

DATE: March 17, 2015
TO: Mayor and City Council
FROM: Director of Finance
SUBJECT: FY 2015 Mid-Year Budget Review & General Fund Ten-Year Plan Update

RECOMMENDATION

That the Council reviews the FY 2015 Mid-Year Budget Review and General Fund Ten-Year Plan Update, and adopts the attached resolution approving the amendment to the City of Hayward Operating and Capital Improvement Budgets for Fiscal Year 2015.

SUMMARY

This is the mid-year update to the FY 2015 Adopted Budget and an update to the General Fund Ten-Year Plan. This review considers revenues and expenditures through the midpoint of the 2015 fiscal year (December 31, 2014), makes recommended changes, and projects 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, providing an overview of FY 2015 General Fund revenues, expenditures, and fund balance projected through the remainder of the fiscal year.

The analysis includes adjustments to several General Fund revenue categories resulting in an increase to revenues of about \$3.58 million (of which, \$939,000 is considered one-time). Mid-year expenditure adjustments total \$6.58 million in the General Fund – some of which is offset by corresponding revenues. Overall, FY 2015 General Fund expenditures for operations are tracking fairly close to budget. However, the report does recommend a number of adjustments to the Adopted Budget based on current spending and revenue trends and planned use of available fund balance for Council priority projects. In addition, the mid-year report recommends establishing a separate General Fund Measure C Fund to discreetly track related revenues and costs, and for FY 2015 appropriates \$5 million in revenues and \$586,033 in expenditures. Adjustments to all other funds total \$9.47 million – and again are largely related to the appropriation of grants and contractual carry forwards from FY 2014.

As part of these adjustments, a total of twenty-eight FTE new positions are added to the budget: three funded by the General Fund, twenty funded by Measure C, five funded by other revenue funds.

BACKGROUND

When City Council adopted the FY 2015 Budget in June 2014, the General Fund projected a deficit of \$5.06 million, with a use of the General Fund Reserve of the same amount to balance

the budget. The City has worked hard to narrow the General Fund deficit and has reduced the gap from almost \$30 million in previous fiscal years – in large part from employee wage concessions and benefit cost-sharing, supported by other cost-containment measures.

The City utilizes long-term financial planning to help navigate its fiscal challenges. Critical tools such as the General Fund Ten-Year Plan (and multi-year plans for other revenue funds) provide the framework for sound fiscal planning and decision-making. The General Fund Ten-Year Plan update refines the forecast as adopted by City Council on June 22, 2014 as part of the FY 2015 Annual Budget. The Plan confirms a structural deficit largely due to increased employee services costs, and deferred capital and maintenance needs (fleet, facilities, public safety and technology). The Plan is updated to reflect FY 2014 actuals¹, current benefit rates (inclusive of significant recent CalPERS rate hikes), revised revenue projections, and FY 2015 mid-year revenue and expenditure adjustments.

DISCUSSION

The economic news is certainly improving and the City of Hayward is seeing the positive impacts. The City's two largest sources of General Fund revenue, Property Tax and Sales Tax, are rebounding to pre-recession levels in terms of gross revenue. Unfortunately, as the City begins to see its revenues recover from the 2008 Great Recession, it continues to struggle with a long-term structural deficit that is driven by the growing costs of employee benefits, resource needs, and deferred capital needs.

While it is sometimes appropriate to use the General Fund Reserve (or one-time balancing measures), doing so simply continues the structural gap the City faces. The key changes for FY 2015 and influences on the General Fund Ten-Year Plan projections are discussed below.

General Fund Revenues and Variance Analyses

Overall, FY 2015 General Fund revenues are projected to be \$3.58 million (2.8%)² higher than originally projected. Approximately \$939,000 is considered one-time in nature (\$689,000 in grants, and \$250,000 in plan check fees). The remaining recurring new projections will influence the General Fund Ten-Year plan forecast.

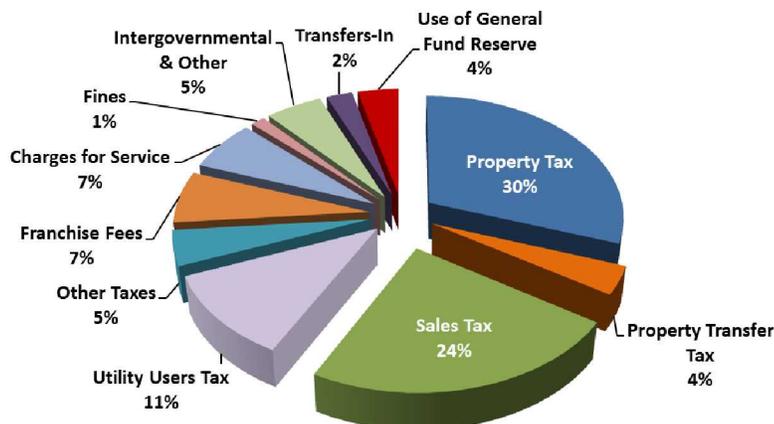
Table 1 and the following analysis highlights key revenue variances as they pertain to FY 2015 mid-year projections and the resultant impact on future year projections as included in the General Fund Ten-Year Plan. These are projections based on year-to-date data, and will be closely monitored for the remainder of the fiscal year.

¹ FY 2014 General Fund actual results differ from the preliminary results provided to City Council on December 16, 2014. Initially, preliminary results indicated a General Fund gap of \$143,000. As reflected in Attachment III, audited results indicate an FY 2014 year-end gap of \$633,000. In addition, FY 2014 includes a fund balance reduction of \$2.2 million due to the "claw-back" of prior loan repayment funds paid to the General Fund by RDA Successor Agency pursuant to the directive of the State Department of Finance.

² Industry standards establish a performance goal for annual projections of 3% - 5%; and the City of Hayward has an internal policy of staying close to a maximum 3% variance. If the \$939,000 one-time revenue is not counted, this represents a 2.1% variance from originally projected revenue in FY 2015, well within both industry and organizational standards.

Chart 1 reflects the components of the \$128.24 million in General Fund resources originally budgeted for FY 2015. This total excludes the assumed use of \$5.06 million of the General Fund Reserve – as reflected in the red pie slice in Chart 1.

Chart 1 – FY 2015 Adopted Resources (\$128.24 million, plus \$5.06 million use of Reserve)



Representing fifty-four percent of the total General Fund revenues, property and sales taxes are the two major revenues that influence the City’s budget and have been significantly affected by the economic recession over the past four years. Fortunately, both are seeing improvements due to the rebounding of the economy. However, even with the rebound to 2008 levels, in 2008 constant dollars, these revenues represent no growth. Expenditures have continued to grow each year and have far outpaced revenues.

Table 1 – FY 2014 General Fund Revenue Variance Summary

		A	B	C	D	E
		FY 2014	FY 2015	FY 2015	Change \$	Change %
		Actual	Adopted	Projected	(C-B)	(C/B-1)
<i>(in the 1,000's)</i>						
Revenue						
1	Property Tax - recurring	36,898	39,784	39,830	46	0.1%
2	RPTTF Pass-Thru & Annual	730	730	1,000	270	37.0%
3	Property Tax - one-time	1,343	0	0	0	0.0%
4	Property Tax Total	38,971	40,514	40,830	316	0.8%
5	Sales Tax	31,019	31,421	31,719	298	0.9%
6	UUT	15,762	15,000	15,750	750	5.0%
7	Franchise Fees	9,765	9,120	9,120	0	0.0%
8	Property Transfer Tax	4,879	5,000	5,269	269	5.4%
9	Business License Tax	2,602	2,652	2,652	0	0.0%
10	Transient Occupancy Tax	1,918	1,734	1,957	223	12.8%
11	Emergency Facilities Tax	1,694	1,820	1,820	0	0.0%
12	Charges for Services	10,466	8,922	9,381	459	5.1%
13	Other Revenue	690	166	206	40	24.0%
14	Intergovernmental	6,771	6,577	7,266	689	10.5%
15	Fines and Forfeitures	2,227	1,801	2,336	535	29.7%
16	Interest and Rents	563	293	293	0	0.0%
17	Total Revenue	127,327	125,020	128,599	3,579	2.9%
18	Transfers in	3,390	3,221	3,221	0	0.0%
19	Total Revenue/Resources	130,717	128,241	131,820	3,579	2.8%

Property Tax + \$316,000 – Primary mid-year adjustments are related to disbursements from the Redevelopment Property Tax Trust Fund (RPTTF) – with an overall recommended increase of \$316,000 (.8%). Recurring basic property tax revenues are adjusted minimally (\$46,000) over the originally adopted projections; however, the FY 2015 projected recurring secured/unsecured Property Tax revenues reflect 9% growth over FY 2014 revenues.

Redevelopment Property Tax Trust Fund (RPTTF) – former RDA distribution (+\$270,000).

The RPTTF represents reallocated property tax increment previously allocated to the former Hayward Redevelopment Agency. With the dissolution of the agency, tax increment funds are now redistributed to all taxing entities in the County, including the City of Hayward. As the RDA dissolution process continues, the RPTTF distributions should stabilize after FY 2015, as many of the one-time dissolution adjustments will conclude (e.g. audits, property disposition, asset transfers, etc.).

Anticipated annual, recurring RPTTF funds (annual pass-through and redistribution funds) are increased by \$270,000 to \$1 million for FY 2015 and future years. Of this total amount, \$650,000 is for General Fund operations (including funding the Economic Development program staffing as contained in the General Fund) and \$350,000 is dedicated to economic development efforts. The allocation of these funds for Economic Development is pursuant to City Council policy and consistent with the Economic Development Strategic Plan as adopted by City Council. Staff is recommending that City Council authorize a separate Economic Development Fund to capture these recurring RPTTF and any related one-time revenues. The Ten-Year Plan identifies an annual expenditure allocation of \$350,000 to this fund.

Sales Tax + \$298,000 – While Sales Tax revenues have rebounded from pre-recession lows, this revenue category is experiencing slow growth. When adjusted for inflation, sales tax revenues are not keeping pace. There are many reasons for this, but the impact is such that sales tax is actually declining when viewed on a per capita basis. At a time that we are experiencing higher costs in municipal government and a higher demand for services from our community, we are actually collecting less sales tax per person than in the early years of the tax.

