



CITY OF HAYWARD

Hayward City Hall
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Cover Memo

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DATE: February 23, 2021

TO: Mayor and City Council

FROM: Director of Finance

SUBJECT

FY 2021 Mid-Year Budget: Adopt Resolutions Approving FY 2021 Mid-Year Budget Review and General Fund Long Range Financial Model Update

RECOMMENDATION

That the City Council: 1) Reviews the FY 2021 Mid-Year budget; 2) Adopts a resolution providing amendments to the previously adopted City of Hayward FY 2021 Operating Budget (Attachment II); and 3) Adopts a resolution providing amendments to the previously adopted City of Hayward FY 2021 Capital Improvement Program Budget (Attachment III).

SUMMARY

This report presents the mid-year review of the FY 2021 Adopted Budget, and an update to the General Fund Long Range Financial Model (model) presenting proposed changes and projected year-end results based on current trends and data. While staff considers the entire City budget in its mid-year review, this report focuses primarily on the General Fund.

Proposed FY 2021 mid-year expenditures net a total increase of \$4.5 million in General Fund expenses. Of this amount, \$4.6 million is related to previously authorized and approved appropriations, and proposed FY 2021 mid-year expenditure adjustments totaling a net decrease of \$71,500. The proposed FY 2021 mid-year expenditures are largely one-time in nature. Table 1 and Table 2 below detail the key changes in General Fund expenditures related to previous Council authorized and approved appropriations, and proposed new FY 2021 mid-year requests:

Table 1: Previous Council Authorized and Approved Appropriations

Previous Council Approved Appropriation	FY 2021 Impact (\$)
CARES Act COVID-19 Relief Appropriation	\$1,979,340
Additional Emergency Funding for COVID-19 Response	\$1,000,000
La Familia Staffing Services for COVID-19 Testing Site	\$749,990
RB Environmental Demolition and Hazmat Removal	\$690,000
Appropriation of Donations to Purchase Navigation Center Trailer	\$86,950
Equity Trainings/Services	\$62,500
Hayward Literacy Council Reimbursement	\$15,800
Previous Council Approved Appropriations Subtotal	\$4,584,630

Table 2: Proposed New FY 2021 Mid-Year Requests

Mid-Year Request (NEW)	FY 2021 Impact (\$)
No Mid-Year Personnel Requests	\$0
Personnel Expenses	\$0
Dixon St Fire Emergency Shelter Assistance (City Manager's Office)	\$20,000
Community Service Grants - Contingency Funds returned to Fund Balance (City Manager's Office)	(\$1,000,000)
Consultant Services (Development Services)	\$450,000
Contract Services for Revenue Recovery Services (Finance)	\$25,000
Costs for Payment Kiosk (Finance)	\$12,500
Contract Legal Services (Human Resources)	\$229,000
Contract Services - Job Classification Audit (Human Resources)	\$12,000
Consultant Services for Employee Relations (Human Resources)	\$50,000
Contract Services for COVID-19 Contact Tracing (Human Resources)	\$50,000
Rapid Turnaround DNA Program per SB 22 (Police)	\$60,000
Correction: restore operating budget inadvertently included in program reduction (PW)	\$60,000
Transfer-Out: Correction program reduction should be a decrease in transfer-out to CIP	(\$60,000)
Transfer-Out: To Facilities Capital Fund - Secure City Center Parking Garage	\$20,000
Non-Personnel Expenses	(\$71,500)
Mid-Year Requests (NEW) Subtotal	(\$71,500)
TOTAL GENERAL FUND EXPENSES	\$4,513,130

General Fund revenues are expected to exceed the originally projected FY 2021 amount by \$6.5 million. Changes in revenue projections are detailed in Table 3 of the report. Key changes in the General Fund revenues are as follows:

Table 3: General Fund Revenues

GENERAL FUND REVENUE ADJUSTMENTS	FY 2021 IMPACT (\$)
Intergovernmental Revenue for CARES Act	\$1,979,38
Intergovernmental Revenue for Alameda County Reimbursement	\$1,500,00
Projected increase in Sales Tax above budgeted amount	\$2,000,00
Projected increase in Property Tax above budgeted amount	\$1,500,00
Projected increase in Real Property Transfer Tax above budgeted amount	\$1,000,00
Projected increase in Cannabis Tax above budgeted amount	\$400,00
Projected decrease in Utility Users' Tax below budgeted amount	(\$1,000,00)
Projected decrease in Transient Occupancy Tax below budgeted amount	(\$800,00)
Projected decrease in Library Fines below budgeted amount	(\$30,00)
TOTAL GENERAL FUND REVENUES	\$6,549,38

If mid-year requests are approved as proposed, the FY 2021 Revised Budget would result in a projected shortfall, requiring the use of \$1.2 million in General Fund Reserves for FY 2021. While FY 2021 is projected to end of the year using \$1.2 million in General Fund Reserves, this is an improvement over what was projected at the time of adoption, which forecasted a use of \$3.3 million in General Fund Reserves.

This report provides an overall update to the City's General Fund long-term outlooks.

ATTACHMENTS

Attachment I	Staff Report
Attachment II	Resolution Operating Budget
Attachment IIA	Resolution Exhibits A and B
Attachment III	Resolution Capital Budget
Attachment IIIA	Resolution Exhibits A and B
Attachment IV	Adjustments Summary
Attachment V	General Fund Long Range Financial Model Update
Attachment VI	Measure C 20-Year Forecast Update