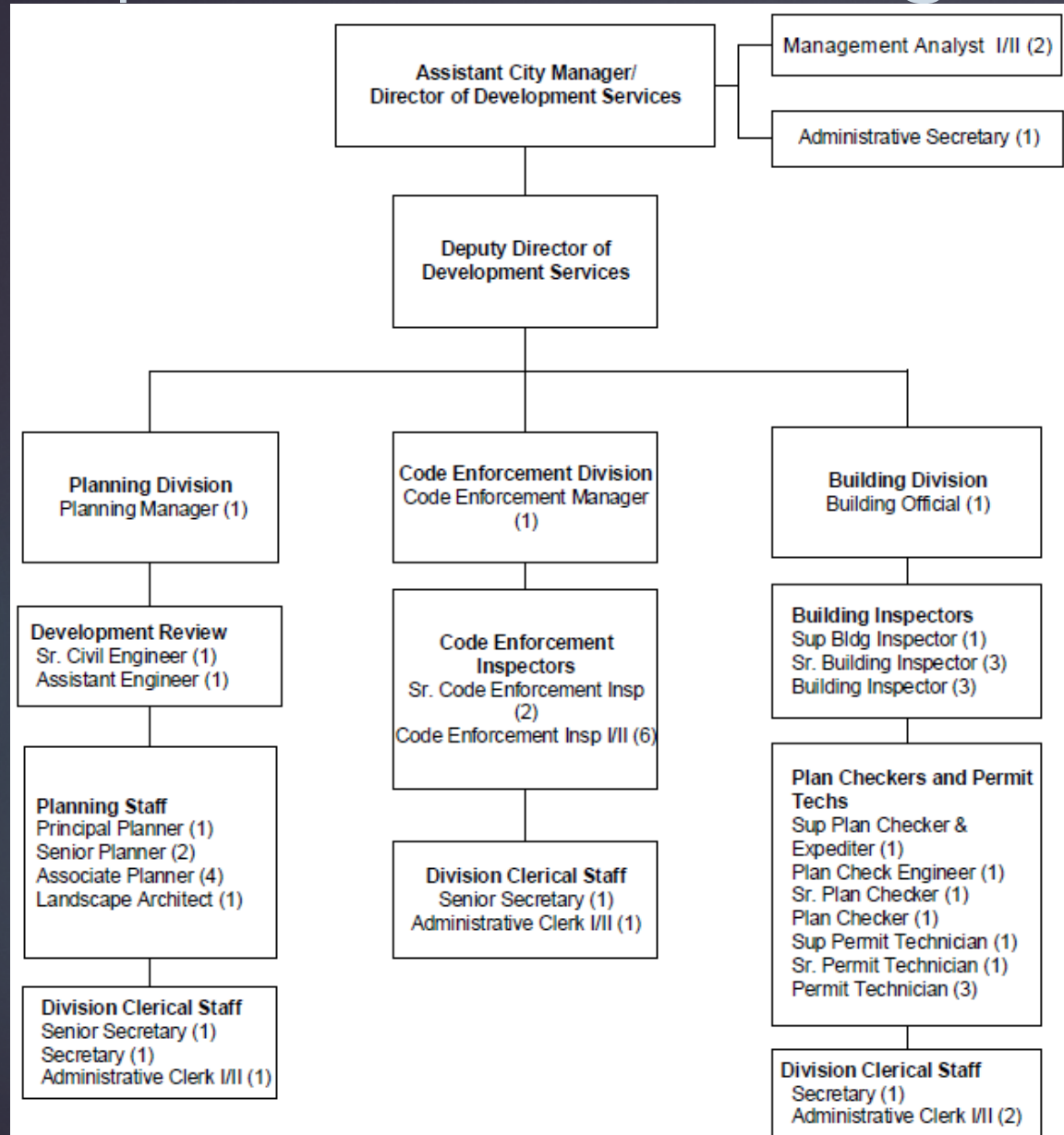


FY 2022 SIGNIFICANT CHANGES PLANNED

1. 5% reduction in General Fund supplies and services.

2. REVENUE: Reduction of \$1.6M in Permit revenue and \$300K in Fee Charges revenue, to establish a new Inspection Fee revenue account with the projection of \$1.9M.

Development Services Organization Chart



FTE

FY 2021 – 50

FY 2022 Proposed – 50

FY 2021 Highlights / Accomplishments



- ❖ Streamlined Permit Processes including adapting to electronic plan submittal and plan review and created new processes to streamline Outdoor Business Activities, Outdoor Dining and Car Gathering permits in response to COVID
- ❖ Employee Engagement: Established Weekly Meetings with PW and Fire to discuss projects and established a Bi-weekly Development Review Meeting for all Plan Reviewers to ensure processing timelines for projects
- ❖ Adopted New Ordinances including Vacant Property Ordinance, Tobacco Ordinance and Form Based Code Zoning Regulations.

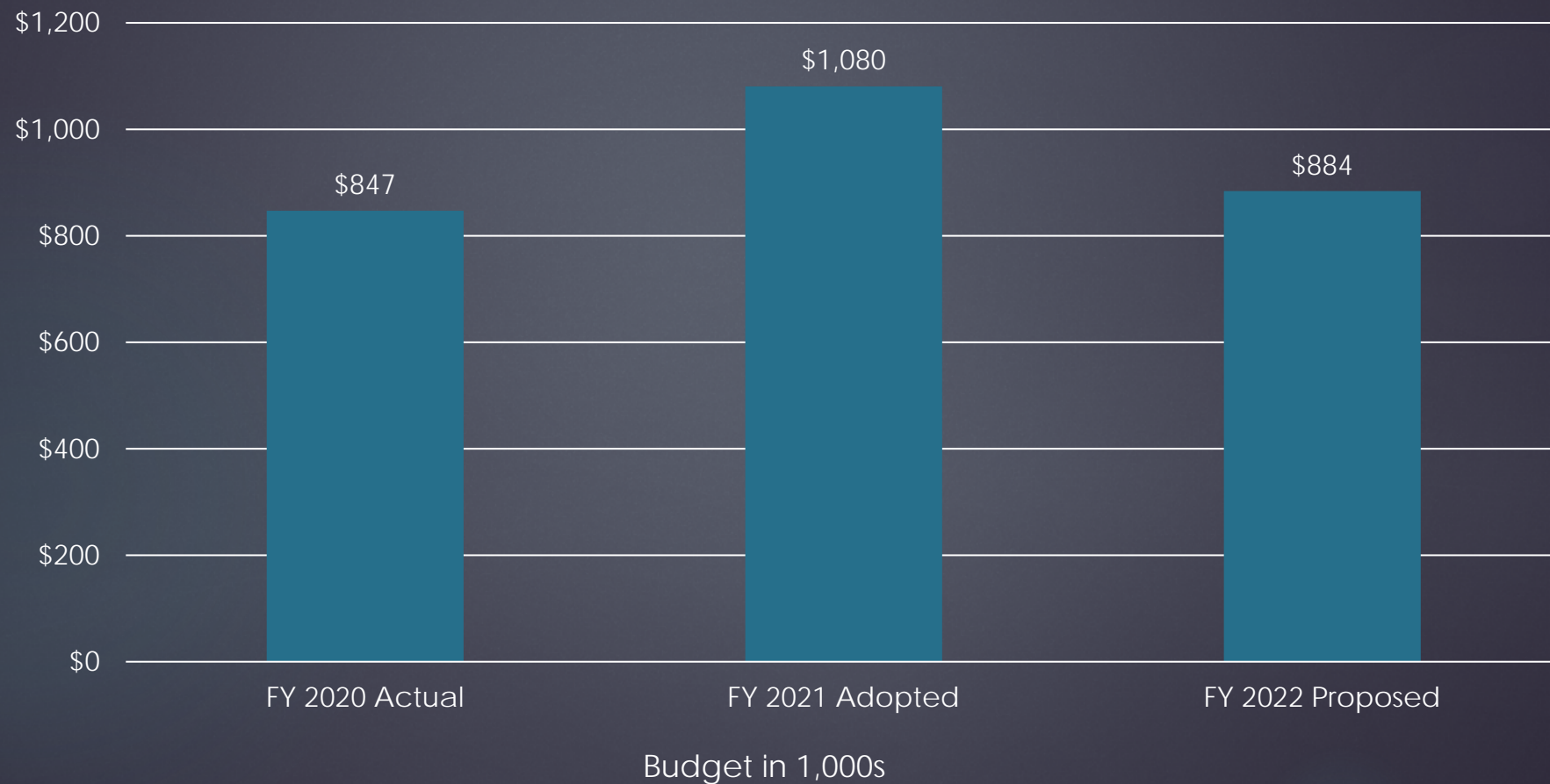
Questions & Discussion





OFFICE OF THE CITY CLERK FY 2022 BUDGET PRESENTATION

CCO Budget Comparison FY 2020 - FY 2022



Significant Changes Planned for FY 2022

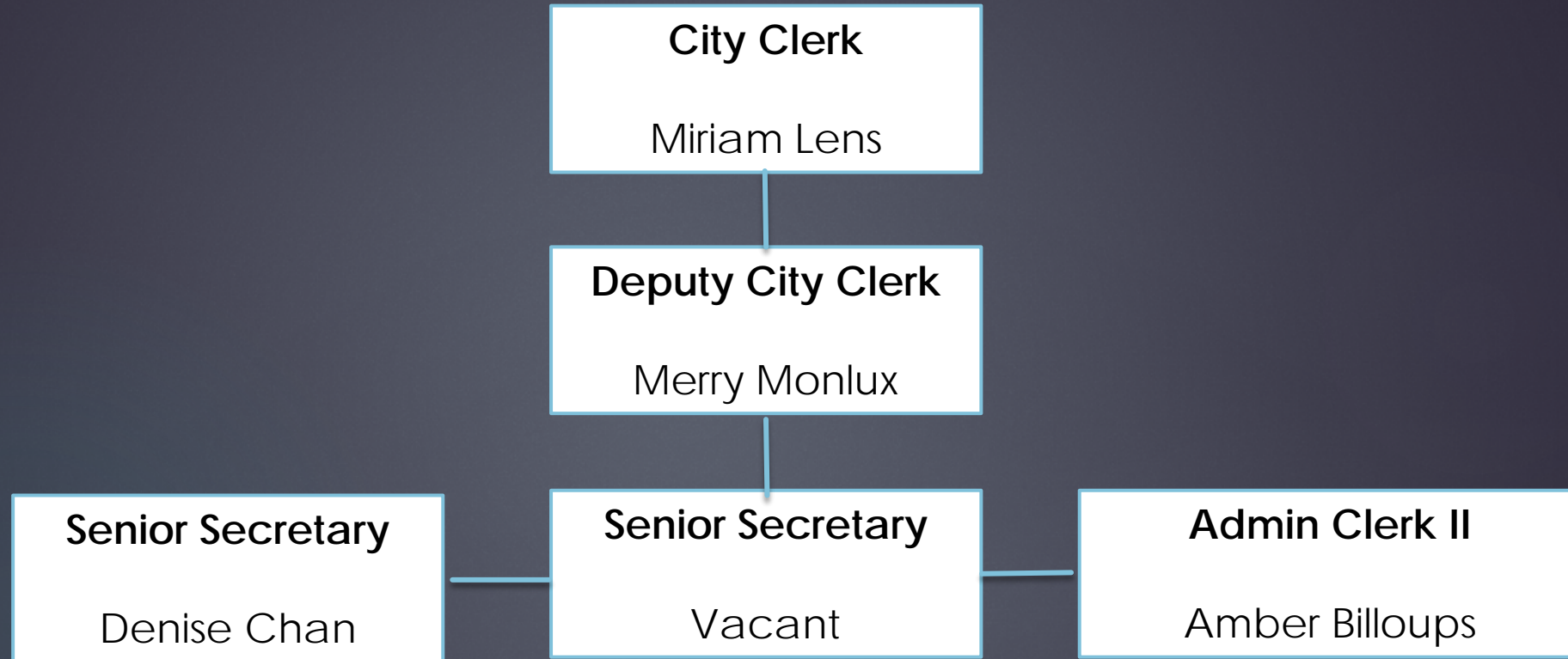
FY 2022 Significant Changes Planned
5% reduction in General Fund supplies and services.
Fill Senior Secretary Vacancy.
U.S. Passport Program subject to change based on the State of California's Blueprint for a Safer Economy, and its current tiered assignment to Alameda County.

5% reduction in General Fund supplies and services.

Fill Senior Secretary Vacancy.

U.S. Passport Program subject to change based on the State of California's Blueprint for a Safer Economy, and its current tiered assignment to Alameda County.