- ❑ When the Sales Tax was established in 1933, there were four exemptions identified in the enabling legislations – today there are over eighteen pages of exemptions in the California Tax Code.
- ❑ As an economy, we have shifted from a maker of goods to a service provider. The Sales Tax law remains based on goods and rarely, if ever, taxes services.
- ❑ On-line shopping is exploding and grows exponentially annually, yet laws and regulations remain far behind leaving most on-line purchases untaxed; or if they are taxed, the tax is applied, collected, and distributed where the goods are sold and not where they are delivered.

FY 2015 mid-year adjustments are related to adjustments to the Triple Flip component of the tax and the Public Safety Sales Tax of \$298,000 (.9%). The Triple Flip ends in FY 2015 and the FY 2016 projection is impacted by one-time true up payments. Overall Sales Tax growth is projected at about 3% - 4% in future years.

Utility Users Tax (UUT) + \$750,000 – UUT ended FY 2014 \$762,000 (5.1%) above original projections. While the UUT projections have been fairly stable these past couple of years, the new

Russell City Energy Center (RCEC) generated limited UUT from internal utility usage (electricity) that staff had not originally anticipated. Staff is currently engaged with RCEC to determine what the most likely future UUT revenue will be from all of RCEC's operations. As a result, FY 2015 revenues (and future years) are adjusted by \$750,000 to account for this assumed new, recurring UUT revenue. Future year growth is projected at 2% through FY 2020 and then 1% thereafter, reflective of the projected erosion of the UUT on telecommunications by the wireless and related industries.

Property Transfer Tax + \$269,000 – This revenue category demonstrates improvement over original projections of \$269,000 (5.4%) and is a reflection of increased real estate sales activity and housing prices in the Hayward market. Staff continues to study the details of the various real estate transactions (commercial and residential) to determine the recurring or one-time nature of this market-driven revenue. Real Property Transfer Tax is a highly volatile revenue source and is directly subject to market fluctuations.

The City's recent history provides a cautionary tale in this respect: after reaching a high of \$10 million in FY 2006, the revenue stream plummeted by 62% in just four years, finally settling at \$3.8 million in FY 2010 and only increasing to a projected \$5.3million in FY 2015. Staff is reviewing possible responsible and cautious adjustments to future projections of the Property Transfer Tax revenues, including establishing a "base" for recurring revenues and a policy to use all revenues above this "base" for one-time expenses such as capital or pay down of benefit liabilities.

Transient Occupancy Tax (TOT) + \$223,000 – TOT projections are adjusted by \$223,000 (12.8%) over original projections based on FY 2014 actuals and revenue received to date. This growth is a reflection of the improved economy. However, since the City is not seeing any significant improvements to its hotel market or the expansion of hotel beds in the near future, staff is not projecting continued revenue growth at this rate. Instead, future years reflect a steady 2% growth.

Charges for Service + \$459,000 – This revenue category reflects an increase of \$459,000 (5.1%) in program revenue related to plan check fees, which are offset by related expenditures (\$250,000) and overall growth in permit/building related activities (\$209,000) based on FY 2014 actuals and current receipts. Of this adjusted revenue, \$209,000 is considered recurring at this point in time.

Intergovernmental & Other Revenues + \$689,000 – Intergovernmental revenue is increased to account for new one-time grant revenue received in FY 2015 not originally included in the adopted budget and is an offset to the related mid-year expenditure increases.

Fines & Forfeitures + \$535,000 – This revenue category is adjusted to reflect an increase of \$122,874 related to In-House Parking program revenues (a direct offset to some mid-year expenditure increases) and an overall increase of \$412,126 based on FY 2014 actuals and current receipts.

General Fund Expenditures and Variance Analyses

Overall, the FY 2015 General Fund expenditure budget is \$6.58 million (4.9%) over the Adopted Budget, inclusive of mid-year adjustments, of which many are one-time. A number of factors contribute to this increase as described below.

Table 2 – General Fund Expenditures

	FY 2014 Actual	FY 2015 Adopted	FY 2015 Projected	Change \$ (C-B)	Change % (C/B-1)
<i>(in the 1,000's)</i>					
20 Expenditures					
21 Salary	63,755	66,445	66,952	508	0.8%
22 Overtime	7,831	5,334	7,000	1,666	31.2%
23 Wages Subtotal	71,586	71,779	73,952	2,174	3.0%
24 Medical & Dental	10,090	12,007	12,007	0	0.0%
25 Retiree Medical (pay-go)	2,349	2,242	2,242	0	0.0%
26 Worker's Compensation	5,275	5,013	5,013	(0)	0.0%
27 Other Benefits	1,378	1,818	1,918	99	5.5%
28 Retirement (CalPERS)	14,736	18,359	19,183	824	4.5%
29 Benefits Subtotal	33,828	39,439	40,362	923	2.3%
30 Assumed Vacancy Savings	-	(1,250)	(2,250)	(1,000)	80.0%
31 Interdepartmental (ID) Charges	(5,120)	(5,179)	(5,179)	0	0.0%
32 Unemployment Self Insurance	-	150	150	0	0.0%
33 OPEB Liability Contribution	1,978	2,060	2,060	0	0.0%
34 Workers' Comp. Liability Contr.	310	-	-	0	0.0%
35 Net Staffing Expense	102,582	106,999	109,095	2,097	2.0%
36 Maintenance & Utilities	877	969	969	0	0.0%
37 Supplies & Services	7,605	6,838	6,838	0	0.0%
38 Internal Service Fees	9,367	11,515	11,515	0	0.0%
39 Debt Service	2,809	3,299	3,302	3	0.1%
40 Liability Insurance	2,621	2,338	2,385	47	2.0%
41 Minor Capital Outlay	-	19	19	0	0.0%
42 Capital Funding	5,489	1,925	1,925	0	0.0%
43 Economic Development Fund (from RPTTF)	-	-	350	350	0.0%
44 Non-Personnel Expenses Subtotal	28,768	26,903	27,303	400	1.5%
45 FY 2014 Mid-Year Adjustments (all other)	-	-	3,995	3,995	0.0%
46 Assumed Add'l Labor Savings	-	(600)	(515)	85	-14.2%
47 Total Expenditures	131,350	133,301	139,878	6,577	4.9%
48 Subtotal Recurring Surplus/(Shortfall) (1)	(633)	(5,060)	(3,998)	1,063	-21.0%
49 Subtotal Gross Surplus/(Shortfall) (2)	(633)	(5,060)	(8,058)	(2,998)	59.2%
50 (1) excludes 1-time mid-year adjustments (line 45)					
51 (2) includes 1-time mid-year adjustments (line 45)					

Staffing Expense Variances

Overall, the staffing expense budget is increased by \$2.1 million or 2.0% and is attributed to four key categories.

- Salary +\$508,000. The Hayward Police Officers Association (HPOA) FY 2015 – FY 2019 side letter agreement with the City was approved following the adoption of the FY 2015 budget and budget changes were not included in the FY 2015 projections. Although the Agreement represents considerable savings compared to the original contract, it

results in costs to the General Fund since different cost savings assumptions were used in previous projections.

- Retirement (CalPERS) +824,000. This increase is also largely related to the HPOA contract and represents a change in the employee cost-sharing structure of the Employer portion of PERS from 8.62% (as was originally projected) to 6%.
- Vacancy Savings -\$1,000,000. Given the volume of staff vacancies in City departments, particularly in the Police and Fire Departments, staff projects an increase to the budgeted \$1.25 million in vacancy savings, bringing the total FY 2015 projected wage and benefit vacancy savings to \$2.25 million.
- Overtime +1.66 million. Projected vacancy savings is entirely offset by increases in overtime of about \$1.66 million due to the need to backfill vacancies – particularly in the police and fire departments related to minimum staffing requirements. It should be noted that Fire Department overtime related to mutual aid is fully reimbursed. Police Department mutual aid is not reimbursed.

Operating Expense Variances

After reviewing programmatic expenditures with each department, there are a number of adjustments needed prior to the end of FY 2015 in order to accommodate new grant revenues received during the fiscal year, fund necessary or unexpected expenditures, and to appropriate prior year encumbrances (contractually obligated expenses) that have carried forward into FY 2015. Additionally, the mid-year expenses include adjustments in some program areas – including new positions – needed to address critical resource needs.

Economic Development Fund +\$350,000. In keeping with adopted Council policy and the Economic Development Strategic Plan, staff is recommending a separate Economic Development Fund into which Redevelopment Property Tax Trust Fund distributions (beyond those required for general operations) will be transferred.

Mid-Year Expenditure Adjustments. Within the Operating Expense category is a line-item that captures all other FY 2015 Mid-Year Adjustments, which total \$3.995 million. These changes for the General Fund and all other affected funds are detailed in Attachments II and IV.

Measure C

During the June 3, 2014 municipal election, the voters of the City of Hayward passed a ballot measure (Measure C) to increase the City's Transaction and Use (Sales) Tax by half a percent for twenty years. This half cent increase became effective October 1, 2014, bringing Hayward's Sales and Use Tax to 9.5%. This is a general tax that is considered discretionary in nature. Staff estimates that the new sales tax will generate approximately \$10 million annually in locally controlled revenue that can be allocated by the City Council and will remain in place for a period of twenty years.

The City Council, as well as the ballot language, established a number of spending priorities for these funds. Attachment VI outlines the key funding priorities for the Measure C funds as identified when the Council voted to place the measure on the ballot in March 2014. These priorities include a mix of capital projects and funding allocations toward operating services. The

Measure C revenues will be used to fund debt service for construction of the new Library and Community Learning Center, completion of fire station retrofits and improvements, and rehabilitation and expansion of the existing fire training center. Of the \$10 million in annual revenue, staff estimates that debt service payments for the above defined projects will total approximately \$5.4 million annually. The remaining \$4.6 million is to be allocated among police services, maintenance services, and street repairs.

Staff presented recommendations for the use of the Measure C funds to both the Council Budget & Finance Committee and the City Council in November and December 2014³. Consistent with those discussions, staff is presenting several Measure C recommendations that require Council action as part of the mid-year budget process.

