



DATE: May 21, 2019

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

FROM: Director of Finance

SUBJECT: Public Hearing for the Proposed FY 2020 Operating Budgets for the City of Hayward, Hayward Redevelopment Successor Agency, and Hayward Housing Authority; FY 2020 Capital Improvement Program Budget; Approval of the FY 2020 Operating Budgets and Appropriations for FY 2020; Approval of the FY 2020 Capital Improvement Program Budget and Appropriations for FY 2020; Approval of the Hayward Redevelopment Successor Agency Budget, and Approval of the Hayward Housing Authority Budget

RECOMMENDATION

That the Council considers the Proposed FY 2020 Operating Budgets of the City, Redevelopment Successor Agency, Housing Authority and Capital Improvement Program (CIP) Budget; conducts a Public Hearing on each; and adopts 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 2020 Operating Budgets; and FY 2020 Capital Improvement Program Budget. Should there be no needed actions following public testimony or Council direction, Council will consider adoption of the FY 2020 Operating Budgets, and FY 2020 Capital Improvement Program Budget.

BACKGROUND

The Proposed FY 2020 Operating Budget was delivered to Council on Friday, April 12, 2019 in advance of the April 27, 2019 Saturday work session. The operating budget is comprised of different funding sources, with the General Fund representing the largest single fund for which the City Council has the most discretion. The total City expenditure budget for the Proposed FY 2020 Annual Budget as provided to Council on April 12, 2019, was \$351 million, with a General Fund budget of \$172.1 million.

Since April 12th, Council held two additional budget work sessions (April 27th and May 14th) to further discuss the proposed budget. These work sessions included presentations, Council discussions, and a time for public input on the following:

- The City's FY 2020 overall operating budget
- Department/Program budgets and operations
- Review of General Fund Expenditure Options

Following these work sessions, changes to the FY 2020 Proposed Operating and CIP Budgets are recommended as detailed in this report. This meeting has been noticed as a public hearing on the FY 2020 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 2020 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 2020 Operating or CIP budgets, the public hearing will be closed, and the FY 2020 Proposed Operating and CIP budgets will be presented for adoption on June 4, 2019.

DISCUSSION

The Proposed FY 2020 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 FY 2020 Operating Budget provided to Council on April 12, 2019 projected a use of \$0.9 million in General Fund reserves. The FY 2020 Operating Budget presented for adoption is a balanced budget. On Saturday, April 27, 2019, Council discussed the proposed FY 2020 Operating Budget at an all-day work session. Council received department presentations and a review of potential expenditure options for consideration. At the second budget work session on the FY 2020 Proposed Operating Budget on May 14, 2019, staff requested direction from Council on specific expenditure items within each option.

On April 16, 2019, the Council Infrastructure Committee (CIC) discussed the CIP process from a broad policy perspective and recommended evaluating specific measures for selecting projects and improving the process. On May 7, 2019, Council reviewed and discussed the proposed FY 2020-2029 CIP budget during a work session. On May 9, 2019, the Planning Commission held a public hearing and found the document in conformance with the General Plan.

The tables below illustrate a comparison between the proposed FY 2020 Budget presented on April 12, 2019 and the proposed FY 2020 Budget after changes in expenditure and revenue projections from the May 14, 2019 meeting were incorporated.

Table 1 – Citywide Expenditure Budget

<i>in the 1,000's</i>	FY 2019 Adopted	FY 2020 Proposed 4/12/19	FY 2020 Proposed 5/21/19	Change from 4/12/19	\$ Change from FY 2019	% Change from FY 2019
General Fund	162,790	172,147	172,103	(44)	9,313	5.7%
All Other Funds	152,473	178,866	179,664	798	27,191	17.8%
Total City Budget	315,264	351,013	351,767	754	36,503	11.6%

The significant changes for General Fund and All Other Funds from the time the proposed budget was provided to Council on April 12th include the following:

General Fund Expenses:

1. Freeze 1.0 FTE Police Officer to offset cost of proposed 1.0 FTE Records Supervisor - decrease of \$230,000 in personnel expenses.
2. Transfer-Out to Facilities Operating Fund for Prepayment of Solar Equipment Lease - increase of \$506,773 in transfer-out from the General Fund.
3. UAL correction - decrease of \$73,410 in retirement expenses.
4. MSD payroll allocation correction – decrease of \$240,363.