CCO Organization Chart



FTE

FY 2021 – 4.5

FY 2022 Proposed – 4.5

FY 2021 Highlights / Accomplishments



- ▶ Led the transition of virtual meetings from Microsoft Teams to the Zoom platform. Created Zoom instructions, guidelines, and schedules for meetings of the City Council and all Council appointed bodies; and conducted online trainings for panelists and chairs.
- ▶ Managed the November 3, 2020 Municipal Election during the pandemic, issuing nomination papers to 14 City Council candidates; processed all election related documents; managed adding two City Measures (Ballot Measure NN: Transient Occupancy Tax and Ballot Measure OO: Charter Amendment) to the November ballot; and partnered with the Alameda County Registrar of Voters to identify and secure seven drop box locations and nine safe and accessible voting locations throughout Hayward for residents to participate and vote. The total number of registered voters in Hayward was 80,283.
- ▶ Achieved implementation of electronic signatures via DocuSign for agreements and urgent/time sensitive documents; processed over 350 documents to increase efficiency and mitigate in-person contact when executing agreements.

Questions & Discussion

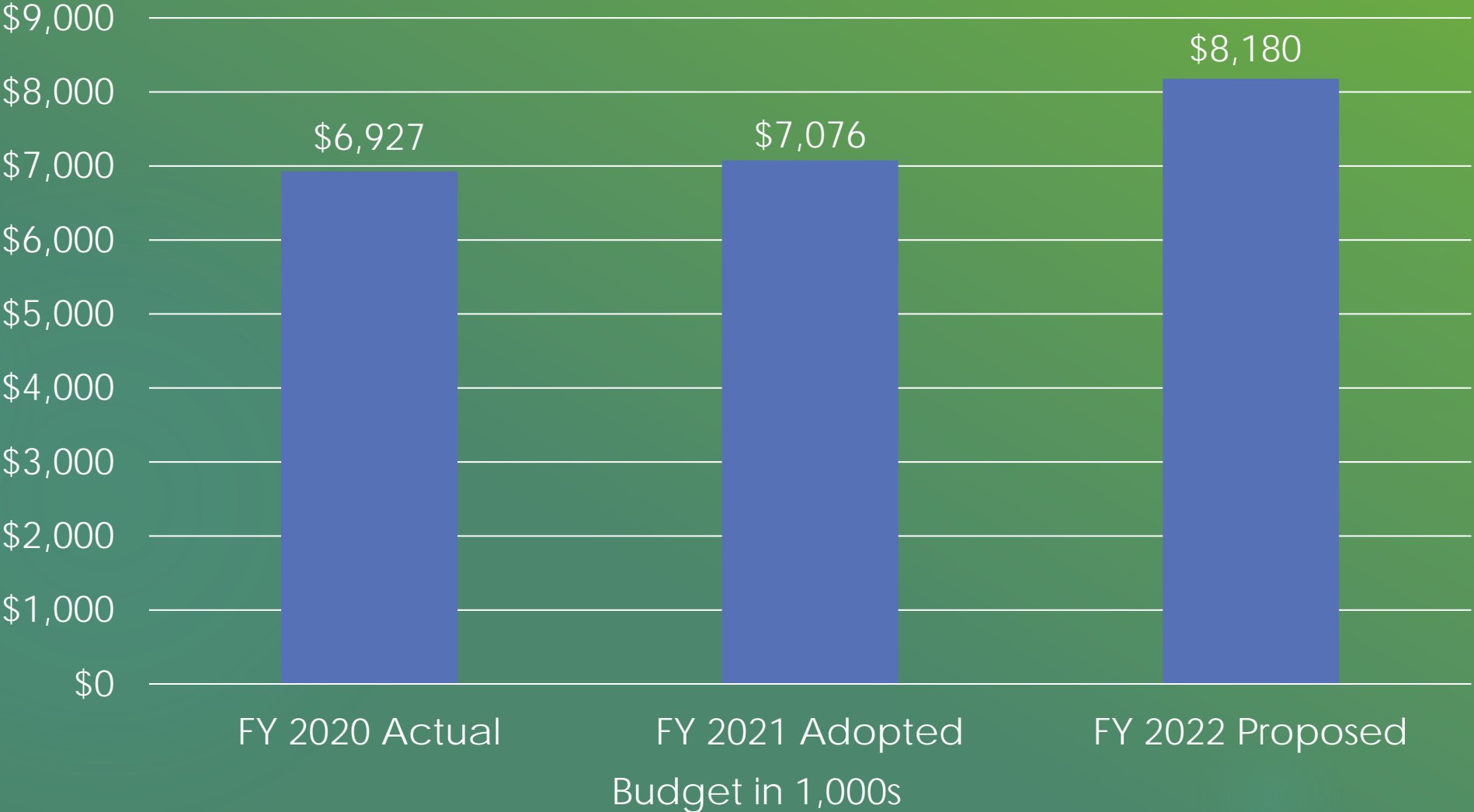




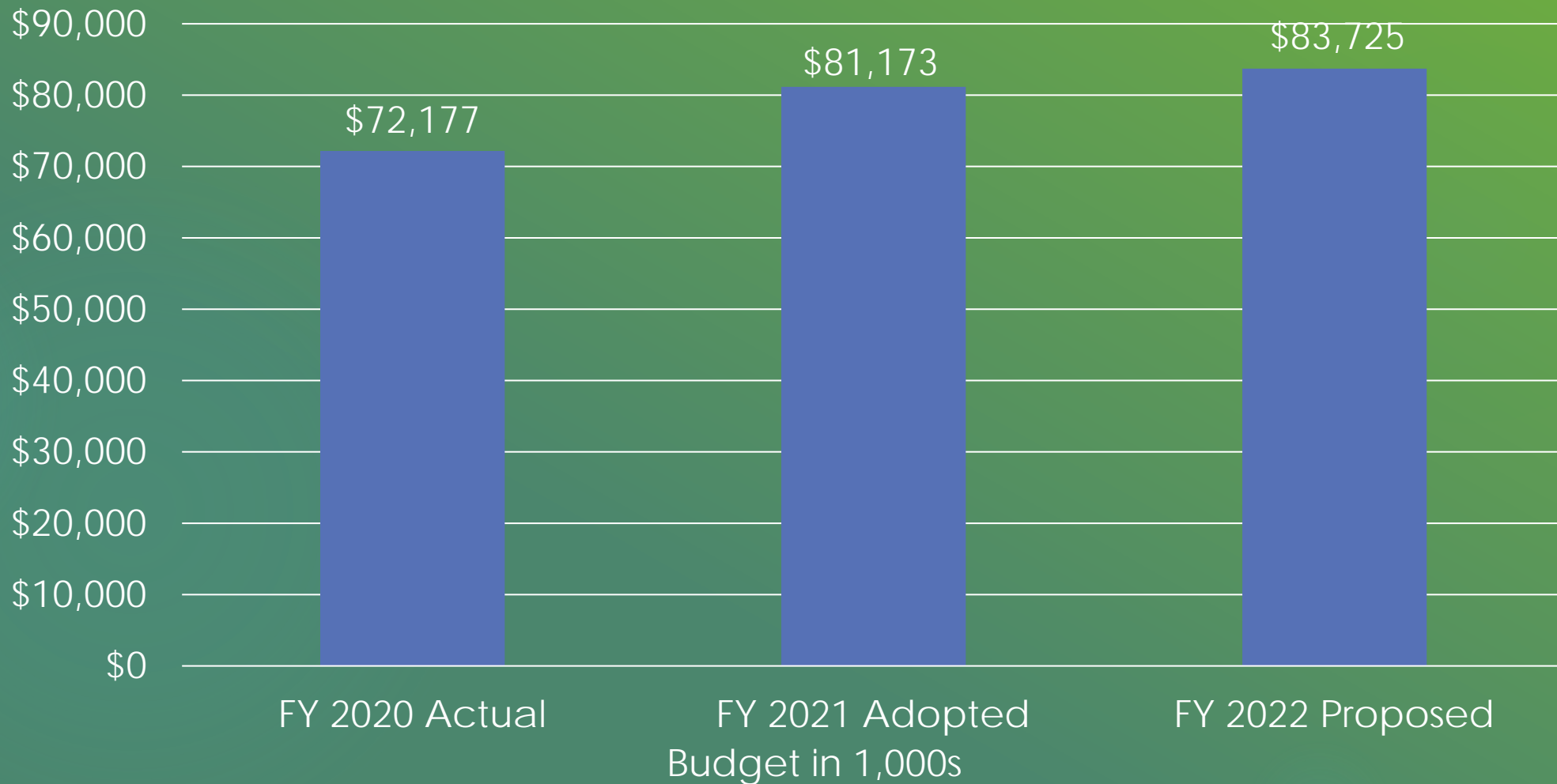
PUBLIC WORKS & UTILITIES DEPARTMENT FY 2022 BUDGET PRESENTATION

PW&U-ETA Budget Comparison

FY 2020 - FY 2022



PW&U-U&ES Budget Comparison FY 2020 - FY 2022



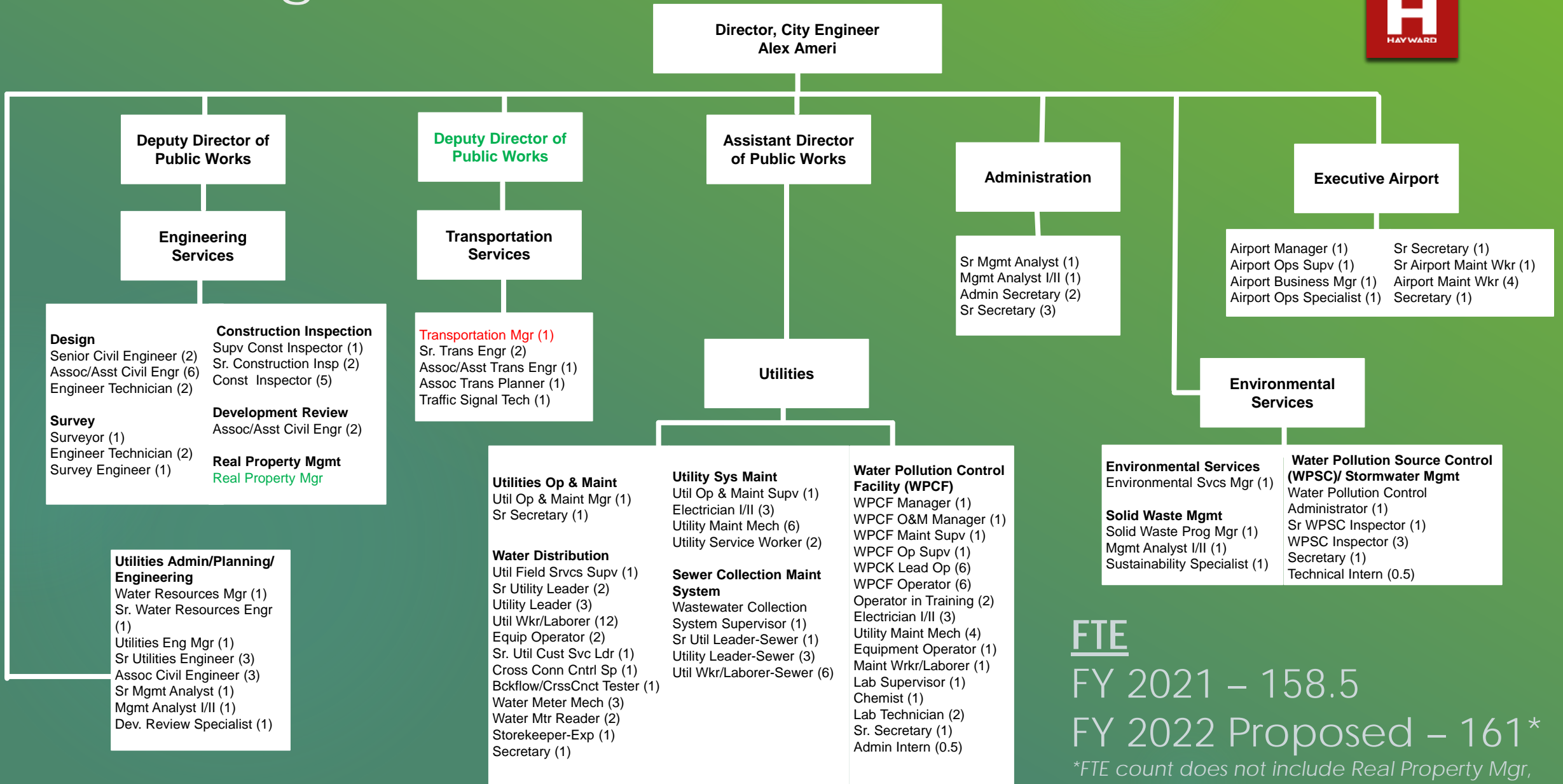
PW&U Significant Changes Planned for FY 2022



FY 2022 Significant Changes Planned

1. 5% reduction in General Fund supplies and services
2. Add 1.0 FTE: Deputy Director of Public Works - Transportation
Delete 1.0 FTE: Transportation Manager
3. Increase transfer from Water Operating to Water Replacement Capital Fund by \$500,000 to \$5M/year
4. Development of a reuse plan for the 126-acre former Skywest Golf Course property
5. FY22 Recycled Water sales revenue expected to reach approx. \$600,000 after deliveries begin in summer 2021

PW&U Organization Chart



FTE

FY 2021 – 158.5

FY 2022 Proposed – 161*

*FTE count does not include Real Property Mgr, which is only partially supported by PWU

FY 2021 Highlights / Accomplishments



- ▶ Engineering, Transportation and Utilities Divisions maintained timely and high quality of service amidst COVID impacts and significant increase in development applications.
- ▶ Prepared proposed water and wastewater rate adjustments for FY 2022 and FY 2023.
- ▶ Prepared City's greenhouse gas (GHG) emission inventory for 2019, which indicated that Hayward achieved a 25.7% reduction compared to 2005 levels, exceeding Hayward's 20% reduction goal ahead of schedule and putting the City on track to meet its goal of a 30% reduction by 2025.

