



CITY OF HAYWARD

Hayward City Hall
777 B Street
Hayward, CA 94541
www.Hayward-CA.gov

Cover Memo

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DATE: March 6, 2024

TO: Council Budget and Finance Committee

FROM: Director of Finance

SUBJECT

FY 2024 Mid-Year Budget Review and Five-Year General Fund Financial Model Update

RECOMMENDATION

That the Council Budget and Finance Committee reviews and provides comments on the FY 2024 Mid-Year Budget Review and Five-Year General Fund Financial Model Update.

SUMMARY

This report presents the mid-year review of the FY 2024 Adopted Budget, and an update to the Five-Year General Fund 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 2024 mid-year expenditures net a total increase of \$17.9 million in General Fund expenses. Of this amount, \$14.9 million is related to previously authorized and approved appropriations, and proposed FY 2024 mid-year expenditure adjustments totaling a net increase of \$1.99 million, and \$1.0 million for the previously approved commitment to the Employee Home Loan Pilot Program. **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 2024 mid-year requests:

TABLE 1: PREVIOUS COUNCIL AUTHORIZED AND APPROVED GENERAL FUND APPROPRIATIONS

Previous Council Approved Appropriation	FY 2024 Impact (\$)
Employee Contract Terms – Local 1909, HPMU, and City Council	\$1,688,651
Replenish stolen and damaged emergency shelter equipment	\$12,057
New Image Landscape for Downtown Hayward Maintenance	\$116,402
Annual contingency for Hayward Median Maintenance with Brightview Landscape	\$30,000
STEP Grant Appropriations	\$265,000
Appropriate grant funding for Officer Wellness and Mental Health	\$113,737
Appropriate grant funding for the Hayward Animal Shelter	\$8,000
Hayward Literacy Council Reimbursement	\$10,750
Transfer-Out: Loan to Economic Development Corporation for the Purchase Cinema Place	\$8,600,000
Previously Approved FY 2023 Budget Carryforwards	\$4,073,282
Previous Council Approved Appropriations Subtotal	\$14,917,879

TABLE 2: PROPOSED NEW FY 2024 GENERAL FUND MID-YEAR REQUESTS

Mid-Year Request (NEW)	FY 2024 Impact (\$)
No Mid-Year Personnel Requests	\$0
Personnel Expenses	\$0
Unanticipated services and software expenses	\$183,500
Expenses related to the US Conference of Mayor's	\$20,000
Expenses related to the Alameda County Mayor's Dinner	\$8,000
Reallocation of ISF charges from Special Revenue to the General Fund	\$26,482
Additional consulting services inspection fees and plan check for services	\$500,000
Expenses to support Downtown Special Events	\$40,000
Downtown Hayward Improvement Association (DHIA) Assessment increase	\$5,581
Transfer-Out: General Fund Capital - Replace freezer necessary for animal control operations	\$11,000
Transfer-Out: Information Technology Fund - Previously collected technology fee revenue	\$166,544
Transfer-Out: Fleet Management Fund – Fuel costs and deferred repairs and maintenance	\$436,244
Transfer-Out: General Liability Fund – Increase in insurance premium	\$296,958
Transfer Out: Facilities Management Fund – Security Services and PGE costs for the FS6 Training Center	\$296,243
Non-Personnel Expenses	\$1,990,552
Mid-Year Requests (NEW) Subtotal	\$1,990,552
Appropriate funds for previously approved Employee Home Loan Pilot Program	\$1,000,000
Mid-Year Requested Appropriation Total	\$2,990,552
TOTAL GENERAL FUND EXPENSES	\$17,908,432

General Fund revenues are expected to exceed the originally projected FY 2024 amount by \$10.1 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 2024 IMPACT (\$)
Projected increase in Property Tax above budgeted amount	\$2,200,000
Projected increase in Utility User Tax above budgeted amount	\$3,000,000
Reimbursement from over allocation to Workers' Compensation Fund	\$4,497,701
Previously approved revenue increases via grant funding	\$436,026
TOTAL GENERAL FUND REVENUES	\$10,134,183

The total change to the FY 2024 Adopted Budget is an increase of \$17.9 million. Of that amount, \$8.3 million is related to operational expenses, with \$9.6 million in appropriations related to authorized loans to Hayward Economic Development Corporation (\$8.6 million), and loans for the Employee Home Loan Pilot Program (\$1.0 million).

If mid-year requests are approved as proposed, in addition to the previously approved appropriations, the FY 2024 Revised Budget would result in \$12.9 million projected use General Fund Reserves for FY 2024.

This report provides an overall update to the City's Five-Year General Fund outlook.

ATTACHMENTS

Attachment I	Staff Report
Attachment II	General Fund Long Range Financial Model Update