All Other Funds Expenses:

1. Measure C - 2.0 FTE Groundskeepers I – increase of \$234,000 in personnel expenses.
2. Facilities Fund – 1.0 FTE Senior Secretary – increase of \$119,000 in personnel expenses.
3. Prepayment of Solar Equipment Lease – increase of \$506,773 in debt payment.
4. Correction to CDBG – decrease of \$275,000 in personnel expenses.
5. Transfer-Out correction – decrease of \$100,000
6. UAL correction – increase of \$73,410 in retirement expenses.
7. MSD payroll allocation correction – increase of \$240,363.

Table 2 – Citywide Revenue Projections

<i>in the 1,000's</i>	FY 2019 Adopted	FY 2020 Proposed 4/12/19	FY 2020 Proposed 5/21/19	Change from 4/12/19	\$ Change from FY 2019	% Change from FY 2019
General Fund	159,748	171,269	172,439	1,170	12,691	7.9%
All Other Funds	153,807	156,192	155,861	(331)	2,054	1.3%
Total City Revenue	313,555	327,461	328,300	839	14,745	4.7%

The significant changes for General Fund and All Other Funds include the following:

General Fund Revenues:

1. Adjusted revenue projection for Excise Tax – increase of \$1.1 million.

All Other Funds Revenues:

1. Correction to CDBG revenue projections as a result of the consolidation of funds - decrease of \$38,448.
2. Measure D Fund – Remove duplicate revenue projection – decrease of \$400,000.
3. Worker’s Compensation Fund – entry error to transfer-in – decrease of \$400,000.
4. Transfer-In to Facilities Operating Fund for Prepayment of Solar Equipment Lease - increase of \$506,773.

Table 3 - Citywide Staffing

	FY 2019 Adopted	Option 1 FY 2020 Proposed 4/12/19	FY 2020 Proposed 5/21/19	% Change from FY 2019
General Fund	664.10	675.50	673.70	1.4%
All Other Funds	230.20	230.80	235.60	2.3%
Total City Budget	894.30	906.30	909.30	1.7%

The total number of staff is increased by 3.0 FTE over the number of staff presented to Council on April 12, 2019. During the Saturday work session, Council was presented with the potential to add 2.0 FTE Groundskeeper I in Maintenance Services in Option 3; Council supported the additional FTE to be funded by Measure C. Addition changes reflected include adjustments to staff allocations in Maintenance Services. A reallocation of positions in Maintenance Services reflects a change of 1.8 FTE from General Fund to Other Funds. A Senior Secretary (1.0 FTE) was also added in Maintenance Services to support the Facilities division.

On April 12, 2019, Council received the proposed FY 2020 Operating Budget, which summarized proposed position changes. Table 4 is the summary of proposed position changes presented on April 12, 2019, and Table 5 summarizes the positions changes included in the proposed FY 2020 Operating Budget presented this evening.

Table 4 – Proposed General Fund Staffing Changes (April 12, 2019)

Department	Position	FTE
General Fund		
Fire	Add Staff Captain	+1.0
	Delete Firefighter	-1.0
City Manager’s Office	Add Senior Secretary	+1.0
	Add Community Program Specialist	+0.5