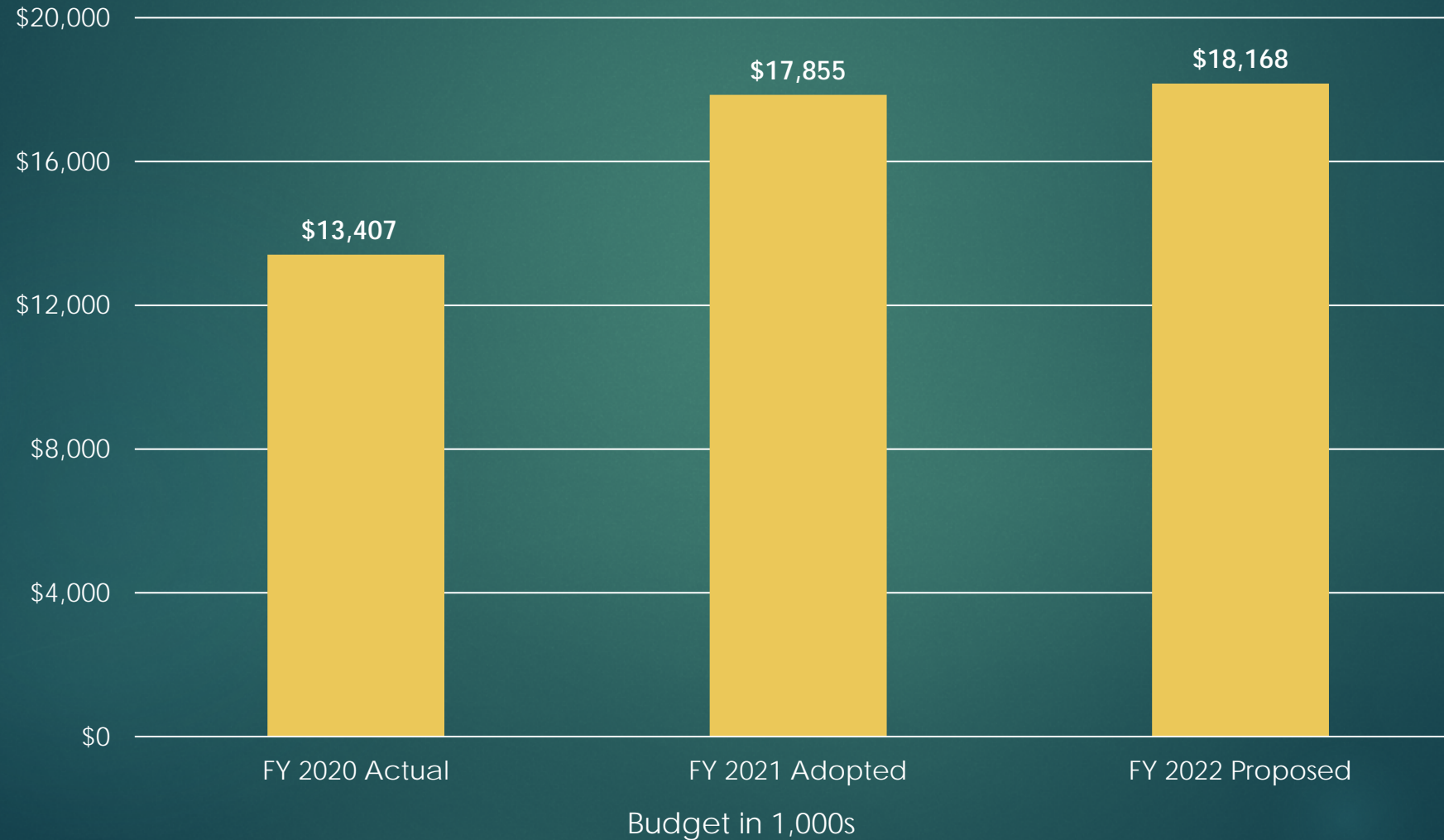
Questions & Discussion





CITY MANAGER'S OFFICE FY 2022 BUDGET PRESENTATION

CMO Budget Comparison FY 2020 - FY 2022



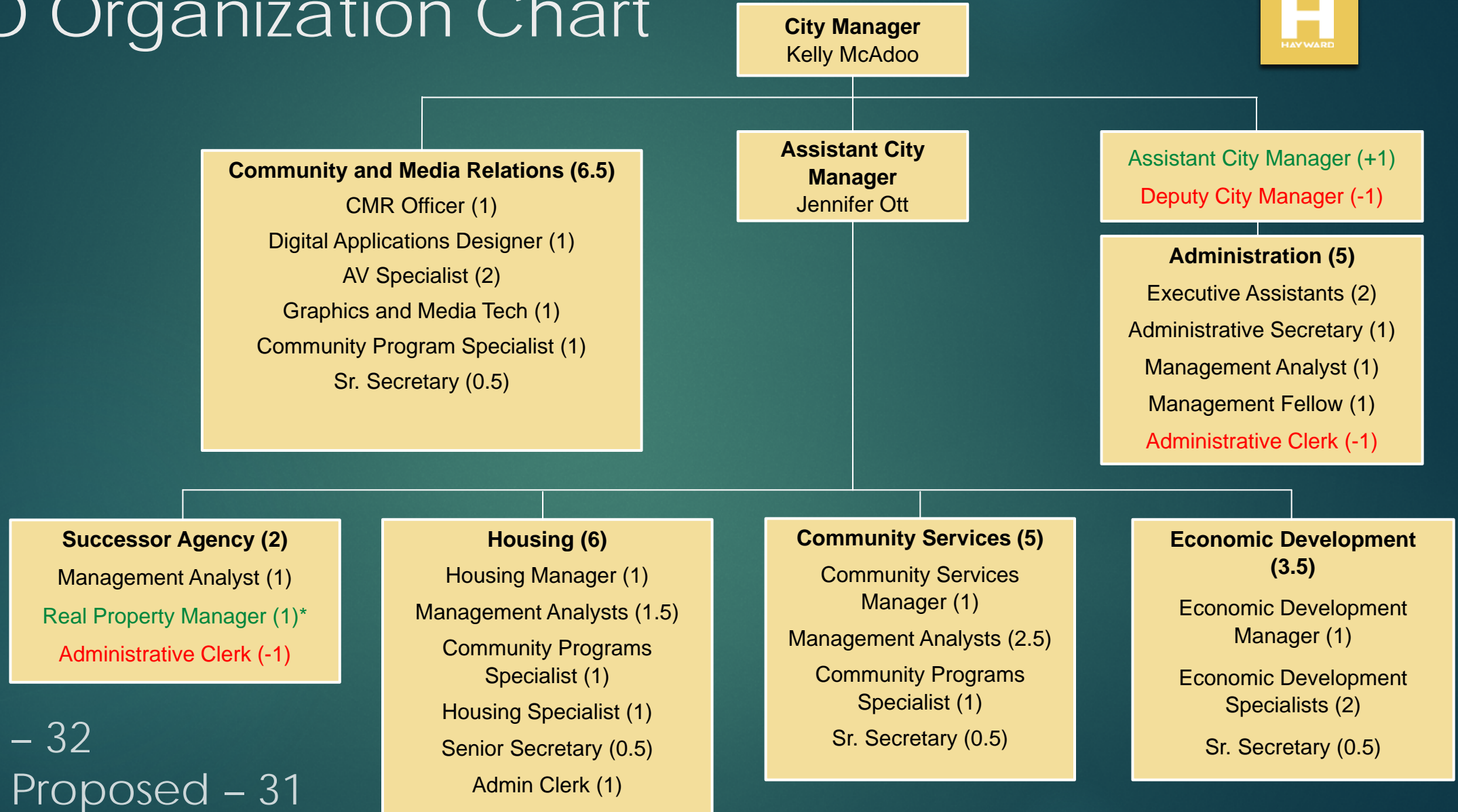
Significant Changes Planned for FY 2022



FY 2022 Significant Changes Planned

1. Removal of Deputy City Manager and Administrative Clerk and addition of a second Assistant City Manager (General Fund)
2. 5% reduction in General Fund supplies and services
3. Removal of Administrative Clerk and addition of 0.4 Real Property Manager (the remainder of the position is funded in Public Works) (Successor Agency Fund)

CMO Organization Chart



FTE

FY 2021 – 32

FY 2022 Proposed – 31

*Real Property Management (1.0 FTE) - Allocated between City Manager's Office and Public Works-Utilities

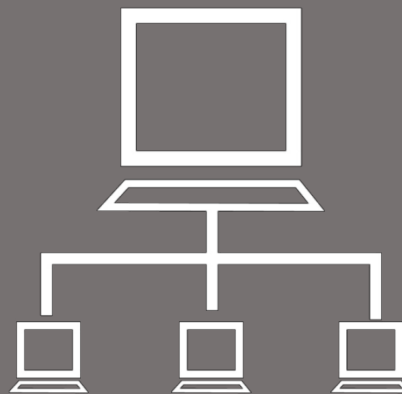
FY 2021 Highlighted Accomplishments



- ▶ Spearheaded the community outreach and police innovation workshop on **community safety**
- ▶ Grew the City's **digital audience by 28%** and digital engagement by 23%
- ▶ Awarded **84 small business resiliency grants**; allocated **\$1.73M in rent relief** from CDBG-CV and HOME grants; and allocated **\$3.1M in CDBG funds to COVID-19 response**, including \$2M in CDBG-CV funds