Revenue: The City began receiving allocations of the Measure C Transaction and Use (sales) Tax effective January 1, 2015. Staff anticipates receiving approximately \$5 million in revenues from Measure C for FY 2015. As such, a revenue adjustment is necessary. In addition, staff recommends establishing a new fund within the General Fund to allow for easy tracking of the revenues and expenses associated with Measure C (Fund 101). This new fund will be presented to the Council and the public as part of all future budget presentations.

Expenditures: Given the timing of the design of the Measure C funded capital projects and the timeline to hire new staff, staff does not anticipate needing to utilize all of the \$5 million in FY 2015 Measure C funds anticipated to be received. While staff is requesting an allocation of \$586,033 for FY 2015 – the balance of funds received will remain in the Measure C Fund fund balance and be available for future needs pursuant to Council priorities. Both the City Council and the Council Budget & Finance Committee and the Council considered uses of the FY 2015 Measure C revenues.

The FY 2015 mid-year report recommends the following related to Measure C:

1. Establish a new fund within the General Fund – Measure C Fund 101
2. Appropriate \$5 million in anticipated revenue for FY 2015
3. Appropriate a total of \$586,033 for prorated staffing costs for five new positions in the Maintenance Services Department as well as the purchase of a graffiti removal vehicle and a dump truck; and fifteen new positions in the Police Department. These positions are outlined in detail in the related staff reports listed in the footnotes.

Route 238 Projects

As part of the FY2015 mid-year, staff is recommending a new CIP project to fund the entitlement and disposition of numerous former Route 238 corridor properties. Staff has been working with Caltrans to determine a more effective and productive mechanism for disposing of the former Route 238 properties and to maximize the sales value of these properties. Anticipating this process will commence prior to the end of the fiscal year, staff is requesting a transfer of funds to cover future expenses related to the disposition of these properties. These expenses may include: staff and consultant costs to lead and manage the entitlement process over the next five-seven years; environmental reviews and possible remediations; property management expenses

³ City Council Report, December 16, 2014, Item 10, page 251: <http://www.hayward-ca.gov/CITY-GOVERNMENT/CITY-COUNCIL-MEETINGS/2014/CCA14PDF/cca121614full.pdf>

(e.g. weed abatement, fencing, etc.); other land use feasibility studies (e.g. geotechnical analyses, traffic analyses, etc.); and other related expenses.

All of these property disposition expenses will be reimbursed to the City from the proceeds of the sale of the properties. There is existing fund balance in Fund 411 “Route 238 Settlement Fund,” which housed the project established for the Route 238 Opportunity to Purchase a Home Program. This program is now complete and the funds can appropriately be used for the disposition of other Route 238 properties. Staff recommends transferring \$1,000,000 from Fund 411 to Fund 410 and establishing a new CIP (project number 05276) for the Route 238 Property Disposition Project.

Ten-Year General Fund Plan Update

The updated General Fund Ten-Year Plan projects a \$4 million recurring General Fund gap in FY 2015 (\$8.06 million inclusive of all mid-year adjustments – including one-time adjustments) that grows to over \$10 million structural deficit by FY 2024 without additional balancing measures. This Plan reflects the assumptions contained in the FY 2015 Adopted budget and is updated with the mid-year expenditure and revenue projections discussed in this report.

Key Revenue Assumptions/Adjustments

- Property Tax (secured, unsecured, VLF) Overall FY 2015 Property Tax revenue projections are a net 8% over FY 2014 actuals, with minor adjustments to FY 2015 projections related to Vehicle License Fee (VLF) revenues. FY 2015 assessed valuation grew over FY 2014 by 6% and is projected to grow by about 6% for FY 2016. Revenue projections show growth of 5.5% in FY 2016, 5% in FY 2017 FY 2018 and 4% 2019+.
- Property Tax (Redevelopment Property Tax Trust Fund – RPTTF) Based on receipts to date, assumed recurring RPTTF disbursements are increased \$270,000 to \$1 million/year. Of these funds \$350,000 is recommended to be allocated to an Economic Development Fund.
- Sales Tax FY 2015 Adopted projections are relatively flat compared to FY 2014 actuals, with no recommended increase to Bradley-Burns basic Sales Tax projections. Current FY 2015 projections are 2.7% over FY 2014 actuals, reflective of a minimal increase to the Triple Flip allocation of \$269,000 and a slight increase to projected Public Safety Sales Tax revenues (+\$29,000). Triple Flip ends in FY 2016. Future growth is projected at 2.6% in FY 2016 (impacted by the Triple Flip true-up) and 3.9% FY 2017+.
- Utility Users Tax is up for re-authorization by the voters in 2018; projections assume it is re-authorized and reflect a 2% annual growth.
- Property Transfer Tax Projections reflect an increase FY 2015, FY 2016, FY 2017 for one-time commercial transactions (e.g., Mervyn’s building) – about 8% year-over-year growth; FY 2018 assumes 5% growth and 4% FY 2019+.
- A number of other revenue adjustments related to mid-year appropriations largely related to grant revenues.

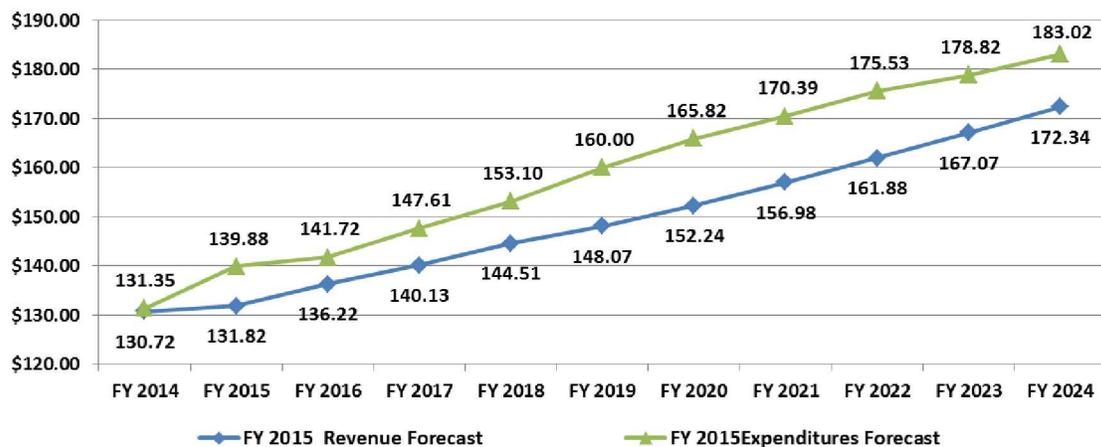
Key Expenditure Assumptions/Adjustments

- FY 2015 Adopted includes negotiated and contracted COLAs and cost sharing for Hayward Firefighters Association (Local 1909) in 2016+; negotiated agreement with HPOA included in FY 2015 Adjusted.
- No wage growth assumed for other units until FY 2016 – then 2% each year thereafter.
- Projecting increased overtime costs in FY 2015 of \$7 million that reduces to \$6 million in FY 2016+; assumed vacancy savings of \$2.25 million in FY 2015 (partial offset to OT costs) that reduces to \$1.25 million in FY 2016+.
- FY 2015 assumes annual medical premium growth of 10%; lowering medical premium increases to 8% in FY 2016 & FY 2017 and 6% in FY 2017+; added annual \$1 million Affordable Care Act Cadillac Tax effective FY 2018.
- FY 2015 Adjusted reflects CalPERS rates per 10/2014 valuation.
- All current labor concessions carry forward as ongoing, structural change.
- Funds debt service for Fire Station #7 rehabilitation project and vehicle replacement fund.
- Partial annual allocation of City’s unfunded liability portion of the Retiree Medical (OPEB) required annual contribution (ARC), phasing in funding of the full ARC by FY 2020 (\$5 million/year)
- Does not include
 - Unfunded CIP need (e.g., 1% = \$5.1M)
 - Restoring staffing resources to prior levels
 - Paying off unfunded benefit liabilities (approximately \$380 million)

Chart 2 below depicts the revised General Fund revenues and expenditures gap. Unfortunately, even with improved revenues, rising costs associated with employee benefits (primarily medical and retirement benefits) and deferred capital maintenance continue to grow the City’s General Fund deficit.

Chart 2: General Fund Ten-Year Forecast: Revenues & Expenditures

(Displayed in millions)



While significantly reduced, and even with an assumed continuation of the UUT and additional labor concessions, the General Fund continues to face a structural gap that grows to over \$10 million by FY 2024.

FISCAL IMPACT

The overall fiscal impact of the adjustments as detailed in the attachments results in an increase to General Fund revenues of \$3.58 million, of which \$2.64 million is considered recurring; and an increase to General Fund expenditures of \$6.58 million, of which \$2.58 million is considered recurring. The net General Fund changes results in a gross FY 2015 shortfall of \$8 million (inclusive of one-time expenditures) and a recurring shortfall of \$4 million (excludes one-time expenditures).

Measure C funds are recognized in a new General Fund – Measure C operating fund (101). The FY 2015 mid-year recommendation is to recognize an estimated \$5 million in revenues and appropriate \$586,033 in expenditure authority. Unspent revenues received in FY 2015 will remain in the Measure C fund balance for future use.

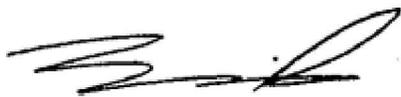
Expenditure adjustments in all Other Funds totals \$9.5 million.

NEXT STEPS

Upon approval by Council of the recommendations contained herein, staff will post the budget amendments per the approved resolution. Staff will also continue to refine the General Fund Ten-Year Plan as part of the upcoming annual budget process.

Prepared by: Tracy Vesely, Director of Finance
Nan Barton, Financial Analyst

Approved by:



Fran David, City Manager

Attachments:

- Attachment I: Resolution (Amending Operating Budget Resolution)
- Attachment II: Summary of Mid-Year Adjustments by Department
- Attachment III: Updated Ten-Year Plan
- Attachment IV: Detail of Revenue Adjustments
- Attachment V: Detail of Expenditure Adjustments
- Attachment VI: Measure C Spending Plan

HAYWARD CITY COUNCIL

RESOLUTION NO. 15-

Introduced by Council Member _____

RESOLUTION AMENDING RESOLUTION 14-097, AS AMENDED, THE BUDGET RESOLUTION FOR THE CITY OF HAYWARD OPERATING BUDGET FOR FISCAL YEAR 2015, RELATING TO AN APPROPRIATION OF FUNDS

BE IT RESOLVED by the City Council of the City of Hayward that Resolution No. 14-097, as amended, the Budget Resolution for the City of Hayward Operating Budget for Fiscal Year 2014, is hereby amended by approving the General Fund changes indicated below.