Department	Position	FTE
	<i>Add Management Fellow</i>	+0.5
	<i>Delete Assistant to the City Manager</i>	-1.0
	<i>Change in Allocation of current FTE from other funds to GF</i>	
	<i>Add charges for Admin Clerk</i>	+0.8
	<i>Add charges for Housing Manager</i>	+0.2
Development Services	<i>Add Management Analyst</i>	+1.0
	<i>Add Jr. Landscape Architect</i>	+1.0
	<i>Delete Deputy Director of Development Services</i>	-1.0
	<i>Delete Management Fellow</i>	-0.5
Human Resources	<i>Add HR Analyst</i>	+0.5
Library	<i>Add Librarian II (Technology)</i>	+1.0
Maintenance Services	<i>Add Lead Sweeper Operator</i>	+2.0
	<i>Delete Maintenance Worker I</i>	-1.0
	<i>Change in Allocation of current FTE from other funds to GF</i>	
	<i>Add charges for Various Positions</i>	+2.4
Police	<i>Add Records Supervisor</i>	+1.0
	<i>Added during the FY 2019 Mid Year process:</i>	
	<i>Counseling Supervisor</i>	+1.0
	<i>Lead Program Assistant</i>	+2.0
	General Fund Total	+11.4
Measure C Fund		
Maintenance Services	<i>Add Groundskeeper II</i>	+1.0
	<i>Add Groundskeeper I</i>	+1.0
	Measure C Fund Total	+2.0
Special Revenue Funds	<i>Change in Allocation of current FTE from other funds to GF</i>	-1.0
	<i>Delete charges for Admin Clerk</i>	
	<i>Delete charges for Housing Manager</i>	
	Special Revenue Funds	-1.0
Paratransit Fund		
City Manager's Office	<i>Add Management Analyst II</i>	+1.0

Department	Position	FTE
	<i>Paratransit Fund Total</i>	+1.0
Enterprise Funds	<i>Add Assistant Public Works Director</i>	+1.0
	<i>Delete Senior Water Resources Engineer</i>	-1.0
	<i>Change in Allocation of current FTE from other funds to GF</i>	-2.4
	<i>Delete charges for Various Positions</i>	
	<i>Enterprise Funds Total</i>	-2.4
Airport Fund	<i>Add Airport Maintenance Worker</i>	+1.0
	<i>Delete Management Analyst II</i>	-1.0
	<i>Airport Fund Total</i>	0.0
Workers' Comp Fund	<i>Add Human Resources Analyst</i>	+0.5
	<i>Workers' Comp Fund Total</i>	+0.5
Successor Agency Fund	<i>Add Community Program Specialist</i>	+0.5
	<i>Successor Agency Fund Total</i>	+0.5
	ALL FUNDS TOTAL	12.0

Table 5 – Proposed General Fund Citywide Staffing Changes (May 21, 2019)

Department	Position	FTE
General Fund		
Fire	<i>Add Staff Captain</i>	+1.0
	<i>Delete Firefighter</i>	-1.0
City Manager's Office	<i>Add Senior Secretary</i>	+1.0
	<i>Add Community Program Specialist</i>	+0.5
	<i>Add Management Fellow</i>	+0.5
	<i>Delete Assistant to the City Manager</i>	-1.0
	<i>Change in Allocation of current FTE from other funds to GF</i>	
	<i>Add charges for Admin Clerk</i>	+0.8
	<i>Add charges for Housing Manager</i>	+0.2

Department	Position	FTE
Development Services	Add Management Analyst	+1.0
	Add Jr. Landscape Architect	+1.0
	Delete Deputy Director of Development Services	-1.0
	Delete Management Fellow	-0.5
Human Resources	Add HR Analyst	+0.5
Library	Add Librarian II (Technology)	+1.0
Maintenance Services	Add Lead Sweeper Operator	+2.0
	Delete Maintenance Worker I	-1.0
	Change in Allocation of current FTE from other funds to GF	
	Add charges for Various Positions	+0.6
Police	Add Records Supervisor	+1.0
	Added during the FY 2019 Mid Year process:	
	Counseling Supervisor	+1.0
	Lead Program Assistant	+2.0
	General Fund Total	+9.6
Measure C Fund		
Maintenance Services	Add Groundskeeper II	+1.0
	Add Groundskeeper I	+1.0
	Add Groundskeeper I	+1.0
	Add Groundskeeper I	+1.0
	Measure C Fund Total	+4.0
Special Revenue Funds	Change in Allocation of current FTE from other funds to GF	-1.0
	Delete charges for Admin Clerk	
	Delete charges for Housing Manager	
	Special Revenue Funds	-1.0
Paratransit Fund		
City Manager's Office	Add Management Analyst II	+1.0
	Paratransit Fund Total	+1.0
Enterprise Funds	Add Assistant Public Works Director	+1.0
	Delete Senior Water Resources Engineer	-1.0
		-0.6