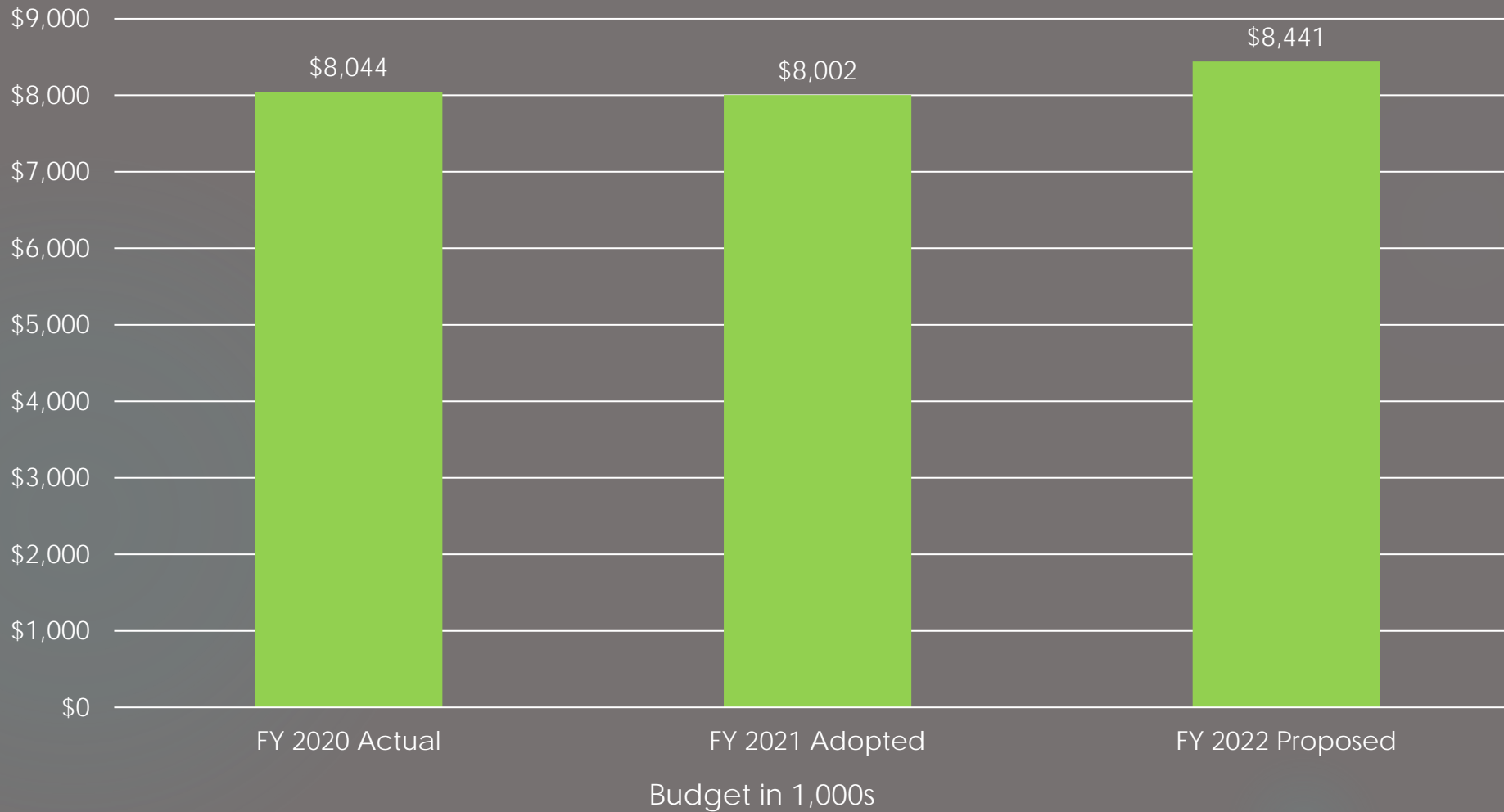
Questions & Discussion





INFORMATION TECHNOLOGY DEPARTMENT FY 2022 BUDGET PRESENTATION

IT Budget Comparison FY 2020 - FY 2022



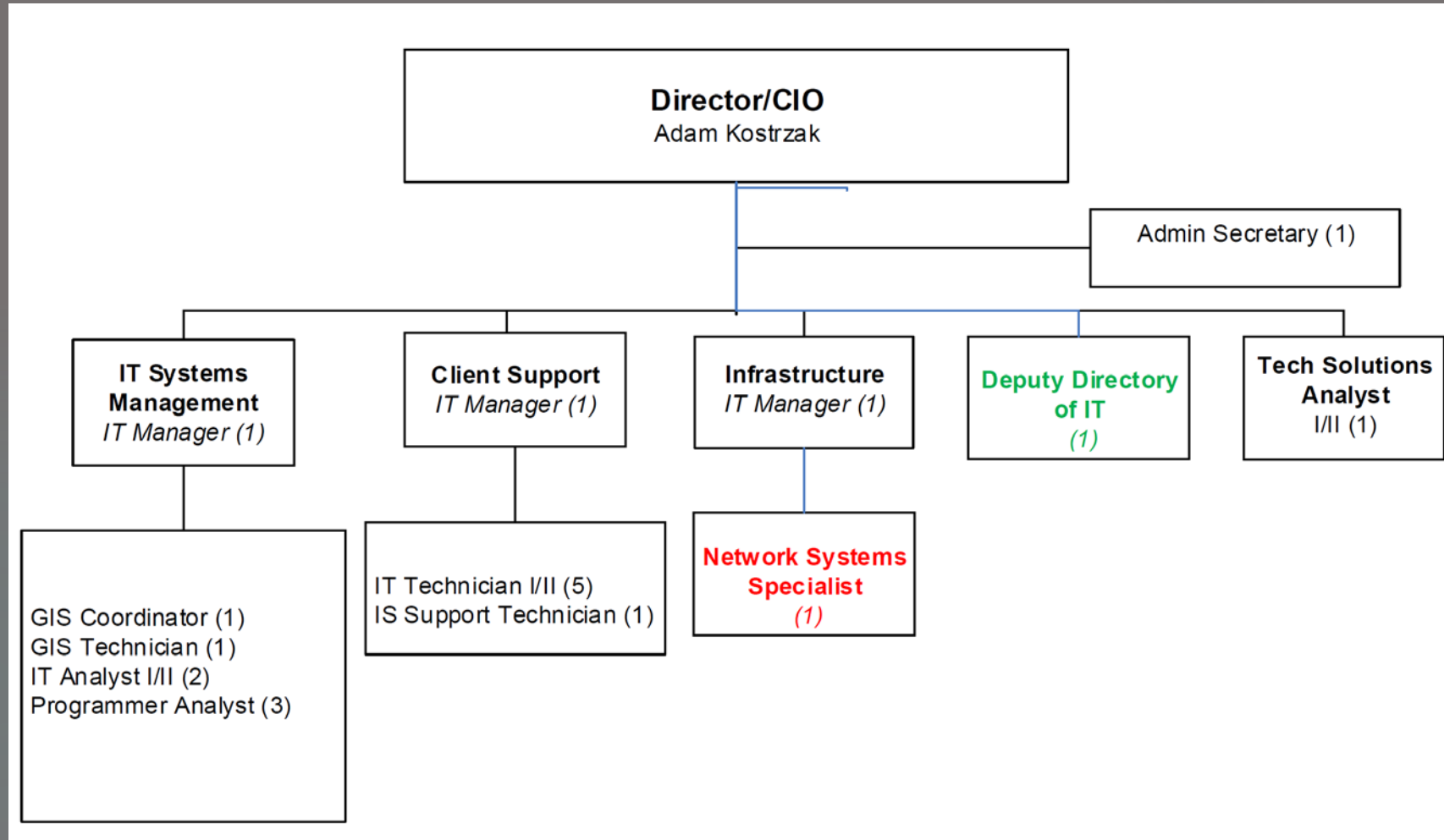
Significant Changes Planned for FY 2022



FY 2022 Significant Changes Planned

1. Upgrade of current financial system to latest SaaS application
2. Proposed addition of Deputy Director of IT (1.0 FTE), deletion of Network Systems Specialist (-1.0 FTE)
3. Provide tools and technology to aide in remote workforce transition

IT Organization Chart



FTE

FY 2021 – 20.0

FY 2022 Proposed - 20.0

FY 2021 Highlights / Accomplishments



- ▶ Remote Workforce Transition
 - ▶ Public Meetings Zoom Deployment
 - ▶ Citywide Laptops/Desktop Replacements Issued

- ▶ IT Infrastructure Improvements
 - ▶ Fiber Backbone Replacement completed with new connections to Airport, WPCF, Corp Yard, ACOE, PD and many traffic controllers
 - ▶ Security Enhancements for Remote Devices including Firewall upgrade, Hostscan, Cisco Email Security and Endpoint Security implementations

- ▶ Training & Awards
 - ▶ ITIL Staff Training and Certification
 - ▶ 600 City Staff Security Trainings Completed
 - ▶ MISAC Excellence Award

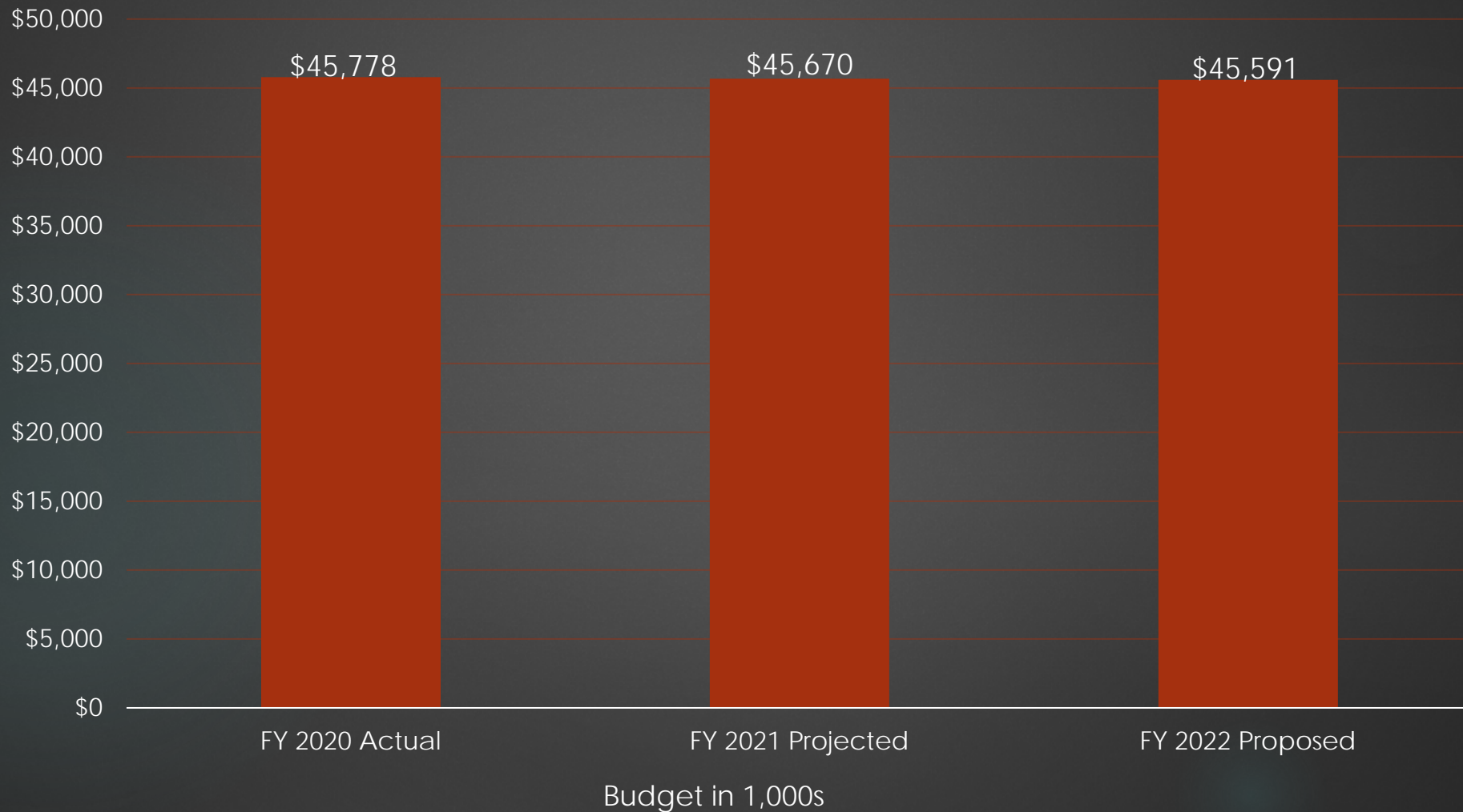
Questions & Discussion





HAYWARD FIRE DEPARTMENT FY 2022 BUDGET PRESENTATION

Fire Budget Comparison FY 2020 - FY 2022



Significant Changes Planned for FY 2022



FY 2022 Significant Changes Planned

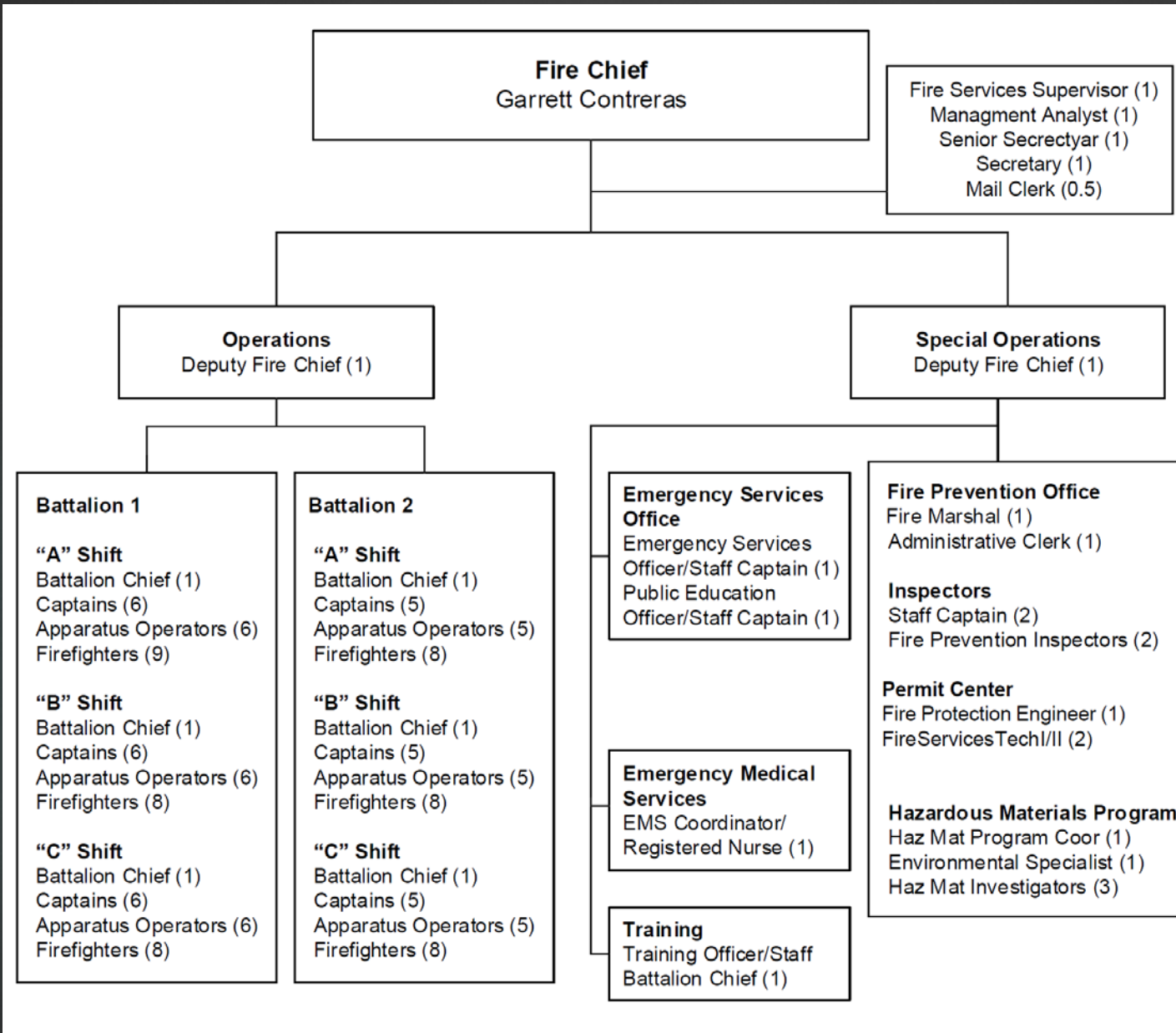
1. **5% reduction in General Fund supplies and services.**

