



CITY COUNCIL MEETING

777 B Street, Hayward, CA 94541

Council Chambers

<https://hayward.zoom.us/j/83944124968?pwd=Bz4Fmq2WJkbyVa8CK1W5J8UyEVYFdv.1>

Tuesday, January 6, 2026, 7:00 p.m.

The City Council meeting was called to order by Mayor Salinas at 7:12 p.m. in the Council Chambers.

Pledge of Allegiance: Mayor Salinas

ROLL CALL

Present: COUNCIL MEMBERS Andrews, Bonilla Jr., Goldstein, Roche, Syrop, Zermeño
MAYOR Salinas

Absent: NONE

CLOSED SESSION ANNOUNCEMENT

The City Council convened in closed session on January 6, 2026, at 6:00 p.m., with all members present and two public speakers (Nora Huntley and Amber Bell), regarding two items: 1) conference with labor negotiators pursuant to Government Code section 54957.6, regarding all labor groups; and 2) conference with legal counsel pursuant to Government Code section 54956.9 (d)(1), regarding Ghali et al v. City of Hayward, US District Court – Northern District of California Case 3:25-cv-01116. City Attorney Lawson reported the City Council met and discussed Item 1 but took no reportable action; and did not discuss Item 2.

PUBLIC COMMENTS

Donna T expressed disappointment over the City Council's approval of a new cannabis dispensary in a predominantly black and brown neighborhood, warning it could repeat historical patterns of harm seen with liquor store oversaturation; and disapproved the redirection of Measure C funds, originally intended to support first responders.

Sajit Khatri, representing Best Western Hotels, opposed the repeated increases in hotel occupancy tax, stating it burdens an already struggling hospitality industry facing declining occupancy, increased costs, and reduced revenue; and urged the City Council to delay the tax hike, emphasizing that higher rates could further reduce business and City tax income.

Theresa with Hayward Concerned Citizens thanked City Manager Ott for her fiscal leadership during necessary layoffs and supported capping overtime for Fire department apparatus operators; and questioned the viability of relying on cannabis tax revenue, noting that only 65% of projected revenue had been realized.

CITY MANAGER'S COMMENTS

City Manager Ott announced the official kickoff of Hayward Restaurant Month on New Year's Day 2026, marking its third annual celebration, with over 20 local restaurants having already

joined the program, which aims to support local eateries during the slower post-holiday season.

WORK SESSION

1. Work Session to Receive a Budget Update and Provide Feedback on the Proposed Format and Content of the City Council Budget Retreat in February 2026 **(Staff Report from City Manager Ott)**

Staff report submitted by Finance Director Hilbrants, dated January 6, 2026, was filed.

City Manager Ott announced the item and introduced Finance Director Hilbrants who provided an update on efforts to balance the budget, detailing a combination of Measure C transfers, one-time transfers, anticipated one-time revenues, department reductions in services and supplies, Other Post-Employment Benefits (OPEB) trust access, and approximately \$8.3 million in personnel-related savings, while noting the budget remains tight with limited contingency; and previewed the February 28, 2026, City Council work session, including a financial status report, five-year projection, review of budget-to-actuals, long-term forecast, potential revenue enhancements, expenditure strategies, and draft budget policies aimed at strengthening fiscal sustainability and accountability.

Mayor Salinas opened the public comment section at 7:33 p.m.

Emily Wallace, International Federation of Professional and Technical (IFPTE) Local 21 representative, urged the City Council to protect public services and avoid layoffs by accounting for the advanced payment in cannabis tax revenue, incorporating vacancy savings, using a portion of remaining Measure C funding, adjusting sales tax projections; and advocated for modernizing the business license tax and selling unused City properties to generate revenue without cutting jobs and essential services.

Daniel Arnold, partner of a soon-to-be laid-off City employee, criticized the City Council for lacking transparency and accountability, claiming layoffs were pre-planned despite public claims of negotiations; and urged them to take responsibility for the City's financial decisions.

TJ with Hayward Concerned Citizens raised concerns about the sudden introduction of a business license tax ballot measure, questioning its cost, transparency, and the need for consultants; expressed skepticism about taxing legitimate businesses while street vendors remain untaxed; and highlighted a lack of community engagement.

Suzanne Luther with Hayward Concerned Citizens opposed the proposed business tax unless it also applies to street vendors; and encouraged the public to spread awareness about the tax proposal, especially among local business owners.

Mayor Salinas closed the public comment section at 7:42 p.m.