Department	Position	FTE
	<i>Change in Allocation of current FTE from other funds to GF</i>	
	<i>Delete charges for Various Positions</i>	
	Enterprise Funds Total	-0.6
Airport Fund	Add Airport Maintenance Worker	+1.0
	Delete Management Analyst II	-1.0
	Airport Fund Total	0.0
Workers' Comp Fund	Add Human Resources Analyst	+0.5
	Workers' Comp Fund Total	+0.5
Facilities Operating Fund	Add Senior Secretary*	+1.0
	Facilities Operating Fund Total	+1.0
Successor Agency Fund	Add Community Program Specialist	+0.5
	Successor Agency Fund Total	+0.5
*this position is partial funded by the General Fund via allocation.		
	ALL FUNDS TOTAL	15.0

Capital Improvement Program (CIP) FY 2020 – FY 2029

The FY 2020 CIP appropriations total approximately \$98.1 million, and a projected total programming of \$519.7 million for the period of FY 2020 through FY 2029. Detail of the FY 2020 CIP is included as Attachment X.

Financial Policy Update

As part of the FY 2020 Operating Budget process, the One-time Revenue Use Policy has been updated based on Council direction. All changes are highlighted as shown in Attachment XIII.

FISCAL IMPACT

Table 6 below summarizes the FY 2020 Citywide Operating & CIP expenditure budgets.

Table 6 – Summary of Citywide Operating & CIP Budgets

City of Hayward Budget	FY 2020
City Funds	
General Fund	172,103,691
Measure C Fund	36,488,887
Special Revenue Funds (excluding Agency Funds)	8,634,407
Debt Service Funds (excluding Agency debt service)	9,456,297
Enterprise Funds	85,548,713
Internal Service Funds	34,737,478
	346,969,472
Agency Funds	
Hayward Successor Redevelopment Agency Operating Fund	4,553,059
Housing Authority Fund	245,264
	4,798,324
Total City Operating Budget	351,767,796
Total CIP Budget	98,053,813

PUBLIC CONTACT

The Proposed FY 2020 Operating Budget was reviewed in public meetings by City Council on April 27, 2019 and May 14, 2019. The FY 2020 Operating Budget was discussed at the monthly Council Budget and Finance Committee starting in January 2019 through April 2019. A public notice was published in The Daily Review on May 10 and May 17, 2019 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 FY 2020 Proposed Operating Budget is currently available for public review in the City Clerk's Office at City Hall, at the Main Library and the Weekes Library Branch, and on the City's website at: https://www.hayward-ca.gov/sites/default/files/FY%202020%20Proposed%20Operating%20Budget%20Book%20City%20of%20Hayward%20CA_0.pdf

A schedule of the FY 2020 Proposed Operating Budget work sessions is available for public information on the City's website at: <https://www.hayward-ca.gov/services/city-services/review-city-budget-and-finance-reports>

The FY 2020 Capital Improvement Program Budget is currently available for public review in the City Clerk's Office at City Hall and on the City's website at: https://www.hayward-ca.gov/sites/default/files/documents/Recommended%20FY%202020%20-%20FY%202029%20CIP%20Budget_0.pdf

NEXT STEPS

If Council adopts the FY 2020 Operating Budget and Capital Improvement Program (CIP) Budget this evening, staff will take the appropriate steps to effectuate the adoption.

Prepared by: Nicole Gonzales, Budget Officer
Dustin Claussen, Director of Finance

Recommended by: Dustin Claussen, Director of Finance

Approved by:



Kelly McAadoo, City Manager