



CITY OF HAYWARD

Hayward City Hall
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Cover Memo

File #: LB 22-007, **Version:** 1

DATE: February 22, 2022

TO: Mayor and City Council

FROM: Director of Finance

SUBJECT

FY 2022 Mid-Year Budget: Adopt a Resolution Approving the FY 2022 Mid-Year Budget Update and Receiving the General Fund Long Range Financial Model Update

RECOMMENDATION

That the Council 1) reviews the FY 2022 Mid-Year budget and updated General Fund Long Range Financial Model Update; 2) adopts a resolution providing amendments to the previously adopted City of Hayward FY 2022 Operating Budget (Attachment II); and 3) adopts a resolution providing amendments to the previously adopted City of Hayward FY 2022 Capital Improvement Program Budget (Attachment III).

SUMMARY

This report presents the mid-year review of the FY 2022 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 2022 mid-year expenditures net a total increase of \$2.8 million in General Fund expenses. Of this amount, \$1.5 million is related to previously authorized and approved appropriations, and proposed FY 2022 mid-year expenditure adjustments totaling a net increase of \$1.3 million. The proposed FY 2022 mid-year expenditures are all 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 2022 mid-year requests:

Table 1: Previous Council Authorized and Approved Appropriations

Previous Council Approved Appropriation	FY 2022 Impact (\$)
Employee Contract Terms - HAME, Local 21, SEIU	\$1,008,998
STEP Grant Appropriations	\$405,000
Transfer-Out to General Fund CIP Fund for General Plan Update	\$125,561
Hayward Literacy Council Reimbursement	\$14,285
Previous Council Approved Appropriations Subtotal	\$1,553,844

Table 2: Proposed New FY 2022 Mid-Year Requests

Mid-Year Request (NEW)	FY 2022 Impact (\$)
No Mid-Year Personnel Requests	\$0
Personnel Expenses	\$0
Navigation Center appropriation reduction due to ARPA funding	(\$1,000,000)
Temp Staff needs due to HR Vacancies and Citywide Recruitment needs	\$82,000
Adjustment to reflect actual cost of executive and hard-to-fill recruitments	\$80,000
Implementation of HR Department Organizational Study	\$75,000
Contract Services for unanticipated Job Audits and Compensation Studies	\$45,000
Contract Legal Services for Employee Relations	\$30,000
Contract Consulting Services for Employee Relations	\$20,000
Miscellaneous Services for Employee Relations	\$10,000
Contract Legal Services for ADA and complex issue guidance	\$10,000
Matt Jimenez Center operational expenses no longer covered by HARD	\$50,000
Transfer-Out: Facilities Capital Fund - Parking Structure/HPD Repairs/Fire Admin Office	\$696,762
Transfer-Out: Fleet Management - Replace Damaged Fire Truck Ladder	\$650,000
Transfer-Out: Facilities Management - Additional Sanitation and Security Hours	\$424,863
Transfer-Out: IT Capital Fund - Technology Fees for EnerGov Implementation	\$91,598
Non-Personnel Expenses	\$1,265,223
Mid-Year Requests (NEW) Subtotal	\$1,265,223
TOTAL GENERAL FUND EXPENSES	\$2,819,067

General Fund revenues are expected to exceed the originally projected FY 2022 amount by \$4.6 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 2022 IMPACT (\$)
Projected increase in Sales Tax above budgeted amount	\$1,000,000
Projected increase in Property Tax above budgeted amount	\$836,580
Projected increase in Real Property Transfer Tax above budgeted amount	\$2,500,000
Projected increase in Cannabis Tax above budgeted amount	\$267,746
Projected increase in In-House Parking Collection above budgeted amount	\$30,000
TOTAL GENERAL FUND REVENUES	\$4,634,326

If mid-year requests are approved as proposed, the FY 2022 Revised Budget would result in a projected shortfall, requiring the use of \$4.3 million in General Fund Reserves for FY 2022. While FY 2022 is projected to end of the year using \$4.3 million in General Fund Reserves, this is an improvement over

what was projected at the time of adoption, which forecasted a use of \$6.2 million in General Fund Reserves.

This report also provides an overall update to the City's General Fund long-term outlooks. The Council Budget and Finance Committee reviewed this report on February 16, 2022 and recommended City Council approval.

ATTACHMENTS

Attachment I	Staff Report
Attachment II	Resolution FY 2022 Operating Budget
Attachment IIA	Exhibits A & B
Attachment III	Resolution FY 2022 Capital Improvement Program Budget
Attachment IIIA	Exhibits A & B
Attachment IV	FY 2022 Mid-Year Operating Budget Adjustments Summary by Department
Attachment V	General Fund Long Range Financial Model FY 2022 Mid-Year Update
Attachment VI	Measure C 20-Year Financial Forecast Update