



CITY OF HAYWARD

Hayward City Hall
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Cover Memo

File #: RPT 16-077, **Version:** 1

DATE: July 6, 2016

TO: Council Budget and Finance Committee

FROM: Acting Director of Finance

SUBJECT

Measure C (District Sales Tax) Annual Report FY 2016

RECOMMENDATION

That the Committee reviews and provides feedback on the City's Measure C (District Sales Tax) FY 2016 annual report.

BACKGROUND

On June 3, 2014, the voters of the City of Hayward passed Measure C to create a District Sales Tax and increase the City's Sales and Use Tax by half a percent for twenty years. This "half-cent" increase ultimately brought the City's Sales and Use Tax rate to 10.0%. Based on actual revenues received to date, staff estimates that the District Sales Tax will initially generate approximately \$13 million annually in locally controlled revenue that can be allocated by the City Council and will remain in place until October 1, 2034.

This District Sales Tax is a general tax and is considered discretionary in nature; however these funds are intended for use in capital projects including construction of the City's new 21st Century Library and Community Learning Center, completion of fire station retrofits and improvements, rehabilitation and expansion of the existing fire training center, as well as extensive street improvements. The City intends to allocate revenues not used for capital projects to fund additional police and maintenance services within the City.

On September 30, 2015, the City issued Certificates of Participation (COPs) for \$67.5 million to fund the above mentioned capital projects. Debt Service for the COPs is secured by and will be paid using District Sales Tax revenue. Annual debt service payments for the COPs range from \$2.9 to \$5.4 million annually for twenty years.

DISCUSSION

The table below shows revenue and expenditure activity related to the District Sales Tax for FY 2015 and FY 2016.

	FY 2015 Actual	FY 2016 Projected
Revenues		
Measure C District Sales Tax	8,090,470	13,000,000
Other Revenues (Interest)	-	33,708
Total Revenues	8,090,470	13,033,708
Expenditures		
Capital		
Library/Learning Center	-	6,772,791
Other Capital Projects	-	1,054,769
Operating		
Personnel	205,969	873,869
Other Operating	-	410,863
Total Expenditures	205,969	9,112,291
Annual Surplus/Shortfall	7,884,501	3,921,417
Proceeds from Issuance of COPs*	-	65,789,791
Ending Fund Balance	7,884,501	77,595,711

*The difference between the \$67.5 million in COPs issued and the \$65 million shown relate to the costs of issuance for the COPs

FY 2016 District Tax related capital expenditures totaled \$7.8 million, including design and construction of the City's 21st Century Library and Community Learning Center (\$6.8 million), design of improvements for Fire Station Nos. 1 - 6 (\$674, 227) and city-wide street infrastructure improvement projects (\$380,542). The significant ending fund balance in FY 2016 will be mostly expended over the next two fiscal years as the library and fire station improvements are completed.

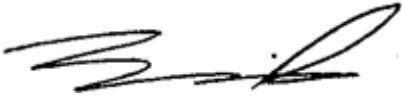
Projected FY 2016 Measure C personnel expenditures of \$873,869 were for the Maintenance Services Department (\$515,603) and Police Department (\$358,266). All five Measure C Maintenance positions have been filled. The Police Department continues to work to fill the vacant positions authorized by Measure C. Other operating expenditures include utilities, supplies and services, internal staff charges, equipping dispatch stations for new call taker positions and two Maintenance Services Department vehicles.

NEXT STEPS

Finance Department staff will continue to work with the other relevant departmental staff to monitor the progress of designated capital projects and operating expenses and provide periodic reporting on activities to the Committee and City Council.

Prepared and Recommended by: Dustin Claussen, Acting Director of Finance

Approved by:

A handwritten signature in black ink, appearing to read 'Fran David', with a stylized flourish at the end.

Fran David, City Manager