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Council Member Andrews offered short-term and long-term strategies to restore fiscal sustainability: review of contributions to overfunded accounts such as Workers' Compensation Fund and Internal Service Fund; assess salary reductions to match public safety and pause non-essential Capital Improvement Program (CIP) projects until reserves reach 20%; have the Council Economic Development Committee review the list of vacant properties with the goal of selling or activating them, and track the permitting process for business that generate revenue; review Measure W Fund; have the Council Public Safety Committee and Council Infrastructure and Airport Committee review calls for service and cost sharing; review 10-year projections; have the Council Budget and Finance Committee review the General Fund and Enterprise Fund on a monthly basis, review City investments, and factors contributing to the deficit; review efforts by the Downtown Hayward Improvement Association to drive economic development and community engagement; explore what would involve expediting same-day permits and same-day inspections; review business tax license revenue; explore partnerships with Hayward Area Recreation and Park District (HARD) and the Hayward Chamber of Commerce to align economic strategies with major events such as the Super Bowl and World Cup; and review economic development trends.

Council Member Syrop offered the following suggestions: support for enhanced collaboration with HARD to reduce event costs; support exploring revenue sources such as a modernized business license tax; review of zoning regulations to help street vendors transition into formal businesses, and to help enforce short-term rentals such as Airbnbs; explore fiscal literacy and labor negotiation trainings for member of the City Council; review sale tax projections to understand data; provide data and clear visuals identifying the factors contributing to the growing deficit; and revisit vacant business ordinances or pursue a commercial vacancy tax such as the one in Berkeley.

Council Member Zermeño offered the following suggestions: review how other cities have responded to budget deficits and outline what can be learned from their strategies; review the Master Fee Schedule for any potential amendments; review the business license tax; review accelerating permit processes for new businesses; review enforcing licensing for street vendors, and revitalizing Hayward's economy through campaigns such as "Shop Hayward First;" review tightening oversight on absentee property owners in downtown; and emphasized the need for consistency, transparency, and trust to rebuild faith with the public.

Council Member Bonilla Jr. offered the following suggestions: focus on long-term structural changes and review revenue-generating opportunities through established criteria including guidelines around preserving core services, managing risk responsibly, and incorporating additional short-term changes using all available data sources. Council Member Bonilla Jr. recommended to explore the following during the budget work session: understand the staffing philosophy across the City including hire freeze, reassigning work internally, identifying efficiencies to minimize community impact, and requiring a quarterly review of

frozen positions to determine essential positions and job automation; review all active contracts over a preset threshold and set renegotiation goals with potential savings; review and dispose of City properties including the movie theater; defer expenses with low risk; consider a risk-informed framework for financial decisions; evaluate forced ranking of City services; prioritize staffing and investment that protect or increase revenue; audit the Master Fee Schedule to ensure recovery of costs for services; explore feasibility of a progressive business license tax increase; explore the feasibility of a first responder fees such as San Jose's First Responder Fee Program; explore the feasibility of a Mello-Roos (Community Facilities District) tax; and review ideas from labor groups.

Council Member Goldstein emphasized avoiding future fiscal crises by supporting necessary policy changes; urged early labor engagement in solutions; supported a progressive business tax; favored reviewing zoning changes to encourage home-based businesses and partner with the business community to promote Hayward's hotels and events; supported exploring the feasibility of a Mello-Roos (Community Facilities District) tax and measures such as medical response fees; and favored technology investments that improve service without cutting jobs.

Council Member Roche called for full transparency and rebuilding trust by clearly explaining how the City reached its financial situation; and requested a review of previous missteps, a more transparent discussion of the potential business tax revenue, better clarity on overtime management, and steps to avoid declaring a fiscal emergency.

Mayor Salinas expressed agreement with the plan for the February budget work session, noting that his priority is identifying structural and ongoing fiscal strategies to preserve City services and staff; defended the City Council's record on transparency and accountability, emphasizing the importance of public trust; reiterated past commitments fulfilled under Measures A, C, and K1; and reaffirmed the City Council's intent to protect both services and employees, while pursuing responsible revenue-generating strategies.

COUNCIL REPORTS AND ANNOUNCEMENTS

There were none.

COUNCIL REFERRALS

There were none.

ADJOURNMENT

Mayor Salinas adjourned the City Council meeting at 8:58 p.m.



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APPROVED

Mark Salinas
Mayor, City of Hayward

ATTEST:

Miriam Lens
City Clerk, City of Hayward