BE IT FURTHER RESOLVED by the City Council of the City of Hayward that the following revenue estimate amounts are hereby amended:

1. CHANGE OF REVENUE ESTIMATE TO THE GENERAL FUND

Fund #	Fund Name	Adopted Budget	Amendment	Adjusted Budget
100	General Fund Total	\$128,241,655	\$ 3,579,122	\$ 131,820,777
101	Measure C Fund	\$ -	\$ 5,000,000	\$ 5,000,000
220	Federal Grants	\$ -	\$ 35,521	\$ 35,521
230	State Grants	\$ -	\$ 32,000	\$ 32,000
240	Local Grants	\$ -	\$ 4,000	\$ 4,000
	Other Funds Total		\$ 71,521	\$ 71,521

BE IT FURTHER RESOLVED by the City Council of the City of Hayward that the following revenue estimate amounts are hereby amended:

II. CHANGE OF EXPENDITURE ESTIMATE TO THE GENERAL FUND AND OTHER REVENUE FUNDS

Fund	Expenditure	Adopted Budget	Total Amendment	Total Adjusted Budget
100	Net Change to General Fund	\$ 133,303,536	\$ 6,577,089	\$ 139,880,625
101	Measure C Fund	\$ -	\$ 586,033	\$ 586,033
217	Paratransit Fund	\$ 1,590,284	\$ 227,747	\$ 1,818,031
220	Federal Grants	\$ 907,832	\$ 1,560,737	\$ 2,468,569
225	CDBG Fund	\$ 1,593,064	\$ 178,586	\$ 1,771,650
227	CDBG Small Business Loan Fund	\$ 656,609	\$ (63,000)	\$ 593,609
230	State Grants	\$ 575,349	\$ 586,681	\$ 1,162,030
240	Local Grants	\$ -	\$ 87,511	\$ 87,511
245	Housing Authority	\$ 170,324	\$ 2,433,886	\$ 2,604,210
246	Affordable Housing	\$ 184,551	\$ 24,500	\$ 209,051
265	Asset Forfeiture Fund	\$ -	\$ 373,881	\$ 373,881
266	LLD #1	\$ 5,935	\$ 820	\$ 6,755
267	LLD #2	\$ 8,765	\$ (1,965)	\$ 6,800
268	LLD #3	\$ 112,740	\$ 5	\$ 112,745
269	LLD #4	\$ 22,675	\$ 11,465	\$ 34,140
270	MD #1	\$ 35,333	\$ 56,373	\$ 91,706
271	MD #2	\$ 111,255	\$ 334	\$ 111,589
272	LLD #5	\$ 5,445	\$ 468	\$ 5,913
273	LLD #6	\$ 14,625	\$ (99)	\$ 14,526
274	LLD #7	\$ 193,690	\$ 28,698	\$ 222,388
275	LLD #8	\$ 5,375	\$ 19,085	\$ 24,460
276	LLD #9	\$ 1,805	\$ 24	\$ 1,829
277	LLD #10	\$ 191,680	\$ 49,868	\$ 241,548
278	LLD #12	\$ 47,590	\$ 26,669	\$ 74,259
279	LLD #11	\$ 211,384	\$ (17,074)	\$ 194,310
280	Downtown Business Improvement	\$ 87,000	\$ 30,000	\$ 117,000
281	LLD #13	\$ 39,890	\$ 20,649	\$ 60,539
295	So Hayward BART JPA Parking Dist	\$ -	\$ 46,834	\$ 46,834
405	Capital Improvement - Government	\$ 1,529,000	\$ 1,400,000	\$ 2,929,000
410	Route 238 Corridor Fund	\$ -	\$ 1,000,000	\$ 1,000,000
605	Water Fund	\$ 42,235,134	\$ 265,900	\$ 42,501,034
606	Water Intertie Fund	\$ 83,500	\$ 35,000	\$ 118,500
610	Sewer Fund	\$ 24,529,908	\$ 168,157	\$ 24,698,065
710	General Liability Insurance Fund	\$ 3,165,906	\$ 203,312	\$ 3,369,218
725	Facilities Management Fund	\$ 3,818,531	\$ 58,744	\$ 3,877,275
730	Information Technology Fund	\$ 5,259,213	\$ 82,250	\$ 5,341,463
735	Fleet Management Fund	\$ 5,704,791	\$ 35,000	\$ 5,739,791
810	Community Facility District Fund	\$ 574,524	\$ 500,000	\$ 1,074,524
815	Successor Agency - RDA	\$ 7,148,047	\$ 38,204	\$ 7,186,251
	Net Change to Non-General Fund		\$ 9,469,250	
	Total Change to City Expenditures		\$ 16,632,372	

FY 2015 Mid-Year Adjustments Summary by Department

Non-Departmental \$3.2 million (one-time)

- ❑ Route 238 transfer for Caltrans property disposition \$1M
- ❑ Dutra Enterprises Mt. Eden Benefit District payoff of \$2.2M (use of GF Fund Balance)

City Manager (+1 FTE)

- ❑ Reclassify 1.0 FTE Secretary to 1.0 FTE Senior Secretary (Code Enforcement)
- ❑ Add 1.0 FTE Administrative Clerk (City Manager's Office)

The addition of 1.0 FTE Administrative Clerk position in the City Manager's Office is needed to support the work of the Community & Media Relations Division, the Neighborhood Partnership Program, and the Keep Hayward Clean and Green Task Force. Currently, there is no clerical or administrative support for the Community & Media Relations Officer position. This is a General Fund cost of \$21,797 in FY 2015 with a recurring annual cost of \$101,759 beginning in FY 2016.

- ❑ Contract (encumbered) and unencumbered carry forward from FY 2014 totals \$4,009,499 and is for the following: General Fund - \$267,826 - Brand Development, Marketing Strategy Services, and Graphic Design Services; Other Funds \$3,741,674 – B & Grand Senior Housing Loan, South Hayward BART Affordable Housing Loan, and Home Buyer Services.

City Attorney – no staffing changes

The mid-year proposed adjustment of \$27,000 (General Fund) is partially offset by corresponding revenue and is to fund rent control mediation and arbitration services.

- ❑ Contract (encumbered) carry forward from FY 2014 totals \$203,312 and is for the following: Professional Legal Services (Liability Fund).

City Clerk

In order to satisfy the changing needs and demands of the office and more closely match the tasks that need to be performed, the City Clerk's office is recommending reclassifying a Senior Secretary position to an Administrative Analyst position within the City Clerk Department. An evaluation has been conducted of the position within the City Clerk Department and its need to fulfill obligations for programs such as the City's Records Retention Program. As a result, it has been determined that the City Clerk's office warrants the reclassification of the Senior Secretary position to an Administrative Analyst position to accomplish work demands.

The reclassification will not result in a lay-off and will provide for the accomplishment of new services to the community such as civil marriage ceremonies. Giving the timing to implement this change, there will be no associated cost in FY 2015. The annual General Fund cost increase effective FY 2016 will be about \$22,000.

Development Services Department (+2.0 FTE)

- ❑ Add 1.0 FTE Supervising Building Inspector
- ❑ Add 1.0 FTE Senior Plan Checker
- ❑ Delete 1.0 FTE Plan Checker
- ❑ Add 1.0 Senior Planner (two-year position)

As the economy continues to improve, the department is faced with a rising workload and a reduced professional staffing compliment. These new positions will assist with the increased activity in the department. The additional cost in FY 2015 for these positions will be minimal and absorbed in the department's existing budget authority; the recurring annual cost is \$342,178 beginning in FY 2016 (General Fund).

- ❑ The mid-year proposed one-time adjustment of \$250,000 is to pay for outside plan check services and will be offset with building permit inspection and plan check fees for these services. (City Council authorized this increase in separate action on March 3, 2015.)
- ❑ Contract (encumbered) carry forward from FY 2014 totals \$107,484 and is for the following: Building and Plan Check Services.

Finance Department – no staffing changes

The department is requesting appropriation of new revenues to cover increased operating expenses (\$22,874). These General Fund costs are entirely offset by new General Fund revenues generated from in-house parking collections. In addition, the department requests an additional \$50,000 to cover increased bank services charges for utility billing transactions (Water Fund).

- ❑ Contract (encumbered) carry forward from FY 2014 totals \$17,159 and is for ongoing Master Fee Study consultant services (General Fund).

Fire Department – no staffing changes

The department is requesting appropriation of General Fund revenues generated by the Fairview Fire District of \$10,000 to cover costs associated with Fire Station #8 (Fairview) improvements.

Human Resources Department – no changes**Information Technology Department (+2FTE)**

- ❑ Add 1.0 FTE IT Manager for Public Safety
- ❑ Reclassify 1.0 FTE Data & Systems Coordinator to 1.0 FTE IT Manager-Customer Support
- ❑ Reclassify 1.0 FTE Network System Specialist to 1.0 FTE IT Manager-Infrastructure
- ❑ Add 1.0 FTE IT Technician I for public safety

Like other City departments, the IT department is struggling to meet increasing service demands with very limited resources. The proposed mid-year adjustment will be built into the IT internal Service Fund and will cost about \$159,168 in FY 2015 and the recurring annual cost will be \$405,918 beginning in FY 2016. The department is engaged in a comprehensive staffing study and additional changes may be proposed in the FY 2016 budget. However, preliminary results of that study clearly indicate the need for the above positions.

Library & Community Services Department

- ❑ Upgrade 1.0 FTE Senior Library Assistance to 1.0 FTE Lead Library Assistant
- ❑ Reallocate 1.0 FTE Community Services Manager from CDBG to the General Fund
- ❑ Reallocate 2.0 FTE Administrative Analyst I/II from CDBG to the General Fund

The reallocation moves the default charges of personnel off of the Community Development Block Grant (CDBG) fund to the General Fund and is in response to a recent Housing and Urban Development (HUD) audit. These positions will ultimately be offset by CDBG grant funding through the appropriate HUD reimbursement process and should not have a net General Fund impact.

