



CITY OF  
**HAYWARD**  
HEART OF THE BAY

**CITY COUNCIL AGENDA**  
**FEBRUARY 4, 2014**

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**MAYOR MICHAEL SWEENEY**  
**MAYOR PRO TEMPORE MARK SALINAS**  
**COUNCIL MEMBER BARBARA HALLIDAY**  
**COUNCIL MEMBER FRANCISCO ZERMEÑO**  
**COUNCIL MEMBER MARVIN PEIXOTO**  
**COUNCIL MEMBER GREG JONES**  
**COUNCIL MEMBER AL MENDALL**

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**CITY COUNCIL MEETING FOR FEBRUARY 4, 2014**  
777 B STREET, HAYWARD, CA 94541  
[WWW.HAYWARD-CA.GOV](http://WWW.HAYWARD-CA.GOV)

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**CLOSED SESSION**  
**Closed Session Room 2B – 4:30 PM**

1. **PUBLIC COMMENTS**
  2. Conference with Labor Negotiators  
Pursuant to Government Code 54957.6
    - Lead Negotiators: City Manager David; City Attorney Lawson; Assistant City Manager McAdoo; Human Resources Director Robustelli; Finance Director Vesely; Deputy City Attorney Vashi; Director of Maintenance Services McGrath; Senior Human Resources Analyst Collins; Senior Human Resources Analyst Monnastes; Jack Hughes, Liebert, Cassidy and WhitmoreUnder Negotiation: All Groups
  3. Conference with Legal Counsel  
Pursuant to Government Code 54956.9
    - Pending Litigation: Bay Area Rapid Transit District v. PPF Industrial Road/Bowman Place, LP, et al., Alameda County Superior Court, Case No. RG13708269
  4. Conference with Property Negotiators  
Pursuant to Government Code 54956.8
    - Property Negotiators: City Manager David, City Attorney Lawson, Assistant City Manager McAdoo, Assistant City Attorney Conneely, Heather Gould and Rafael Yaquian of Goldfarb Lipman (outside legal counsel)Under Negotiation: South Hayward Transit-Oriented Development Project, 28901 and 28937 Mission Boulevard
  5. Adjourn to Special Joint City Council/Hayward Housing Authority/Redevelopment Successor Agency/Hayward Public Financing Authority Meeting
- 

**SPECIAL JOINT CITY COUNCIL/HAYWARD HOUSING AUTHORITY/REDEVELOPMENT  
SUCCESSOR AGENCY/HAYWARD PUBLIC FINANCING AUTHORITY MEETING**  
**Council Chambers – 7:00 PM**

**CALL TO ORDER Pledge of Allegiance** Council/HA/RSA/HPFA Member Mendall

**ROLL CALL**

**CLOSED SESSION ANNOUNCEMENT**

## PUBLIC COMMENTS

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*The Public Comment section provides an opportunity to address the City Council on items not listed on the agenda or Work Session, or Informational Staff Presentation items. The Council welcomes your comments and requests that speakers present their remarks in a respectful manner, within established time limits, and focus on issues which directly affect the City or are within the jurisdiction of the City. As the Council is prohibited by State law from discussing items not listed on the agenda, your item will be taken under consideration and may be referred to staff.*

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**NON-ACTION ITEMS:** *(Work Session and Informational Staff Presentation items are non-action items. Although the Council may discuss or direct staff to follow up on these items, no formal action will be taken. Any formal action will be placed on the agenda at a subsequent meeting in the action sections of the agenda.)*

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## WORK SESSION

1. Review of 2nd Quarter Progress for Police Department Priorities FY 2014 (Report from Police Chief Urban)

[Staff Report](#)

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**ACTION ITEMS:** *(The Council will permit comment as each item is called for the Consent Calendar, Public Hearings, and Legislative Business. In the case of the Consent Calendar, a specific item will need to be pulled by a Council member in order for the Council to discuss the item or to permit public comment on the item. Please notify the City Clerk anytime before the Consent Calendar is voted on by Council if you wish to speak on a Consent Item.)*