2. **Change in Linen Service and Operations (Reduction \$30,000):** Discontinuing linen service that supplies fire stations with clean towels. Since the Department purchased washers and dryers for each station, staff will be taking on these duties in-house. This will allow us to reduce our operating budget by \$30,000.

3. **EMS Supplies (Increase of \$15,000):** Increase in EMS supplies budget of \$15,000. The Department is experiencing an increased need for narcotics and PPE on EMS calls due to COVID. Our vendor has also increased prices for narcotics, and we need to increase our medical supplies budget by \$15,000.

4. **Vehicle Safety Devices (Increase of 75,000):** All new vehicles in the fire service as a new industry standard (including our new rigs) install Haas vehicle safety devices. These devices alert other first responder and nearby civilian vehicles through navigation applications that an emergency vehicle is near and approaching. For installation and annual service for five years, the Department negotiated a \$75,000 fee; however, it will result in cost savings over time.

Fire Organization Chart



FTE
FY 2021 – 146.5
FY 2022 Proposed – 146.5

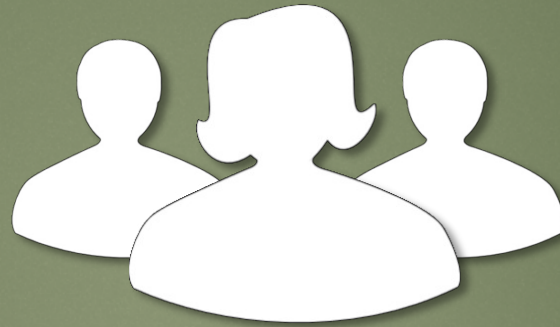
FY 2021 Highlights / Accomplishments



- ▶ The Department retained a psychologist with expertise in post-traumatic stress disorder for first responders and expanded the Critical Incident Stress Management Team led by HFD peers.
- ▶ Secured three new apparatus at no cost to the City.
- ▶ Installed med vaults, securing all our controlled substances on all apparatus with no increase to the budget. Vending machines have also been installed for cost control with no increase the budget.

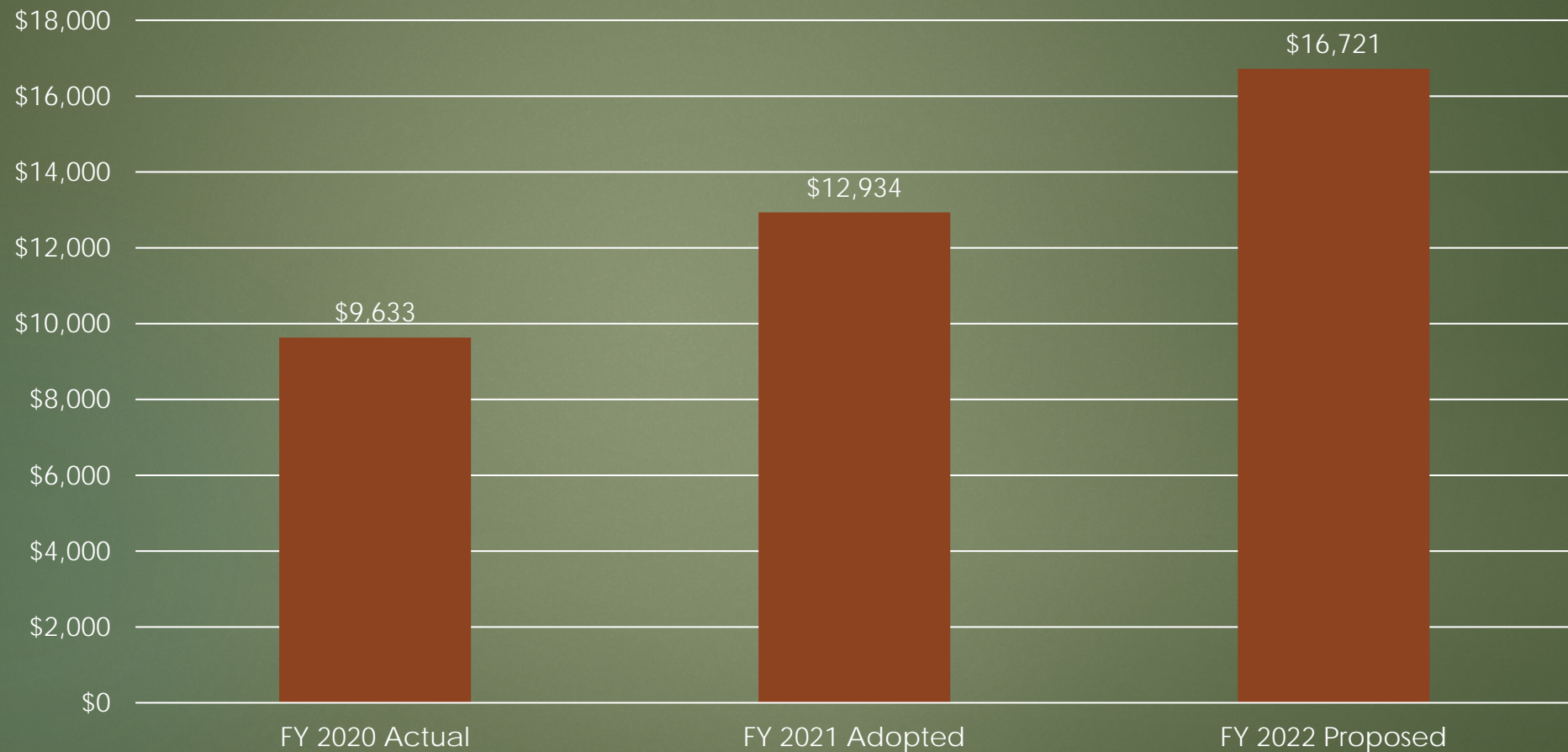
Questions & Discussion





HUMAN RESOURCES DEPARTMENT FY 2022 BUDGET PRESENTATION

HR Budget Comparison FY 2020 - FY 2022



Budget in 1,000s

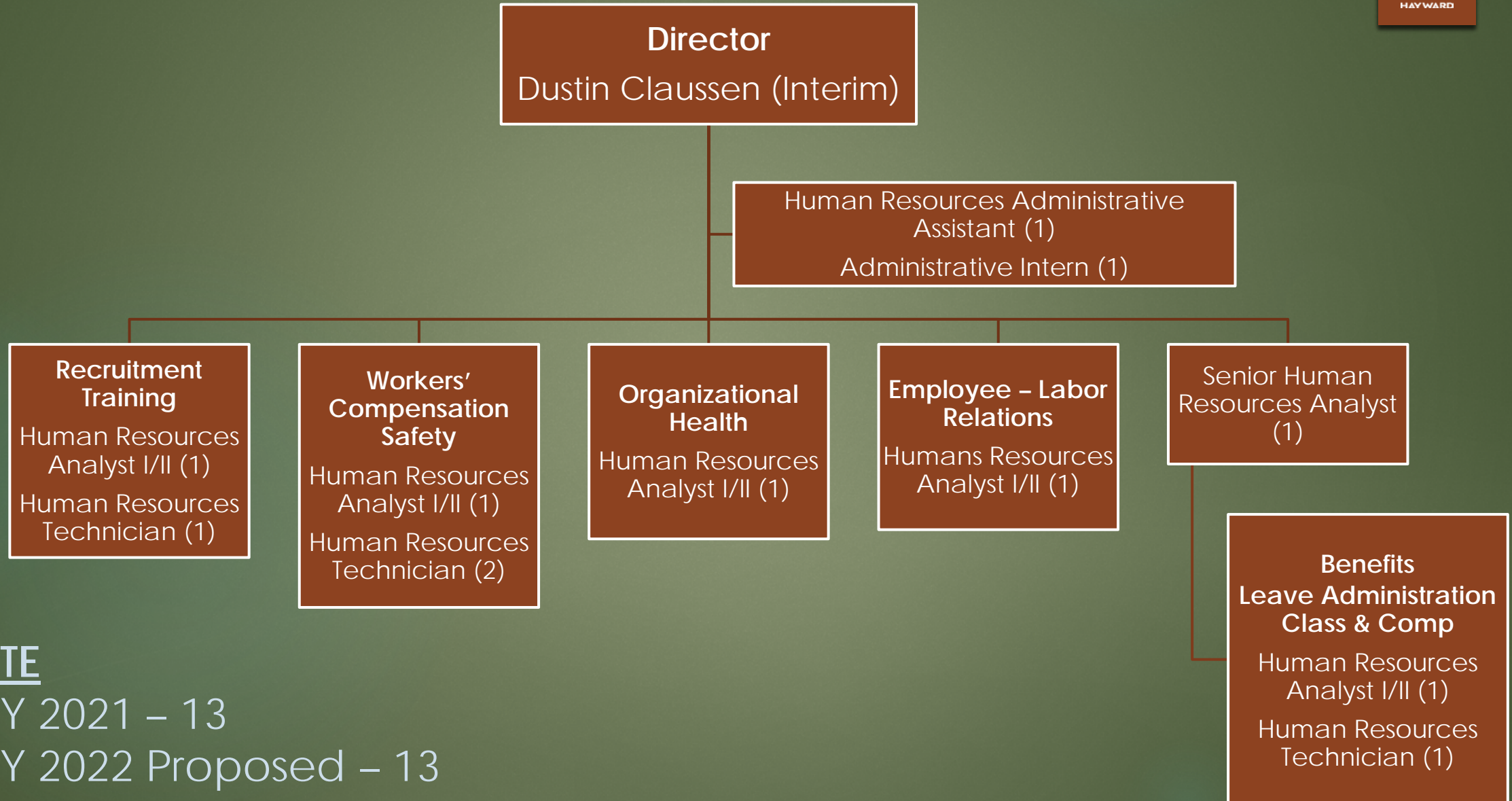
Significant Changes Planned for FY 2022



FY 2022 Significant Changes Planned

1. 5% reduction in General Fund supplies and services.
2. Continuation of a one-year COVID-19 contact tracing program initiated as a part of the Mid-Year FY 2021 Budget Process (\$50,000).
3. Additional resources for remote/online testing, onboarding, and document management tools (\$9,300).
4. Additional resources for employee relations and investigation services (\$25,000).