- ❑ Contract (encumbered) and unencumbered carry forward from FY 2014 totals \$522,525 and is for a variety of State and Federal grants including the Paratransit program, Taxi Voucher program, After School Homework Centers program, School Communities Grant, and the Cities of Service grant. These are all non-General Fund funds.

Maintenance Services Department (+5 FTE - Measure C funded)

As discussed in the staff report, Measure C funds the hiring of five new FTE for Maintenance Services. These new positions and the prorated FY 2015 funding are being added as part of the mid-year process. The related FY 2015 costs (Measure C Fund – 101) is \$169,073, with recurring annual cost of \$507,218 beginning in FY 2016.

- ❑ Add 2 FTE Laborer/Maintenance Workers
- ❑ Add 1 FTE Maintenance Leader
- ❑ Add 2 FTE Laborer/Groundkeeper I
- ❑ In addition, to the staffing allocation, Measure C is funding the one-time purchase of a vehicle totaling \$250,000.
- ❑ Increase General Fund Street Sweeping revenues by \$100,000 and appropriate Street Sweeping Program revenues to fund operational costs totaling \$110,075 for a new General Fund cost of \$10,075. Costs are associated with the Downtown Parking program signage and compliance staffing.
- ❑ Contract (encumbered) and unencumbered carry forward from FY 2014 totals \$23,581 and is for expenses primarily related to the Lighting & Landscaping Districts (LLDs) and the Maintenance Districts (MDs).

Police Department (+15 FTE-Measure C funded)

As discussed in the staff report, Measure C funds the hiring of fifteen new FTE for the Police Department. These new positions and the prorated FY 2015 funding are being added as part of the mid-year process. The related FY 2015 costs (Measure C Fund – 101) is \$166,961 (one month of funding), with recurring annual cost of \$2,003,530 beginning in FY 2016.

- ❑ Add 1.0 FTE Crime Analyst
- ❑ Add 2.0 FTE Police Officers – Traffic
- ❑ Add 1.0 FTE Police Officer – Downtown
- ❑ Add 1.0 FTE Sergeant - Downtown
- ❑ Add 1.0 FTE Latent Fingerprint Examiner
- ❑ Add 1.0 FTE Dispatch Supervisor
- ❑ Add 8.0 FTE Call Takers/Communication Operators (Dispatch)

Subsequent to the adoption of the FY 2015 budget, the Police Department implemented a departmental reorganization in July 2014; the net impact of these changes is a General Fund savings of \$32,527.

- ❑ Delete 2.0 FTE Animal Shelter Supervisors
- ❑ Delete 1.0 Records Supervisor
- ❑ Add 2.0 Shelter Operations Supervisors
- ❑ Delete 3.0 FTE Animal Care Attendant
- ❑ Add 1.0 FTE Shelter Volunteer Coordinator
- ❑ Add 1.0 FTE Animal Control Officer
- ❑ Add 1.0 FTE Jail Administrator
- ❑ Add 1.0 FTE Property & Evidence Technician
- ❑ Delete 1.0 FTE Property & Evidence Supervisor
- ❑ Upgrade 1.0 FTE Crime Analyst to 1.0 FTE Crime Analyst Supervisor
- ❑ Salary adjustment for 1.0 FTE Animal Services Administrator
- ❑ Salary adjustment for 1.0 FTE Records Administrator

The mid-year proposed adjustment also includes several grant (General Fund) and special funds appropriations which were offset by equal revenue amounts.

- Positive Alternatives \$180,257
- STEP Grant \$72,287
- OTS DUI AVOID Grant \$120,204
- Jail Telephone \$7,108 (no revenue offset)
- Spay & Neuter \$21,294 (no revenue offset)
- Our Kids Contract \$201 (no revenue offset)

- ❑ \$373,881 in Asset Seizure funds (local, state and federal) for the purchase of Body Worn Cameras and miscellaneous Police Department building improvements.

Public Works – Engineering & Transportation Department (+1 FTE)

- ❑ Add 1.0 FTE Survey Engineer
- ❑ Delete 1.0 FTE Associate Civil Engineer
- ❑ Add 1.0 FTYE Senior Civil Engineer

The addition of the Survey Engineer is in response to a critical need for review of parcel maps, right-of-way needs, and plats due to the influx of new development. This position was discussed during the FY 2015 budget development process and Council instructed staff to consider during the FY 2015 mid-year review based on need. Staff reviewed the demands of this workload against two alternatives: contracting as needed or re-instituting a full-time staff position. Analysis of the annual workload supports re-creating the position to handle the annual “core” work, and contracting overload as needed. The related FY 2015 costs (General Fund) is \$44,570, with recurring annual cost of \$178,281 beginning in FY 2016.

Public Works – Utilities & Environmental Services Department (+2.0 FTE)

- ❑ Add 1.0 FTE Water Pollution Control Facility (WPCF) Operator
- ❑ Add 1.0 FTE Laboratory Technician
- ❑ Reclassify 1.0 FTE Laboratory Technician to Chemist

These new WPCF Operator is needed to address staffing and succession planning challenges related to the twenty-four hour operations at the City's wastewater treatment facility; the Laboratory Technician is needed to address staffing shortfalls related to the State and Federal mandates for analyzing and testing wastewater. The related FY 2015 costs (Wastewater Fund) is \$68,157, with recurring annual cost of \$259,283 beginning in FY 2016.

- The mid-year proposed adjustment also includes \$100,000 (Sewer Fund) to fund one-time FY 2015 costs for root foaming activities to prevent sewer blockages and overflows as well as to purchase related equipment and contractor services; and \$200,000 (Water Fund) for increased water meter reading services; and \$35,000 in funding for maintenance and operations associated with the interties (fully reimbursable).
- Contract (encumbered) and unencumbered carry forward from FY 2014 totals \$438,417 and is for a variety of State and Federal grants (Recycling Grant - no General Fund impact).

