



DATE: June 6, 2023

TO: Mayor and City Council
Redevelopment Successor Agency Board of Directors
Housing Authority Board of Directors

FROM: Director of Finance

SUBJECT: FY 2024 Budget/CIP Public Hearing and Adoption: Hold Public Hearing and Adopt Resolution for Adoption of the Proposed FY 2024 Operating Budgets for the City of Hayward, Hayward Redevelopment Successor Agency, and Hayward Housing Authority; FY 2024 Capital Improvement Program Budget; Adoption of the FY 2024 Operating Budgets and Appropriations for FY 2024; Adoption of the FY 2024 Capital Improvement Program Budget and Appropriations for FY 2024; Adoption of the Hayward Redevelopment Successor Agency Budget; and Adoption of the Hayward Housing Authority Budget

RECOMMENDATION

That the Council: considers the Proposed FY 2024 Operating Budgets of the City, Redevelopment Successor Agency, Housing Authority and Capital Improvement Program (CIP); conducts a Public Hearing on each; and adopts resolutions for each of the above-mentioned documents should there be no further action needed based on public testimony or at Council's request.

SUMMARY

The Council will conduct a public hearing for the adoption of the Proposed FY 2024 Operating Budgets and FY 2024 Capital Improvement Program Budget. Should there be no needed actions following public testimony or Council direction, Council will consider adoption of the FY 2024 Operating Budgets, and FY 2024 Capital Improvement Program Budget.

BACKGROUND

The Proposed FY 2024 Operating Budget was delivered to Council on Friday, April 28, 2023, in advance of the May 13, 2023, Saturday work session. The operating budget is comprised of different funding sources, with the General Fund representing the largest single fund for which the Council has the most discretion. The total City expenditure budget for the Proposed FY 2024 Annual Budget as provided to Council on April 28, 2023, was \$401.8 million, with a General Fund budget of \$204.6 million.

Since April 28, Council held a budget work session on May 13 to further discuss the proposed budget¹. The work session included presentations, Council discussions, and a time for public input on the following:

- The City's FY 2024 overall operating budget
- Department/Program budgets and operations

To continue with the budget process, the CIP budget work session was held on May 16². Following these work sessions, changes to the FY 2024 Proposed Operating and CIP Budgets are recommended as detailed in this report. This meeting has been noticed as a public hearing on the FY 2024 Proposed Operating and CIP budgets and is another opportunity to receive public input. Upon closure of the public hearing, Council will provide any additional comments and direction to staff and, should there be no public testimony or Council-directed changes to the FY 2024 Proposed Operating and CIP budgets, both documents will be considered for adoption upon the closing of the Public Hearing. Should there be public testimony and/or direction from the Council that requires changes to either the FY 2024 Operating or CIP budgets, the public hearing will be closed, and the Proposed FY 2024 Operating and CIP budgets will be presented for adoption on June 20, 2023.

DISCUSSION

The Proposed FY 2024 Operating Budget and CIP documents provide the foundation for the budget discussions. Through discussions at the various budget work sessions/meetings, recommended adjustments to the proposed budget are incorporated in this report, which contains a summary of the changes to date, and the impacts to the General Fund and all other operating funds.

The Proposed FY 2024 Operating Budget provided to Council on April 28, 2023, was balanced with the projected use of \$4.7 million in General Fund Reserves. The City continues to forecast structural budget gaps in future years, as the City continues to recover from the impacts of the pandemic while continuing to balance rising operational costs. On Saturday, May 13, 2023, Council discussed the Proposed FY 2024 Operating Budget at an all-day work session. Revisions made after the May 13 budget work session are detailed below. The incorporated changes to the Proposed FY 2024 Operating Budget will result in the projected use of \$5.1 million in General Fund Reserves, an increase of \$0.4 million over what was presented to the Council on April 28, 2023.

On April 13, 2023, the Planning Commission held a public hearing and found the proposed FY 2024-2033 CIP document in conformance with the General Plan. On April 26, 2023, the Council Infrastructure Committee (CIC) discussed the proposed CIP budget and new CIP online platform. On May 16, 2023, Council reviewed and discussed the proposed FY 2024-2033 CIP budget during a work session.

¹[CITY OF HAYWARD - Meeting of City Council on 5/13/2023 \(legistar.com\)](#)

²[CITY OF HAYWARD - Meeting of City Council on 5/16/2023 \(legistar.com\)](#)

The tables below illustrate the proposed FY 2024 Operating Budget expenditure and revenue projections as presented to Council on April 28, 2023 and updated to reflect changes made since the draft document was prepared.