HR Organization Chart



FTE

FY 2021 – 13

FY 2022 Proposed – 13

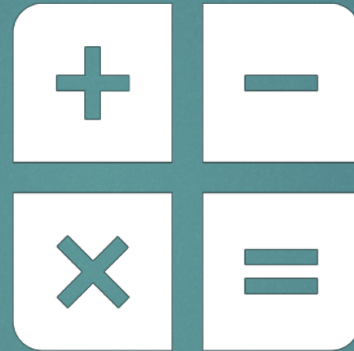
FY 2021 Highlights / Accomplishments



- ▶ Worked with unions to bring essential workers back to work
- ▶ Established a Citywide COVID-19 Response protocol
- ▶ Development of Rapid Response 24/7 Contact Tracing (to limit spread of COVID in the workplace)

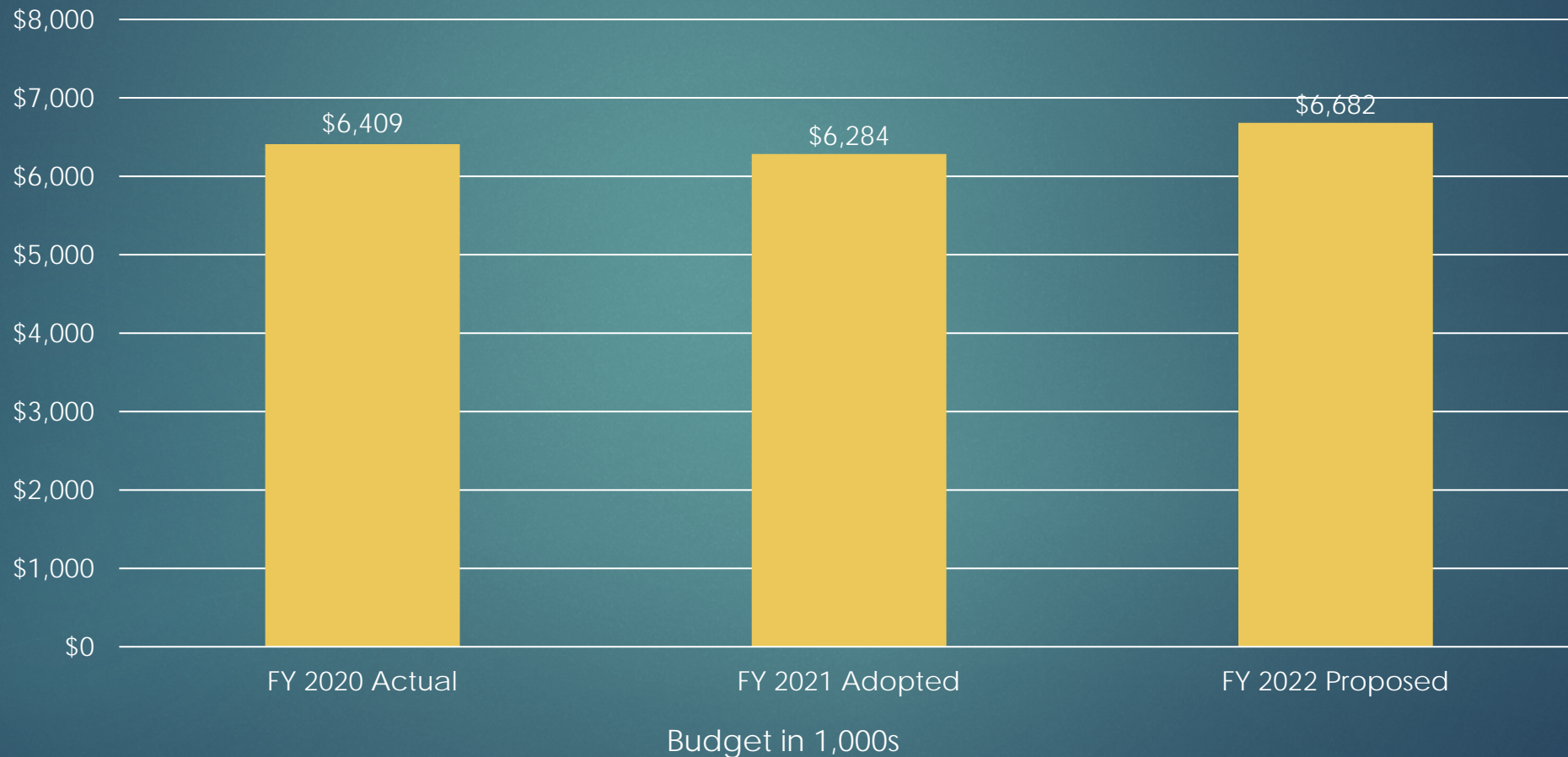
Questions & Discussion





FINANCE DEPARTMENT FY 2022 BUDGET PRESENTATION

Finance Budget Comparison FY 2020 - FY 2022

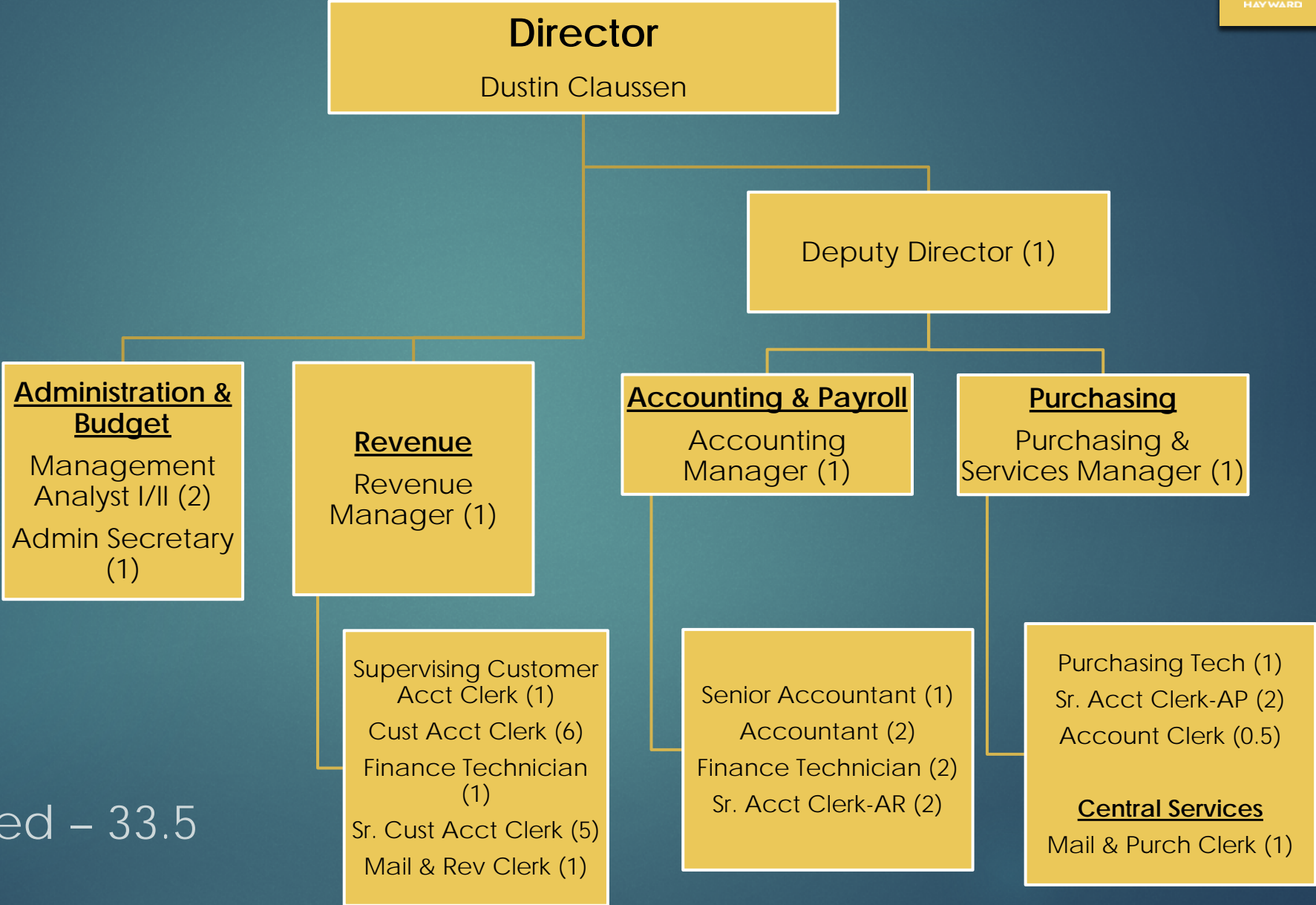


Significant Changes Planned for FY 2022

FY 2022 Significant Changes

1. 5% reduction in General Fund supplies and services.

Finance Organization Chart



FTE
FY 2021 – 33.5
FY 2022 Proposed – 33.5

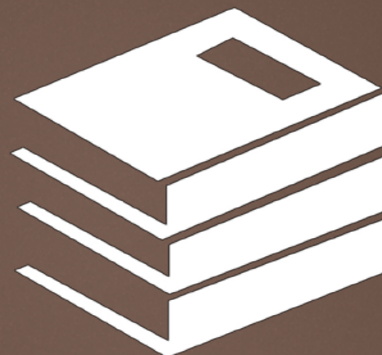
FY 2021 Highlights / Accomplishments



- ▶ Successfully completed FY 2020 annual audit processes and Annual Comprehensive Financial Report with no significant findings, and completed federal Single Audit on time.
- ▶ Expanded online payment capabilities to include Permits, Housing, Code Enforcement, Airport, and other City invoices.
- ▶ Implemented a fee-free online e-check payment method for the Hayward Water System.