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## CONSENT

2. Approval of Minutes of the City Council Meeting on January 21, 2014

[Draft Minutes](#)

3. Adoption of an Ordinance Adding a New Article 25 Entitled "Mission Boulevard Corridor Form-Based Code" to Chapter 10 of the Hayward Municipal Code, Relating to the Adoption of the Mission Boulevard Corridor Specific Plan

[Staff Report](#)

[Attachment I Summary of Ordinance](#)

4. Adoption of an Ordinance Reclassifying the Zoning Designation for Properties in the Mission Boulevard Corridor Form-Based Code Area

[Staff Report](#)

[Attachment I Summary of Ordinance](#)

February 4, 2014



5. Adoption of an Ordinance Amending Hayward Municipal Code Section 10-1.3500, Zoning Ordinance Definitions, Relating to Transitional and Supportive Housing  
[Staff Report](#)  
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6. Adoption of an Ordinance Amending Table 9 of Section 10-24.300 of the South Hayward BART/Mission Boulevard Form Based Code, Relating to Transitional and Supportive Housing  
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8. Adoption of FY 2014 Statement of Investment Policy and Delegation of Investment Authority  
[Staff Report](#)  
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[Attachment III](#)  
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[Attachment V](#)
9. Approval of an Amendment to a Professional Services Agreement for Development Engineering Review Services in the Planning Division  
[Staff Report](#)  
[Attachment I Resolution](#)

## **COUNCIL REPORTS, REFERRALS, AND FUTURE AGENDA ITEMS**

Oral reports from Council Members on their activities, referrals to staff, and suggestions for future agenda items.

## **ADJOURNMENT**

**NEXT REGULAR MEETING – 7:00 PM, TUESDAY, FEBRUARY 18, 2014**

***PUBLIC COMMENT RULES:*** *The Mayor may, at the beginning of the hearing, limit testimony to three (3) minutes per individual and five (5) minutes per an individual representing a group of citizens or organization. Speakers will be asked for their name before speaking and are expected to honor the allotted time. Speaker Cards are available from the City Clerk at the meeting.*

***PLEASE TAKE NOTICE*** *that if you file a lawsuit challenging any final decision on any public hearing or legislative business item listed in this agenda, the issues in the lawsuit may be limited to the issues that were raised at the City's public hearing or presented in writing to the City Clerk at or before the public hearing.*

February 4, 2014



**PLEASE TAKE FURTHER NOTICE** that the City Council has adopted Resolution No. 87-181 C.S., which imposes the 90 day deadline set forth in Code of Civil Procedure section 1094.6 for filing of any lawsuit challenging final action on an agenda item which is subject to Code of Civil Procedure section 1094.5.

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**\*\*\*Materials related to an item on the agenda submitted to the Council after distribution of the agenda packet are available for public inspection in the City Clerk's Office, City Hall, 777 B Street, 4<sup>th</sup> Floor, Hayward, during normal business hours. An online version of this agenda and staff reports are available on the City's website. Written comments submitted to the Council in connection with agenda items will be posted on the City's website. All Council Meetings are broadcast simultaneously on the website and on Cable Channel 15, KHRT. \*\*\***

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*Assistance will be provided to those requiring accommodations for disabilities in compliance with the Americans with Disabilities Act of 1990. Interested persons must request the accommodation at least 48 hours in advance of the meeting by contacting the City Clerk at (510) 583-4400 or TDD (510) 247-3340.*

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**Please visit us on:**



**DATE:** February 4, 2013

**TO:** Mayor and City Council

**FROM:** Chief of Police

**SUBJECT:** Review of 2<sup>nd</sup> Quarter Progress for Police Department Priorities  
FY 2014

## **RECOMMENDATION**

That Council reviews and comments on the Police Department's 2<sup>nd</sup> quarter report, which provides detailed actions and outcomes in relation to achieving Council's Priorities.