Table 1 – Citywide Expenditure Budget

| <i>in 1,000's</i> | FY 2023 Adopted | FY 2024 Proposed 4/28/2023 | FY 2024 Proposed 6/6/2023 | Change from 4/28/2023 | \$ Change from FY 2023 | % Change from FY 2023 |
|--------------------------|----------------------------|---|--|--------------------------------------|---------------------------------------|--------------------------------------|
| General Fund | \$ 194,688 | \$ 204,569 | \$ 204,978 | \$ 409 | \$ 10,290 | 5.3% |
| All Other Funds | \$ 206,617 | \$ 197,315 | \$ 196,783 | \$ (532) | \$ (9,834) | -4.8% |
| Total City Budget | \$ 401,305 | \$ 401,885 | \$ 401,761 | \$ (123) | \$ 456 | 0.1% |

The changes for General Fund and All Other Funds from the time that the proposed budget was provided to Council on April 28^h include the following:

General Fund Expenses:

1. Projected Cost of Living Adjustment (COLA) of 5% for Mayor and City Council – Increase of \$6,805
2. Additional Strategic Roadmap Projects – Increase of \$402,000
 - a. Ticketing System for Tracking Council / Constituent Requests (\$10,000)
 - b. Consultant Services to Administer 360 Evaluations and Executive Coaching (\$92,000)
 - c. Replacement of Monument Gateway Signed on Jackson/Silva – Transfer to Capital Improvement Fund (\$200,000)
 - d. Contract Services - Expand Litter Collection Services (\$100,000)

All Other Funds Expenses:

1. Debt Service payment fulfilled in FY 2024 for the 2013 Water Revenue Refunding Bond, which was set to mature in FY 2025. Debt Service payments were included in the Proposed FY 2024 Operating Budget, but have been removed – Decrease of \$549,711
2. Administrative correction in Special Revenue Funds to reflect appropriate transfer amounts to the Workers Compensation Fund – Net Increase of \$18,075

Table 2 – Citywide Revenue Projections

| <i>in 1,000's</i> | FY 2023 Adopted | FY 2024 Proposed 4/28/2023 | FY 2024 Proposed 6/6/2023 | Change from 4/28/2023 | \$ Change from FY 2023 | % Change from FY 2023 |
|--------------------------|----------------------------|---------------------------------------|--|--------------------------------------|---------------------------------------|--------------------------------------|
| General Fund | \$ 199,141 | \$ 199,883 | \$ 199,883 | \$ - | \$ 742 | 0.4% |
| All Other Funds | \$ 197,135 | \$ 190,532 | \$ 190,526 | \$ (6) | \$ (6,609) | -3.4% |
| Total City Budget | \$ 396,276 | \$ 390,415 | \$ 390,409 | \$ (6) | \$ (5,867) | -1.5% |

There are no changes to the General Fund revenue projections from the proposed budget. Proposed changes to revenue projections for All Other Funds are as follows:

All Other Funds Revenues:

1. Updated projections in the Water Fund and Stormwater Fund resulted in a net decrease of \$6,000

Table 3 - Citywide Staffing

| | FY 2023 Adopted | FY 2024 Proposed 4/28/2032 | FY 2024 Proposed 6/6/2023 | # Change from FY 2023 | % Change from FY 2023 |
|--------------------------|----------------------------|---|--|--------------------------------------|--------------------------------------|
| General Fund | 678.17 | 686.05 | 686.05 | 7.88 | 1.2% |
| All Other Funds | 238.13 | 251.75 | 251.75 | 13.62 | 5.7% |
| Total City Budget | 916.30 | 937.80 | 937.80 | 21.50 | 2.3% |

On April 28, 2023, Council received the Proposed FY 2024 Operating Budget, which summarized proposed position changes. Table 4 is the summary of proposed position changes presented on April 28, 2023. The FY 2024 proposed budget includes an increase of 21.5 FTE over FY 2023 Adopted. There are no changes to the proposed FY 2024 Citywide staff as presented to Council on April 28, 2023.