Questions & Discussion

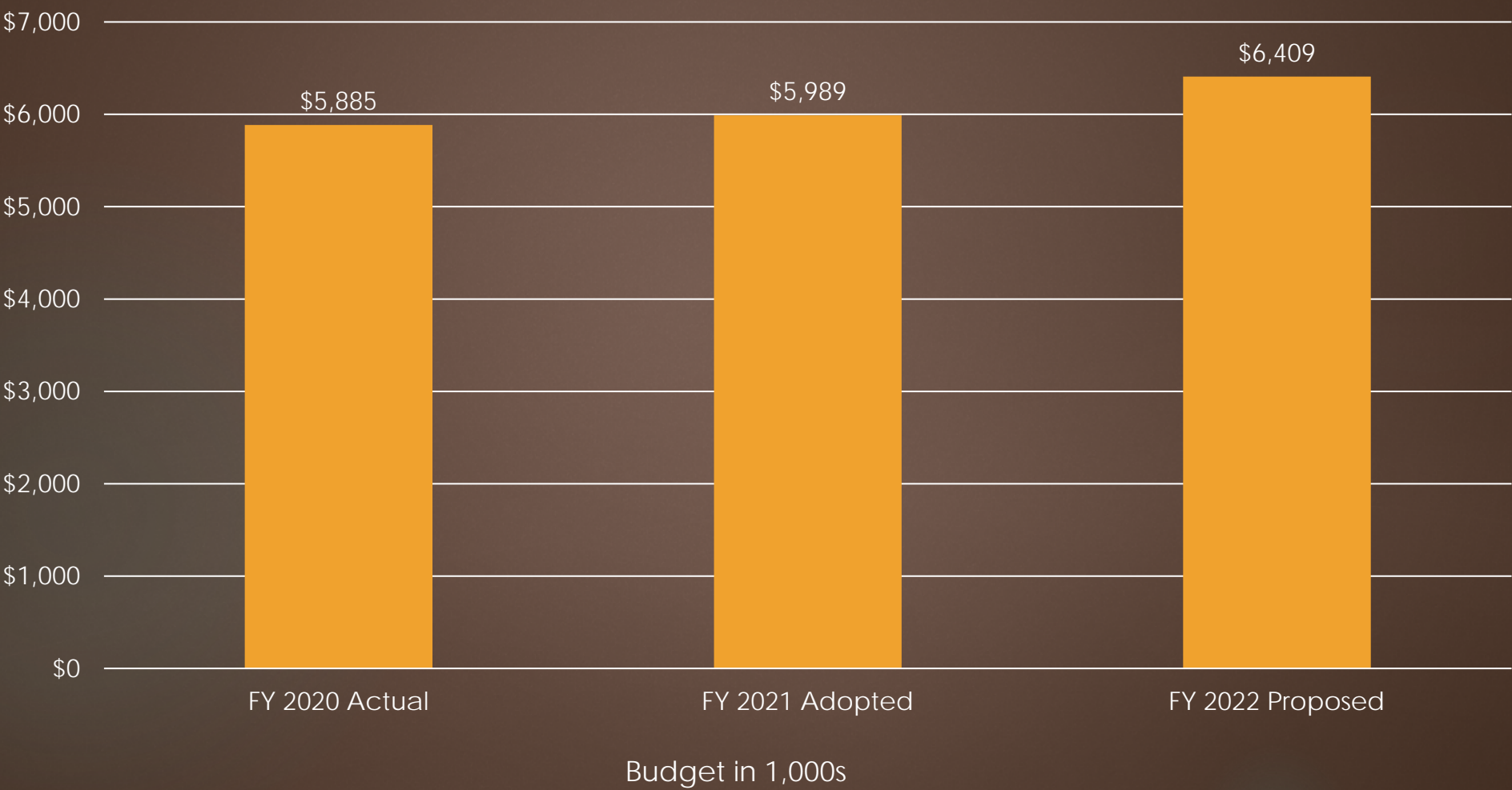




LIBRARY DEPARTMENT FY 2022 BUDGET PRESENTATION

Library Budget Comparison

FY 2020 - FY 2022



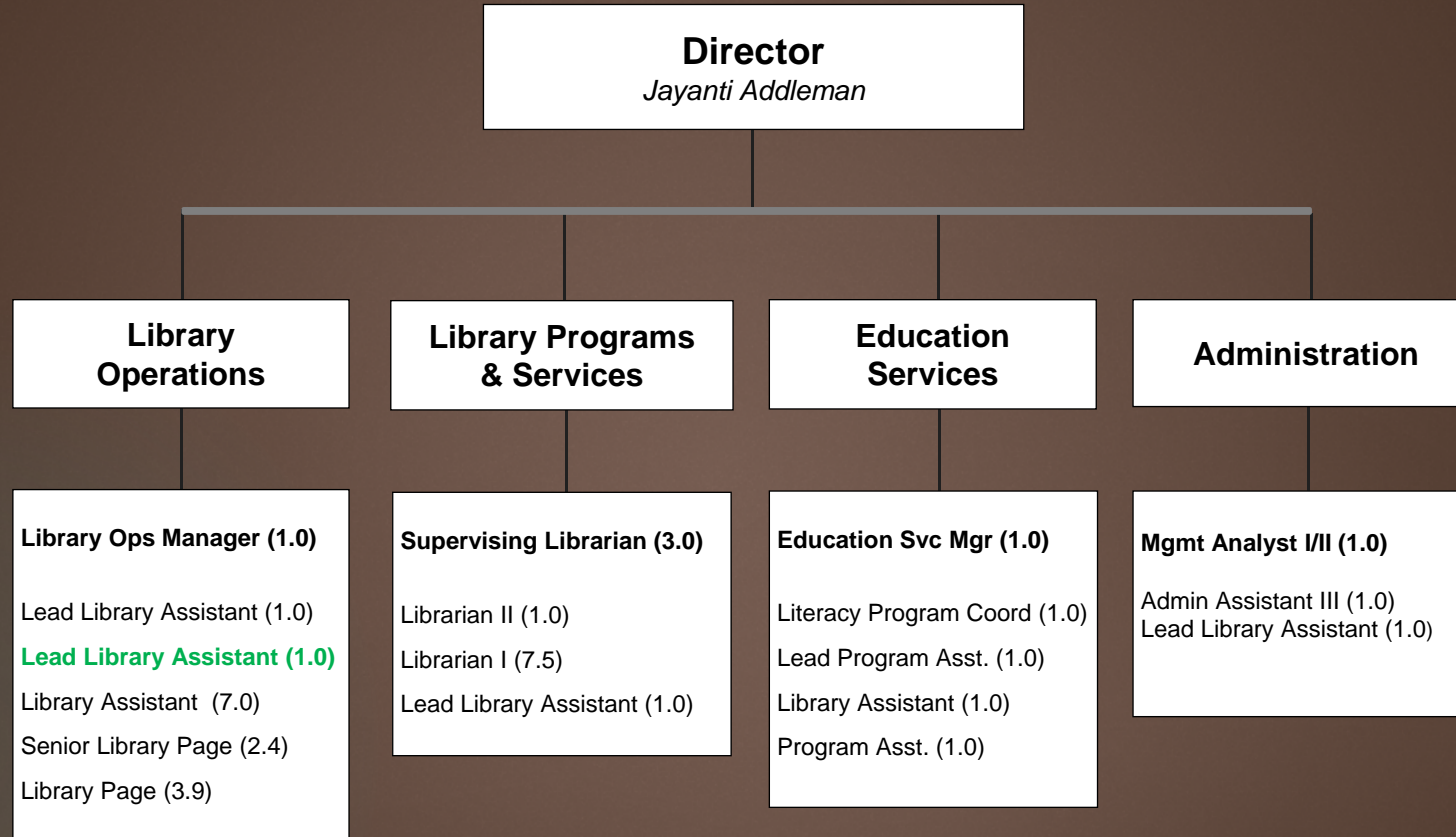
Significant Changes Planned for FY 2022



FY 2022 Significant Changes Planned

1. 5% reduction in General Fund supplies and services
2. Added Lead Library Assistant (1.0 FTE) position to operate new bookmobile (paid fully from HPN Grant for FY 2022)
3. Changed org chart to be program-specific rather than branch specific

Library Organization Chart



FTE

FY 2021 – 36.8

FY 2022 Proposed – 37.8

FY 2021 Highlights / Accomplishments



- ▶ Launched HPL-2-Go Curbside Service
- ▶ Social media and Zoom-based programming for children and adults, and expanded Online Resources (E-books, E-audiobooks, Streaming movies)
- ▶ Expanded Tech Lending Library (computers, chromebooks, tablets, hotspots)
- ▶ Received funding for and ordered bookmobile, and started DEI based planning of services

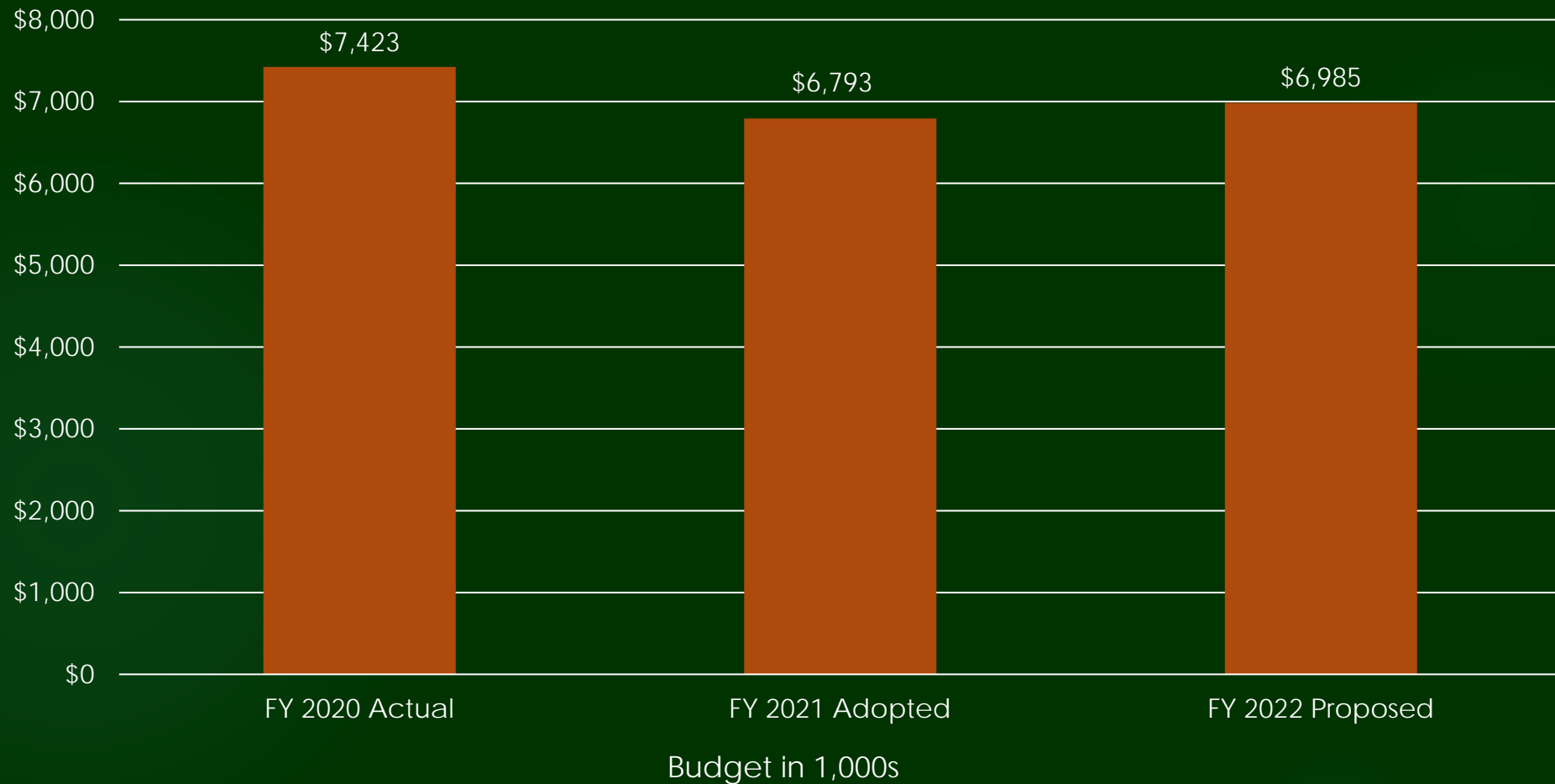
Questions & Discussion





CITY ATTORNEY'S OFFICE FY 2022 BUDGET PRESENTATION

CAO Budget Comparison FY 2020 - FY 2022



Significant Changes Planned for FY 2022



FY 2022 Significant Changes Planned
1. 5% reduction in General Fund supplies and services
2. Increase in the City's insurance coverages and premium costs

CAO Organization Chart



FTE

FY 2021 – 10

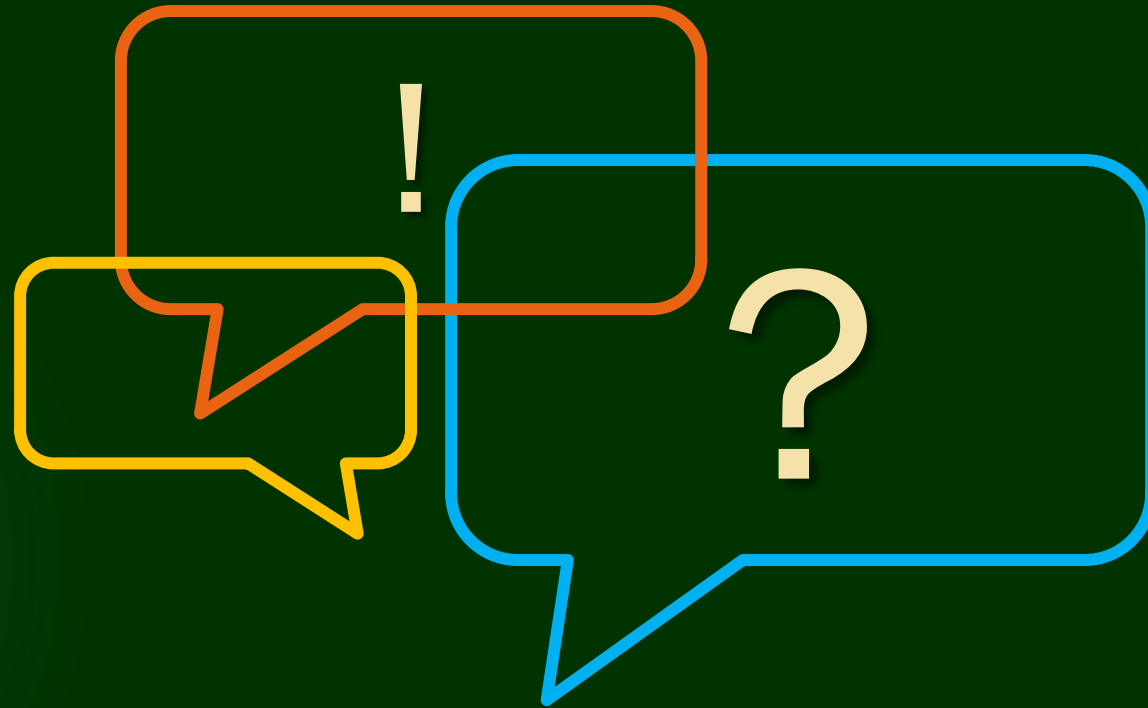
FY 2022 Proposed – 10

FY 2021 Highlights / Accomplishments



- ▶ Resolution of CSUEB master plan litigation
- ▶ Monitoring/drafting pandemic emergency rent/eviction relief ordinances
- ▶ Drafting of City charter amendment promoting diversity, equity, and inclusion