General Fund Ten-Year Plan - FY 2015 Mid-Year Update March 17, 2015

	PY2 Actual FY 2013	PY1 Actual FY 2014	Year 1 Adopted FY 2015	Year 1 Projected FY 2015	Year 2 Forecast FY 2016	Year 3 Forecast FY 2017	Year 4 Forecast FY 2018	Year 5 Forecast FY 2019	Year 6 Forecast FY 2020	Year 7 Forecast FY 2021	Year 8 Forecast FY 2022	Year 9 Forecast FY 2023	Year 10 Forecast FY 2024
Revenue													
Annual Property Tax	36,561	36,898	39,784	39,830	42,021	44,122	46,328	48,181	50,108	52,112	54,197	56,366	58,620
RPTTF Pass-Thru & Annual Remittance	650	730	730	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
One-time	1,970	1,343	-	-	-	-	-	-	-	-	-	-	-
Property Tax	39,181	38,971	40,514	40,830	43,021	45,122	47,328	49,181	51,108	53,112	55,197	57,366	59,620
Sales Tax	28,534	31,019	31,421	31,719	33,237	33,996	35,320	36,712	38,181	39,708	41,296	42,948	44,666
UUT	14,940	15,762	15,000	15,750	16,065	16,386	16,714	17,048	17,219	17,391	17,565	17,741	17,918
Franchise Fees	9,688	9,765	9,120	9,120	9,070	8,805	8,581	8,346	8,612	8,887	9,170	9,463	9,766
Property Transfer Tax	4,596	4,879	5,000	5,269	5,691	6,146	6,453	6,711	6,980	7,259	7,549	7,851	8,165
Business License Tax	2,493	2,602	2,652	2,652	2,917	2,976	3,035	3,096	3,158	3,221	3,285	3,351	3,418
Transient Occupancy Tax	1,679	1,918	1,734	1,957	1,996	2,036	2,077	2,118	2,160	2,204	2,248	2,293	2,339
Emergency Facilities Tax	1,870	1,694	1,820	1,820	1,829	1,838	1,847	1,857	1,866	1,875	1,885	1,894	1,904
Charges for Services	7,844	10,466	8,922	9,381	9,662	9,952	10,151	10,354	10,561	10,772	10,988	11,207	11,431
Other Revenue	174	690	166	206	166	166	166	166	166	166	166	166	166
Intergovernmental	5,365	6,771	6,577	7,266	6,577	6,577	6,577	6,077	5,567	5,567	5,567	5,567	5,567
Fines and Forfeitures	2,913	2,227	1,801	2,336	2,383	2,430	2,479	2,529	2,579	2,631	2,683	2,737	2,792
Interest and Rents	400	563	293	293	297	301	305	309	313	317	321	326	330
Total Revenue	119,677	127,327	125,020	128,599	132,910	136,730	141,032	144,504	148,470	153,110	157,921	162,910	168,082
Transfers in	4,064	3,390	3,221	3,221	3,315	3,397	3,481	3,567	3,766	3,868	3,962	4,162	4,262
Total Revenue/Resources	123,741	130,717	128,241	131,820	136,225	140,127	144,513	148,071	152,236	156,978	161,883	167,072	172,344
Expenditures													
Salary	62,986	63,755	66,445	66,952	68,579	70,352	70,918	73,543	75,009	76,505	77,999	79,555	81,143
Overtime	6,879	7,831	5,334	7,000	6,000	6,120	6,242	6,367	6,495	6,624	6,757	6,892	7,030
Wages Subtotal	69,865	71,586	71,779	73,952	74,579	76,472	77,160	79,910	81,504	83,129	84,756	86,448	88,173
Medical Benefits	10,083	9,133	10,942	10,942	11,817	12,526	14,278	15,074	15,919	16,814	17,763	18,768	19,834
Dental Benefits	-	957	1,065	1,065	1,086	1,108	1,130	1,153	1,176	1,199	1,223	1,248	1,273
Retiree Medical (pay-go only)	2,321	2,349	2,242	2,242	2,320	2,383	2,451	2,522	2,598	2,678	2,763	2,853	2,948
Worker's Compensation	5,189	5,275	5,013	5,013	5,110	5,212	5,313	5,420	5,525	5,636	5,745	5,860	5,977
Other Benefits	1,030	1,378	1,818	1,918	1,946	1,971	1,995	2,026	2,051	2,078	2,109	2,138	2,166
PERS	15,143	14,736	18,359	19,183	21,458	23,861	25,356	27,774	30,863	32,225	32,884	33,557	34,243
Benefits Subtotal	33,766	33,828	39,439	40,362	43,737	47,061	50,523	53,969	58,131	60,630	62,487	64,423	66,441
Vacancy Savings (wages & benefits)	-	-	(1,250)	(2,250)	(1,250)	(1,250)	(1,250)	(1,250)	(1,250)	(1,250)	(1,250)	(1,250)	(1,250)
Interdepartmental (ID) Charges to other funds	(5,399)	(5,120)	(5,179)	(5,179)	(5,174)	(5,174)	(5,174)	(5,174)	(5,174)	(5,174)	(5,174)	(5,174)	(5,174)
Unemployment Self-Insurance	-	-	150	150	150	150	150	150	150	150	150	150	150
Salaries & Benefits Subtotal	98,232	100,294	104,939	107,035	112,041	117,259	121,409	127,604	133,361	137,485	140,970	144,596	148,340
OPEB Liability Contribution	-	1,978	2,060	2,060	3,060	4,060	5,060	5,161	5,264	5,370	5,477	5,587	5,698
Workers' Compensation Liability Contribution	310	310	-	-	-	-	-	-	-	-	-	-	-
Net Staffing Expense	98,542	102,582	106,999	109,095	115,101	121,319	126,469	132,766	138,625	142,855	146,447	150,183	154,038
Maintenance & Utilities	908	877	969	969	979	988	998	1,008	1,018	1,029	1,039	1,049	1,060
Supplies & Services	6,184	7,605	6,838	6,838	6,975	7,114	7,257	7,402	7,550	7,701	7,855	8,012	8,172
Internal Service Fees	9,300	9,367	11,515	11,515	11,632	11,751	11,871	11,992	12,114	12,238	12,363	12,489	12,616
Debt Service	2,822	2,809	3,299	3,302	3,302	3,299	3,301	3,301	3,301	3,301	3,301	3,301	3,301
Minor Capital Outlay	-	-	19	19	-	-	-	-	-	-	-	-	-
Liability Insurance	2,537	2,621	2,338	2,385	2,385	2,432	2,481	2,531	2,581	2,633	2,686	2,739	2,794
Economic Development Fund (from RPTTF)	-	-	-	350	350	350	350	350	350	350	350	350	350
Capital Improvement Program Funding	3,174	5,489	1,925	1,925	1,513	869	887	1,168	799	803	2,006	1,207	1,207
Net Operating Expense	24,925	28,768	26,903	27,303	27,136	26,804	27,145	27,752	27,714	28,054	29,599	29,147	29,500
Expenditures Subtotal	123,467	131,350	133,901	136,398	142,237	148,123	153,614	160,517	166,339	170,909	176,046	179,330	183,539
Mid Year Adjustments				3,995									
Assumed Additional Labor Concessions	-	-	(600)	(515)	(515)	(515)	(515)	(515)	(515)	(515)	(515)	(515)	(515)
Total Expenditures	123,467	131,350	133,301	139,878	141,722	147,608	153,099	160,002	165,824	170,394	175,531	178,815	183,024
Total Surplus/(Shortfall)	274	(633)	(5,060)	(8,058)	(5,497)	(7,482)	(8,586)	(11,932)	(13,588)	(13,416)	(13,647)	(11,743)	(10,679)
Beginning Fund Balance	27,764	28,115	25,282	25,282	17,224	11,727	4,245	(4,341)	(16,273)	(29,861)	(43,277)	(56,924)	(68,667)
Change to Reserves	274	(633)	(5,060)	(8,058)	(5,497)	(7,482)	(8,586)	(11,932)	(13,588)	(13,416)	(13,647)	(11,743)	(10,679)
Adjustments to fund balance	77	(2,200)	-	-	-	-	-	-	-	-	-	-	-
Ending Fund Balance	28,115	25,282	20,222	17,224	11,727	4,245	(4,341)	(16,273)	(29,861)	(43,277)	(56,924)	(68,667)	(79,347)
City Council Reserve Policy (min. 20% expenditures)	24,693	26,270	26,660	27,976	28,344	29,522	30,620	32,000	33,165	34,079	35,106	35,763	36,605
Over/(Under) Reserve Policy	3,422	(988)	(6,439)	(10,752)	(16,618)	(25,277)	(34,961)	(48,273)	(63,026)	(77,356)	(92,031)	(104,430)	(115,952)

Fund #	Fund Name	Reason for Adjustment	Adopted Budget	Amendment	Total Adjusted Budget
100	Property Tax	Increase in RDA-SA pass thorough and one-time	\$ 40,514,000	\$ 316,000	\$ 40,830,000
100	Sales Tax	Adjusted for actual VLF revenues	\$ 31,421,000	\$ 298,000	\$ 31,719,000
100	Utility Users Tax	Based on FY 2014 Actuals	\$ 15,000,000	\$ 750,000	\$ 15,750,000
100	Real Property Transfer Tax	Based on assumed/pending transactions	\$ 5,000,000	\$ 269,000	\$ 5,269,000
100	Transient Occupancy Tax	Based on FY 2014 actuals - current activity	\$ 1,734,000	\$ 223,000	\$ 1,957,000
100	Charges for Service	Increase based on FY 2014 actuals (permit activity), Technology Surcharge Revenues	\$ 2,642,000	\$ 209,000	\$ 2,851,000
100	Permits	Increase in Permit Revenues for plan checking services	\$ 1,783,000	\$ 250,000	\$ 2,033,000
100	Other Revenue		\$ 166,000	\$ 39,819	\$ 205,819
		BAYREN Revenue (Dev Svcs)		\$ 25,000	
		Rent Control Mediation & Arbitration Recovery		\$ 14,819	
100	Intergovernmental		\$ 6,577,000	\$ 689,303	\$ 7,266,303
		Grant carryforward Police Positive Alternatives		\$ 180,257	
		Grant carryforward Police OTS Avoid DUI Grant		\$ 120,204	
		Grant carryforward Police STEP Grant		\$ 72,287	
		Grant Revenue Police STEP Grant		\$ 102,700	
		Grant Revenue Police OTS Avoid DUI Grant		\$ 203,855	
		Additional Revenue from Fairview for FS8 Improvements		\$ 10,000	
100	Fines & Forfeitures		\$ 1,801,000	\$ 535,000	\$ 2,336,000
		Increase in In-House Parking Revenues (Maint)		\$ 100,000	
		Increase in In-House Parking Revenues (Finance)		\$ 22,874	
		General increase based on FY 2014 actuals		\$ 412,126	
	General Fund Total			\$ 3,579,122	
101	Measure C	Initial Revenue Posting	\$ -	\$ 5,000,000	\$ 5,000,000
	Measure C Total			\$ 5,000,000	
220	Federal Grants		\$ -	\$ 35,521	\$ 35,521
		HPN Street Lights		\$ 35,521	
230	State Grants		\$ -	\$ 32,000	\$ 32,000
		State Grant Received Adult Literacy Program		\$ 32,000	
240	Local Grants		\$ -	\$ 4,000	\$ 4,000
		Local Grant Received Adult Literacy Program		\$ 4,000	
	Other Funds Total			\$ 71,521	

Fund	Fund/ Dept.	Reason for Adjustment	Adopted Budget	Adjustment	FY 2014 Carry forwards/ Contracts	Total Amendment	Total Adjusted Budget
100	General Fund		\$ 133,304,000	\$ 5,745,807	\$ 831,283	\$ 6,577,089	\$ 139,881,089
	Non-Dept.	Debt service and liability insurance adjustments		\$ 50,000			
		Transfer to Economic Development Fund		\$ 350,000			
		Adjustment to assumed labor savings		\$ 85,000			
		Dutra Enterprises Mt. Eden Benefit District payoff		\$ 2,199,880			
	City Manager	FY14 Budget Carryforward			\$ 137,200		
		FY14 Contract Carryforward			\$ 130,626		
		Reclass 1.0 FTE Secretary to 1.0 FTE Senior Secretary (Dec-Jun) No cost for FY15, \$14,570 increase for FY16		\$ -			
		Addition of 1.0 FTE Admin Clerk I (Apr-Jun) KHCG Increase of \$87,189 for FY16.		\$ 21,797			
	City Attorney	Rent Control Mediation & Arbitration (will be offset by 2/3 revenue recovery)		\$ 27,000			
	Develop. Services	Addition of 1.0 FTE Supervising Building Inspector (Jan-Jun) Increase of \$169,363 for FY16		\$ 84,677			
		Deletion of 1.0 FTE Plan Checker (Jan-Jun) Decrease of \$135,519 for FY16		\$ (67,760)			
		Addition of 1.0 FTE Senior Plan Checker (Jan-Jun) Increase of \$146,140 for FY16		\$ 73,070			
		Addition of 1.0 FTE Senior Planner (Temp for 2 Years) (Jan-Jun) Offset by salary savings for FY15. Increase of \$162,204 for FY16.		\$ -			
		Increase in Consultant Services related to Plan Check. Will be offset by increase in Revenues.		\$ 250,000			
		On-going Training. Offset by Bayren Revenue.		\$ 25,000			
		Computer & Software Expenditures. Offset by increase to Technology Surcharge Revenues		\$ 25,000			
		FY14 Contract Carryforward			\$ 107,484		
	Finance	Additional MUNIS Support. Offset by increase in In-House Parking Collection.		\$ 6,950			
		Additional Excise Tax & Business Tax Mailing Services. Offset by increase in In-House Parking Collection.		\$ 8,924			
		Legal Services for Administrative Hearings. Offset by increase in In-House Parking Collection.		\$ 6,000			
		Business License Renewal Forms & Certificates. Offset by increase in In-House Parking Collection.		\$ 1,000			
		FY14 Contract Carryforward			\$ 17,159		