Table 4 – FY 2024 Proposed Staffing Changes

| Fund | Position | FTE |
|-------------------------------|---|--------------|
| General Fund | | |
| | Add Community Program Specialist | 1.00 |
| | Delete Senior Secretary | -1.00 |
| | Add Building Inspector | 1.00 |
| | Reallocated Deputy Director of Development Svcs | -1.00 |
| | Add Director of Development Svcs | 1.00 |
| | Add Landscape Architect | 1.00 |
| | Delete Management Analyst | -1.00 |
| | Add Deputy Director of Library Svcs | 1.00 |
| | Delete Supervising Librarian | -1.00 |
| | Add Deputy Director of Maintenance Svcs | 1.00 |
| | Add Police Captain | 1.00 |
| | Delete Operations & Support Manager | -1.00 |
| | Delete Property & Evidence Administrator | -1.00 |
| | Add Property & Evidence Supervisor | 1.00 |
| | Add Records & Property Administrator | 1.00 |
| | Delete Records Administrator | -1.00 |
| | Add Wellness Specialist | 1.00 |
| | Add Principal Transportation Engineer | 1.00 |
| | Add Senior Civil Engineer | 1.00 |
| | Add Senior Transportation Planner | 1.00 |
| | Add Traffic Signal Technician | 1.00 |
| | Reallocation | 0.88 |
| | General Fund Total | 7.88 |
| Measure C Fund | | |
| | Add Groundskeeper | 1.00 |
| | Add Tree Trimmer | 1.00 |
| | Add Communication Operators | 6.00 |
| | Measure C Fund Total | 8.00 |
| Special Revenue Funds | | |
| | Add Management Analyst | 1.00 |
| | Reallocated Deputy Director of Development Svcs | 1.00 |
| | Add Lead Library Assistant | 0.50 |
| | Add Librarian II | 1.00 |
| | Add Program Assistant | 1.00 |
| | Reallocation | -1.88 |
| | Special Revenue Funds Total | 2.62 |
| Internal Service Funds | | |
| | Delete Administrative Secretary | -1.00 |
| | Add Management Analyst | 1.00 |
| | Internal Funds Total | 0.00 |
| Enterprise Funds | | |
| | Add Principal Utilities Engineer | 1.00 |
| | Add Senior Development Review Specialist | 1.00 |
| | Add Water Resources Planner | 1.00 |
| | Enterprise Funds Total | 3.00 |
| | ALL FUNDS TOTAL | 21.50 |

Capital Improvement Program (CIP) FY 2024 – FY 2033

The FY 2024 CIP appropriations total approximately \$115.6 million, and a projected total programming of \$905 million for the period of FY 2024 through FY 2033. Detail of the FY 2024 CIP is included as Attachment VI.

Per Council's direction from the Strategic Roadmap discussion on May 23, 2023, an adjustment of an additional \$200,000 budget was added to Jackson Corridor Median Improvement Project No. 07488, in Capital Projects (Governmental) Fund 405, for the replacement of the monument gateway sign on Jackson Street and Silva Avenue.

FISCAL IMPACT

Table 5 below summarizes the FY 2024 Citywide Operating & CIP expenditure budgets.

Table 5 – Summary of Citywide Operating & CIP Budgets

| City of Hayward Budget | FY 2024 |
|---|--------------------|
| City Funds | |
| General Fund | 204,978,128 |
| Measure C Fund | 22,953,218 |
| ARPA Fund | 3,031,000 |
| Special Revenue Funds | 9,674,409 |
| Debt Service Funds | 9,056,799 |
| Enterprise Funds | 106,345,093 |
| Internal Service Funds | 41,114,180 |
| | 397,152,826 |
| Agency Funds | |
| Hayward Successor Redevelopment Agency Operating Fund | 4,417,893 |
| Housing Authority Fund | 178,879 |
| Hayward Shoreline JPA | 12,000 |
| | 4,608,773 |
| Total City Operating Budget | 401,761,600 |
| Total CIP Budget | 115,589,655 |

PUBLIC CONTACT

The Proposed FY 2024 Operating Budget was reviewed and discussed in public meetings by Council on May 13, 2023, and May 16, 2023. The FY 2024 Operating Budget was discussed at the monthly Council Budget and Finance Committee meetings starting in January 2023 through April 2023. A public notice was published in The Daily Review on May 26 and June 2 announcing the date, time, location, and subject matter of this public hearing. A notice

advising residents about the Planning Commission's public hearing on the CIP was published in The Daily Review newspaper more than the requisite ten days in advance.

The Proposed FY 2024 Operating Budget is currently available to the public by contacting the City Clerk's Office at cityclerk@hayward-ca.gov or (510) 583-4400, and on the City's website at: <https://hayward-ca.gov/your-government/documents/budget-documents>

The FY 2024 Capital Improvement Program Budget is currently available to the public by contacting the City Clerk's Office at cityclerk@hayward-ca.gov or (510) 583-4400, and on the City's website at: <https://www.hayward-ca.gov/your-government/documents/capital-improvement-program>

NEXT STEPS

If Council adopts the FY 2024 Operating Budget and Capital Improvement Program Budget this evening, staff will take the appropriate steps to effectuate the adoption.

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Nicholas Mullins, Management Analyst II

Recommended by: Nicole Gonzales, Director of Finance

Approved by:



Kelly McAdoo, City Manager