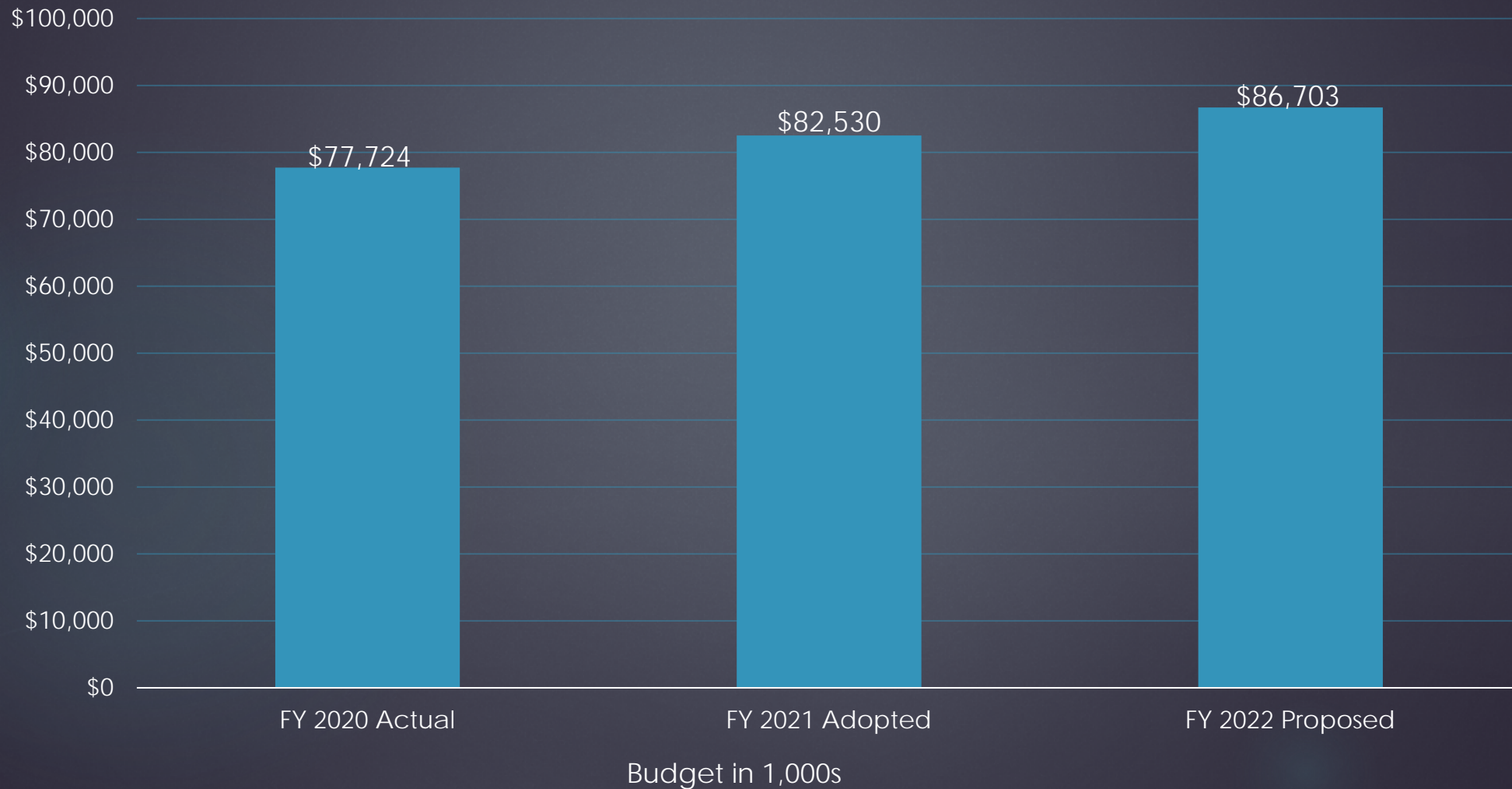
Questions & Discussion





HAYWARD POLICE DEPARTMENT FY 2022 BUDGET PRESENTATION

HPD Budget Comparison FY 2020 - FY 2022



Significant Changes Planned for FY 2022



FY 2022 Significant Changes Planned

1. 5% reduction in General Fund supplies and services.
2. Rapid DNA Services (RADS) system testing required by the state, and no longer covered by Alameda County (increase of \$90,000)
3. Continue developing a communication and engagement program that effectively utilizes social media and community meetings on police procedures
4. Explore utilizing technology to improve transparency and efficiency in police services to the Hayward community (i.e., dashcams, drones, etc.)
5. Revise and update HPD Strategic Plan
6. To continue to expand recruitment efforts to address staffing vacancies and increase recruitment diversity

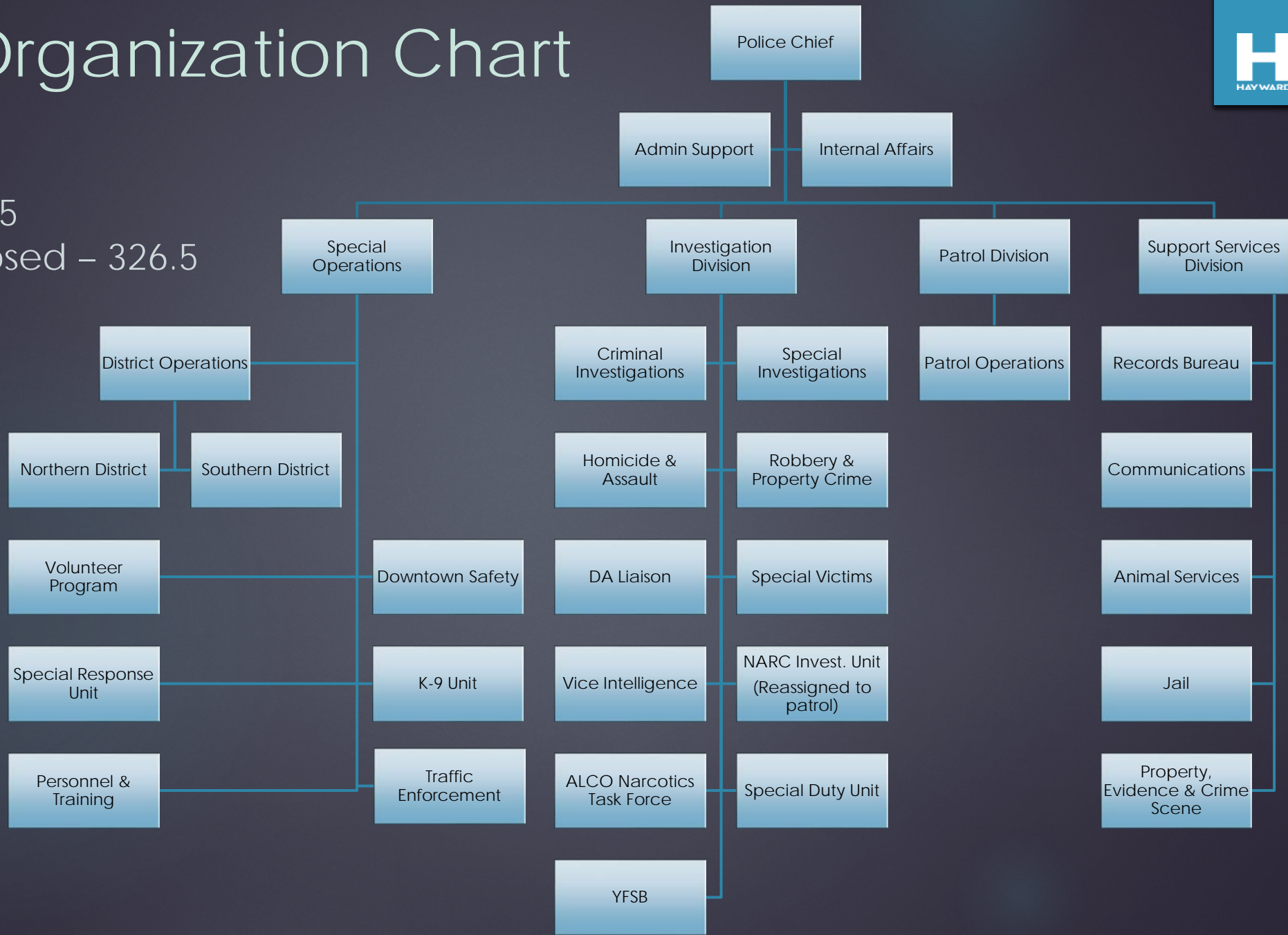
HPD Organization Chart



FTE

FY 2021 – 326.5

FY 2022 Proposed – 326.5



FY 2021 Highlights / Accomplishments



- ▶ HPD awarded national accreditation by CALEA in the Advanced Law Enforcement Accreditation program on March 27, 2021. HPD was first accredited in 2011 and the accreditation process is how a public safety agency voluntarily demonstrates how it meets professionally recognized criteria for excellence in management and service delivery.
- ▶ Solving the 1988 Michaela Garecht case where the suspect was charged with murder by the Alameda County District Attorney.
- ▶ Implemented changes to HPD Use of Force policies
- ▶ During the challenges of the COVID pandemic, HPD implemented procedures to ensure operational continuity in providing services to the community of Hayward.

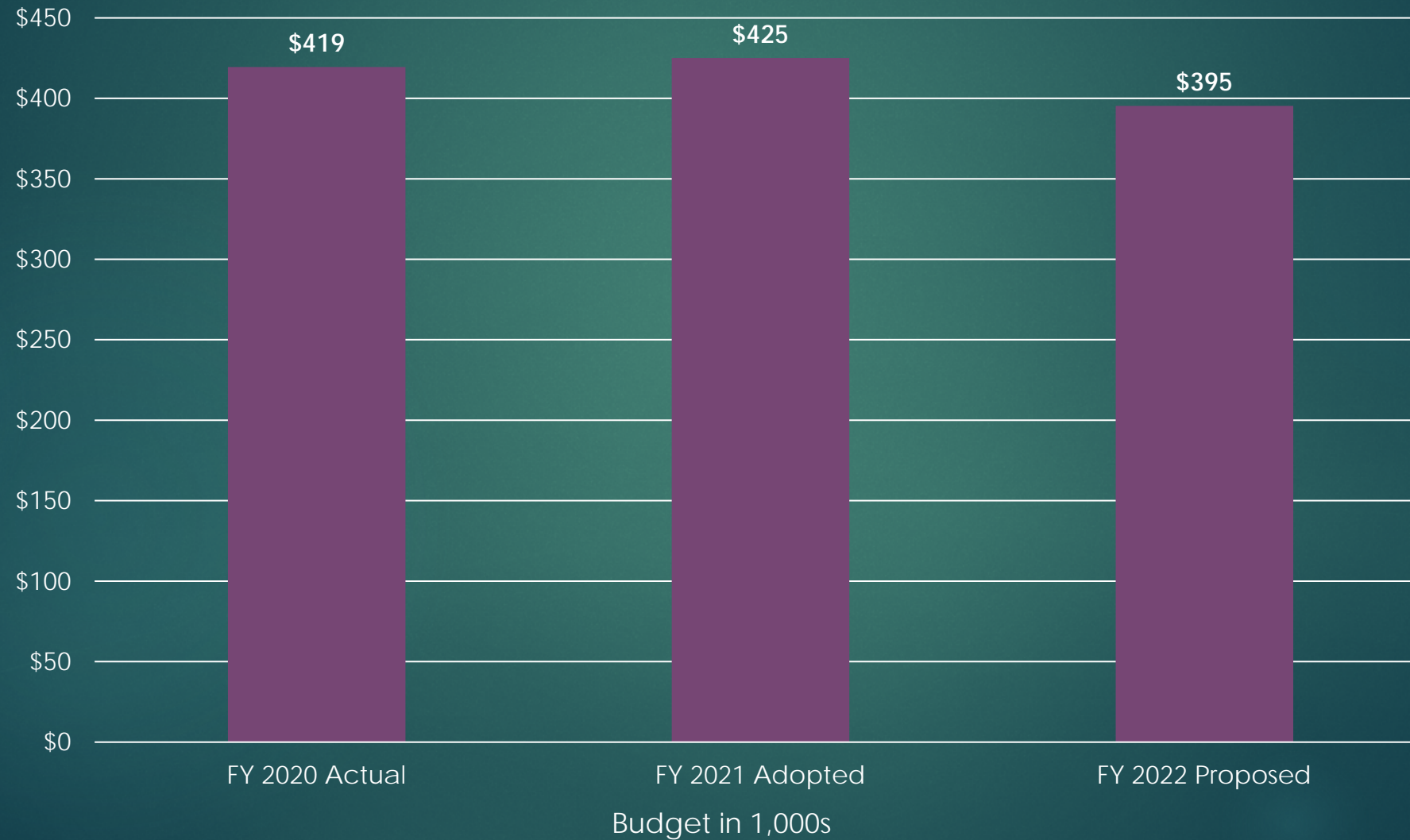
Questions & Discussion





MAYOR & CITY COUNCIL FY 2022 BUDGET PRESENTATION

Mayor & City Council Budget Comparison FY 2020 - FY 2022



Significant Changes Planned for FY 2022



FY 2022 Significant Changes Planned

1. 5% reduction in General Fund supplies and services.

FY 2021 Highlights / Accomplishments



- Provided crucial community and organization leadership and stability during the COVID-19 pandemic emergency.
- Provided legislative and policy direction for the City Manager in support of the community's priorities and Strategic Roadmap projects.
- Worked collaboratively with the City's bargaining units and staff leadership team to develop a fiscal stability plan to weather the economic crisis stemming from the pandemic.

Questions & Discussion



Next Steps...

- Budget Work Session 2 on May 18, 2021
 - Continue department presentations (if not completed today)
 - Include applicable changes as a result of today's discussion
- Public Hearing and Adoption on June 1, 2021