Fund	Fund/ Dept.	Reason for Adjustment	Adopted Budget	Adjustment	FY 2014 Carry forwards/ Contracts	Total Amendment	Total Adjusted Budget
	Fire	Fire Station 8 Improvements offset by additional revenues from Fairview		\$ 10,000			
		Increased Overtime		\$ 666,000			
	Library & Comm. Svcs.	FY14 Budget Carryforward			\$ 3,402		
		Relocate 1.0 FTE Community Services Manager from CDBG. Cost will be offset by charge-outs to other programs.		\$ -			
		Relocate 2.0 FTE Admin Analyst I/II from CDBG. Cost will be offset by charge-outs to other programs.		\$ -			
		Relocate 1.0 FTE Lead Library Assistant from Program 55100 to 10001 (11/14)		\$ -			
		Relocate 1.0 FTE Library Assistant from Program 10001 to 55100 (11/14)		\$ -			
		Upgrade 1.0 FTE Senior Library Assistant to 1.0 FTE Lead Library Assistant (9/14). Increase of \$7,319 in FY16		\$ 6,099			
	Maint. Services	Downtown Parking Enforcement Signs. Offset by increase to Street Sweeping Citation Revenues.		\$ 15,000			
		Downtown Parking Enforcement Temporary Employee. Offset by increase to Street Sweeping Citation Revenues.		\$ 65,075			
		Street Sweeping Additional Signage. Offset by increase to Street Sweeping Citation Revenues.		\$ 30,000			
	Police	FY14 Budget Carry Forward. Partial offset by FY14 Revenue Budget Carryforwards.			\$ 435,412		
		FY15 Budget Appropriations. Partially offset by FY15 Revenue Appropriations.		\$ 354,419			
		Salary & benefit adjustments (HPOA contract)		\$ 1,431,000			
		Increased Overtime		\$ 1,000,000			
		Increased salary savings		\$ (1,000,000)			
		Delete 2.0 FTE Animal Shelter Supervisors. Approved by Council in July as part of Reorg.		\$ (190,233)			
		Deletion of 1.0 FTE Records Supervisor. Approved by Council in July as part of Reorg.		\$ (106,483)			
		Add 2.0 FTE Shelter Operations Supervisors. Approved by Council in July as part of Reorg.		\$ 199,749			
		Delete 1.0 FTE Animal Care Attendant. Approved by Council in July as part of Reorg.		\$ (87,369)			
		Add 1.0 FTE Shelter Volunteer Coordinator. Approved by Council in July as part of Reorg.		\$ 87,369			

Fund	Fund/ Dept.	Reason for Adjustment	Adopted Budget	Adjustment	FY 2014 Carry forwards/ Contracts	Total Amendment	Total Adjusted Budget
		Delete 2.0 FTE Animal Care Attendants. Approved by Council in July as part of Reorg.		\$ (174,738)			
		Add 1.0 FTE Animal Control Officer. Approved by Council in July as part of Reorg.		\$ 105,353			
		Adjust Salary for 1.0 FTE Animal Services Administrator. Approved by Council in July as part of Reorg.		\$ 3,588			
		Adjust Salary for 1.0 FTE Records Administrator. Approved by Council in July as part of Reorg.		\$ 5,772			
		Add 1.0 FTE Jail Administrator. Approved by Council in July as part of Reorg.		\$ 165,236			
		Delete 1.0 FTE Property & Evidence Supervisor. Approved by Council in July as part of Reorg.		\$ (150,390)			
		Add 1.0 FTE Property & Evidence Technician. Approved by Council in July as part of Reorg.		\$ 109,619			
		Upgrade 1.0 FTE Crime Analyst to 1.0 FTE Crime Analyst Supervisor (Feb-Jun) 10% above Crime Analyst. Increase of \$23,119 in FY16.		\$ 9,633			
	PW-Eng & Transp	Add 1.0 FTE Survey Engineer (Apr-Jun). Increase of \$161,139 for FY16		\$ 40,285			
		Delete 1.0 FTE Associate Civil Engineer. (Apr-Jun). Decrease of \$155,758 for FY16.		\$ (38,940)			
		Add 1.0 FTE Senior Civil Engineer (Apr-Jun). Increase of \$172,900 for FY16.		\$ 43,225			
101	Measure C		\$ -	\$ 586,033	\$ -	\$ 586,033	\$ 586,033
		Vehicle Purchases (Roller, Trailer, Graffiti Removal Vehicle, & Dump Truck)		\$ 250,000			
		Add 2.0 FTE Laborer/Maintenance Workers		\$ 65,075			
		Add 1.0 FTE Maintenance Leader		\$ 38,923			
		Add 2.0 FTE Laborer/Groundskeeper I		\$ 65,075			
		Addition of 1.0 FTE Crime Analyst		\$ 12,732			
		Addition of 2.0 FTE Police Officer-Traffic		\$ 30,334			
		Add 1.0 FTE Police Officer - Downtown		\$ 15,167			
		Add 1.0 FTE Sergeant - Downtown		\$ 17,577			
		Add 1.0 FTE Latent Fingerprint Examiner		\$ 13,333			
		Add 1.0 FTE Dispatch Supervisor		\$ 9,181			
		Add 8.0 FTE Call Takers		\$ 68,636			
217	Measure B Paratransit		\$ 1,590,284	\$ -	\$ 227,747	\$ 227,747	\$ 1,818,031
		FY14 Budget Carryforward			\$ 17,966		
		FY14 Contract Carryforward			\$ 209,781		
220	Federal Grants		\$ 907,832	\$ 218,906	\$ 1,341,831	\$ 1,560,737	\$ 2,468,569
		FY14 Budget Carryforward			\$ 204,895		
		FY14 Contract Carryforward			\$ 1,136,936		

Fund	Fund/ Dept.	Reason for Adjustment	Adopted Budget	Adjustment	FY 2014 Carry forwards/ Contracts	Total Amendment	Total Adjusted Budget
		FY15 Budget Appropriation		\$ 35,521			
		FY15 Budget Appropriation		\$ 7,500			
		FY15 Budget Appropriation		\$ 7,500			
		FY15 Budget Appropriation		\$ 165,860			
		FY15 Budget Appropriation		\$ 2,525			
225	Community Development Block Grant		\$ 1,593,064	\$ 63,000	\$ 115,586	\$ 178,586	\$ 1,771,650
		FY14 Contract Carryforward			\$ 115,586		
		FY15 Budget Correction		\$ 63,000			
		Relocate 1.0 FTE Community Services Manager to General Fund. Cost will be offset by charge-outs to other programs.		\$ -			
		Relocate 2.0 FTE Admin Analyst I/II to General Fund. Cost will be offset by charge-outs to other programs.		\$ -			
227	CDBG-Small Business Loan		\$ 656,609	\$ (63,000)	\$ -	\$ (63,000)	\$ 593,609
		FY15 Budget Correction		\$ (63,000)			
230	State Grants		\$ 575,349	\$ 147,000	\$ 439,681	\$ 586,681	\$ 1,162,030
		FY14 Budget Carryforward			\$ 437,734		
		FY14 Contract Carryforward			\$ 1,947		
		FY15 Budget Appropriation		\$ 15,000			
		FY15 Budget Appropriation		\$ 32,000			
		Consulting Services for Preparation of RFP for Solid Waste and Recycling Services		\$ 100,000			
240	Local Grants		\$ -	\$ 64,000	\$ 23,511	\$ 87,511	\$ 87,511
		FY14 Budget Carryforward			\$ 23,511		
		FY15 Budget Appropriation		\$ 4,000			
		FY15 Budget Appropriation		\$ 60,000			
245	Housing Authority		\$ 170,324	\$ 25,000	\$ 2,408,886	\$ 2,433,886	\$ 2,604,210
		FY14 Budget Carryforward			\$ 2,384,060		
		FY14 Contract Carryforward			\$ 24,826		
		FY15 Budget Appropriation		\$ 2,500			
		FY15 Budget Appropriation		\$ 22,500			
246	Affordable Housing		\$ 184,551	\$ -	\$ 24,500	\$ 24,500	\$ 209,051
		FY14 Contract Carryforward			\$ 24,500		
265	Asset Forfeiture		\$ -	\$ -	\$ 373,881	\$ 373,881	\$ 373,881
		FY14 Budget Carryforward			\$ 373,881		
266	LLD #1		\$ 5,935	\$ 820	\$ -	\$ 820	\$ 6,755
		FY15 Budget Appropriation		\$ 820			
267	LLD #2		\$ 8,765	\$ (1,965)	\$ -	\$ (1,965)	\$ 6,800
		FY15 Budget Appropriation		\$ (1,965)			
268	LLD #3		\$ 112,740	\$ 5	\$ -	\$ 5	\$ 112,745
		FY15 Budget Appropriation		\$ 5			
269	LLD #4		\$ 22,675	\$ 11,465	\$ -	\$ 11,465	\$ 34,140
		FY15 Budget Appropriation		\$ (2,285)			
		HARD Expenses Assumed by City		\$ 13,750			
270	MD #1		\$ 35,333	\$ 56,373	\$ -	\$ 56,373	\$ 91,706
		FY15 Budget Appropriation		\$ 56,373			
271	MD #2		\$ 111,255	\$ 334	\$ -	\$ 334	\$ 111,589
		FY15 Budget Appropriation		\$ 334			
272	LLD #5		\$ 5,445	\$ 468	\$ -	\$ 468	\$ 5,913
		FY15 Budget Appropriation		\$ 468			
273	LLD #6		\$ 14,625	\$ (99)	\$ -	\$ (99)	\$ 14,526
		FY15 Budget Appropriation		\$ (99)			
274	LLD #7		\$ 193,690	\$ 28,698	\$ -	\$ 28,698	\$ 222,388
		FY15 Budget Appropriation		\$ (4,852)			
		HARD Expenses Assumed by City		\$ 33,550			

Fund	Fund/ Dept.	Reason for Adjustment	Adopted Budget	Adjustment	FY 2014 Carry forwards/ Contracts	Total Amendment	Total Adjusted Budget
275	LLD #8		\$ 5,375	\$ 504	\$ 18,581	\$ 19,085	\$ 24,460
		FY15 Budget Appropriation		\$ 504			
		FY14 Contract Carryforward			\$ 18,581		
276	LLD #9		\$ 1,805	\$ 24	\$ -	\$ 24	\$ 1,829
		FY15 Budget Appropriation		\$ 24			
277	LLD #10		\$ 191,680	\$ 49,868	\$ -	\$ 49,868	\$ 241,548
		FY15 Budget Appropriation		\$ (4,726)			
		HARD Expenses Assumed by City		\$ 54,594			
278	LLD #12		\$ 47,590	\$ 26,669	\$ -	\$ 26,669	\$ 74,259
		FY15 Budget Appropriation		\$ 58			
		HARD Expenses Assumed by City		\$ 26,611			
279	LLD #11		\$ 211,384	\$ (17,074)	\$ -	\$ (17,074)	\$ 194,310
		FY15 Budget Appropriation		\$ (17,074)			
280	Downtown Business Impr.		\$ 87,000	\$ -	\$ 30,000	\$ 30,000	\$ 117,000
		FY14 Budget Carryforward			\$ 30,000		
281	LLD #13		\$ 39,890	\$ 20,649	\$ -	\$ 20,649	\$ 60,539
		FY15 Budget Appropriation		\$ 4,899			
		Expenses related to new tracks.		\$ 15,000			
		Expenses related to new tracks.		\$ 750			
295	South Hayward BART JPA Parking District		\$ -	\$ -	\$ 46,834	\$ 46,834	\$ 46,834
		FY14 Budget Carryforward			\$ 46,834		
405	Capital Projects - Government		\$ 1,529,000	\$ 1,400,000		\$ 1,400,000	\$ 2,929,000
		Increased appropriation for Fire Station #7 and Health Firehouse Clinic per adoption of the CIP Budget.		\$ 1,400,000			
410	Non-Dept.	Route 238 transfer from Fund 410 to 411 for Caltrans property disposition		\$ 1,000,000		\$ 1,000,000	\$ 1,000,000
605	Water Fund		\$ 42,235,134	\$ 250,000	\$ 15,900	\$ 265,900	\$ 42,501,034
		FY14 Contract Carryforward			\$ 15,900		
		Contracted Back Flow Testing		\$ 75,000			
		Contracted Meter Reading Services		\$ 125,000			
		Increase to Bank Charges (Water Billing)		\$ 50,000			
606	Water Intertie Fund		\$ 83,500	\$ 35,000	\$ -	\$ 35,000	\$ 118,500
		Maintenance & Operations for Intertie. Costs are 100% reimbursable from SFPUC & EBMUD		\$ 35,000			
610	Sewer Fund		\$ 24,529,908	\$ 168,157	\$ -	\$ 168,157	\$ 24,698,065
		Additional Tools, Contractor Services, and other Operating Costs		\$ 40,000			
		Additional Root Foaming Activities		\$ 60,000			
		Add 1.0 FTE Lab Technician		\$ 30,414			
		Reclass 1.0 FTE Lab Tech. to Chemist		\$ 6,671			
		Add 1.0 FTE WPCF Operator		\$ 31,072			
710	General Liability Insurance Fund		\$ 3,165,906	\$ -	\$ 203,312	\$ 203,312	\$ 3,369,218
		FY14 Contract Carryforward			\$ 203,312		
725	Facilities Management Fund		\$ 3,818,531	\$ 58,744	\$ -	\$ 58,744	\$ 3,877,275
		Alarm/Fire Monitoring System-City Hall & FS #1		\$ 33,107			
		Safeway Roof Parking Deck Coating Repairs		\$ 13,637			

Fund	Fund/ Dept.	Reason for Adjustment	Adopted Budget	Adjustment	FY 2014 Carry forwards/ Contracts	Total Amendment	Total Adjusted Budget
		Cinema Place Neon Sign Vandalized/Partial Cost Recovery from Cinema Place		\$ 12,000			
730	Information Technology Fund		\$ 5,259,213	\$ 82,250	\$ -	\$ 82,250	\$ 5,341,463
		Add 1.0 FTE IT Manager-Public Safety. Increase of \$173,000 for FY16.		\$ 43,250			
		Reclass 1.0 FTE Data & Systems Coordinator to 1.0 FTE IT Manager-Customer Support. Increase of \$8,000 for FY16.		\$ 2,000			
		Reclass 1.0 FTE Network Systems Specialist to 1.0 FTE IT Manager - Infrastructure. Increase of \$4,500 to FY16.		\$ 4,500			
		Add 1.0 FTE IT Technician I-Public Safety. Increase of \$130,000 for FY16.		\$ 32,500			
		Add 1.0 FTE Programmer Analyst (Offset by previous salary budget for P/T Temporary Analyst). Increase of \$76,918 for FY16.					
735	Fleet Mgmt.		\$ 5,704,791	\$ 30,000	\$ 5,000	\$ 35,000	\$ 5,739,791
		FY14 Contract Carryforward			\$ 5,000		
		Increase to Overtime Budget		\$ 30,000			
810	Community Facility District Fund		\$ 574,524	\$ 500,000	\$ -	\$ 500,000	\$ 1,074,524
		Community Facility District Fund Appropriation		\$ 500,000			
815	Successor Agency - RDA		\$ 7,148,047	\$ -	\$ 38,204	\$ 38,204	\$ 7,186,251
		FY14 Budget Carry Forward			\$ 38,204		
	Change Other Funds					\$ 9,469,248	
	Change ALL Funds					\$ 16,632,371	

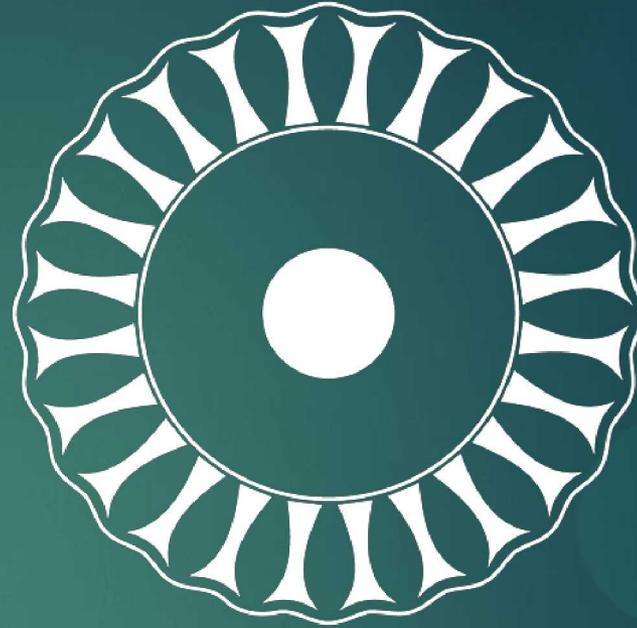
**Possible Funding Priorities for Sales Tax Measure
(Based on \$10M in annual revenue)**

Capital Projects/Restoration of Services	Annual Debt Service Payment¹ or Annual Cost
Additional Police Services (Cost per officer: \$200,000/year)	\$2,000,000 (annual cost)
Library & Community Learning Center (Total unfunded cost: \$50,000,000)	\$3,990,000 (annual debt service)
Other Fire Station Retrofits/ Improvements (Total cost: \$10,000,000)	\$798,000 (annual debt service)
New Fire Station #6 Training Center (Total cost: \$8,200,000)	\$654,400 (annual debt service)
Street Repairs² (2 miles of overlay and 4 miles of slurry seal)	\$1,000,000 ³ (TBD)
Restoring 5 Maintenance Workers (Cost per worker: \$100,000/year)	\$500,000 (annual cost)
Total Annual Cost	\$8,942,400
Contingency	\$1,057,600
Total Committed Annual Revenue	\$10,000,000

^[1] Annual debt service payment based on 20-year amortization of bond funding

^[2] Current annual gas tax/Measure B funding for overlay/slurry seal = \$4 million

^[3] There may be efficiencies to be gained by issuing debt to allow for a larger number of streets to be repaired in the first few years after the revenue measure passes. Staff will evaluate these options if the measure is approved by the voters.



City of Hayward

FY 2015 MIDYEAR REVIEW &
GENERAL FUND TEN-YEAR PLAN UPDATE

Tracy Vesely, Director of Finance
March 17, 2015

Overview



- ▶ Final Data Point: FY 2014 Year-end
- ▶ Discussion: FY 2015 Mid-Year adjustments for grants and critical projects – all funds
- ▶ Update: General Fund Ten-Year Forecast
- ▶ Action: Adopt Resolution authorizing recommended changes to FY 2015 operating & capital budgets

FY 2014 Final Year-end



- ▶ General Fund gap grew from -\$143K to -\$633K due to various audit adjustments
- ▶ Adjustment to fund balance of \$2.2M due to RDA-SA related claw back of GF loan repayment from 2011
 - ▶ Will begin receiving loan repayment in FY 2016
- ▶ FY 2014 audit is concluding and Comprehensive Annual Financial Report completed by March 31, 2015

FY 2015 Mid-Year Adjustments



<i>in 1,000's</i>	General Fund	Measure C	All Other Funds	Total
Revenues	\$3,579	\$5,000	\$71	\$8,654
Expenditures	\$6,577	\$586	\$9,469	\$16,632
FTE (positions)	6	20	2	28

FY 2015 GF Summary



- ▶ FY 2015 revenues are projected to be \$3.58M (2.8%) over the adopted budget (\$939K one-time)
- ▶ FY 2015 expenditures are projected to be \$6.58M (4.9%) over the adopted budget (\$4M one-time)
- ▶ Projected FY 2015 gap of \$4M excluding one-time adjustments (\$8M with one-time adjustments)

General Fund Forecast: The Gap



FY 2014 Actual Gap = \$633K

FY 2015 Projected Gap = \$8M; \$4M without one-time adjustments



Ten Year Plan Cost Drivers



- ▶ Loss of State Gas Tax Revenues (increase in General Fund cost)
- ▶ Minimal wage growth assumptions
- ▶ Escalating CalPERS rates – by 2020 rates at 30% - 55% of payroll
- ▶ Retiree Medical minimum contribution (ARC) = \$3.1M shortfall
- ▶ \$1M cost in FY 2018 due to Affordable Care Act “Cadillac tax”
- ▶ Funding for critical resources to meet increasing demands

Budget Calendar



- March 17, 2015 FY 2015 Mid-year Update
- May 19, 2015 Proposed FY 2016 Budget
- May 30, 2015 Work Session #1 (Saturday)
- June 2, 2015 Work Session #2 (If needed)
- June 16, 2015 Public hearing on operating budget
- June 23, 2015 Adopt operating & CIP budgets



Questions & Discussion