## **BACKGROUND**

The Police Department reports quarterly to Council to be transparent and accountable to Council and the public when it comes to achieving progress on the Department's six performance measurements for FY 2014 as adopted by Council on May 21, 2013. This report covers actions taken or completed by the Police Department in relation to Council Priorities during the 2<sup>nd</sup> quarter of FY 2014<sup>1</sup>. [This is the second quarterly report for FY 2014.](#)

## **DISCUSSION**

Priority #1: Reduce the number of Part I crimes consistently over the next three years.

- *Reduce theft-related crimes by 5% (burglary, auto theft, larceny).*
- *Include Part I Uniform Crime Report data in the City Manager's bi-weekly report.*
- *Quarterly Progress: On Target (Uniform Crime Report Data)*

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<sup>1</sup> The 2<sup>nd</sup> quarter for FY 2014 covers October 1, 2013 through December 31, 2013.

	October		November		December		Quarter		Quarterly Summary: Year over Year		Performance Against Measure – All Theft	
	2012	2013	2012	2013	2012	2013	2012	2013	#	%	#	%
Burglary	90	94	84	97	100	73	274	264	-10	-3.7	-31	 -2.6
Larceny	164	197	194	171	201	175	559	543	-16	-2.9		
Auto theft	129	109	130	147	116	114	375	370	-5	-1.3		

In October 2011, California Assembly Bill 109 (AB 109) was a response to a federal court order to reduce prison population by 30,000 inmates or to 137.5% of design capacity. The essence of the plan is to reallocate non-violent, non-serious and/or non-sexual offenders from serving time in State prison to county jails or into another form of community corrections<sup>2</sup>. The long term outcome of this plan is aimed at refocusing efforts and resources away from incarceration and towards crime prevention, mental health, and other types of rehabilitative treatment. The California Department of Corrections is the lead agency overseeing implementation, while the State Probation Department is tasked with tracking the prisoners post-release. Legislators and key stakeholders continue to convene and reshape the “how to” component of this plan. AB 109 is expected to set a tone in how prison overcrowding is solved on a national scale. In the meantime, law enforcement agencies must confront the operational, legal, social, and financial impacts of this legislation at the local level.

How does this relate to the City of Hayward? At present, there are 640 post-release community inmates, otherwise known as “PRCs”, currently in Alameda County, to which 129 have re-offended and are currently serving time in local custody. After two years of data analysis, researchers attribute a statewide uptick in property crime to “PRCs” and predict that one to two additional property crimes per year on average for each offender can be expected in the future. Vehicle thefts experienced the largest increase statewide at 14.8%<sup>3</sup>. Yet, the City of Hayward has experienced an overall decrease in property theft in part due to the actions listed below. As the CDC moves forward with implementation of AB109, the Police Department is determined to remain steadfast in maintaining a reduction to remain on target with a 5% decrease by the end of FY 2014.

Actions taken this quarter:

- There were seven cases that involved latent print identification, to which two were cleared and five are still active investigations. This process helps investigators to solve theft-related crimes.
- As a community outreach strategy, there were a total of twenty-one messages sent out via Nixle this quarter. Both community and advisory messages sent out this quarter on Nixle

<sup>2</sup> Lofstrom, M., Petersilia, J., & Raphael, S. Public Policy Institute of California, (2012). *Evaluating the effects of california's corrections realignment on public safety*

<sup>3</sup> Lofstrom, M., & Raphael, S. Public Policy Institute of California, (2013). *Public safety realignment and crime rates in california*

served the purpose of raising awareness to the community about pressing issues related to crime within the City of Hayward, as well as educate them on crime prevention measures.

- The deployment of Reserve Officers to South Hayward for the TAP (Tennyson Area Project) concluded with success. Local businesses appreciated the consistent presence and interaction. Overall, business owners reported a reduction in quality of life problems in the area, including loitering and open container.
- Reserve Officers were redeployed between Thanksgiving and the New Year holiday to Southland Mall and surrounding areas. Their volunteer police services included directed patrols/enforcement and traffic control. In total, Reserve Officers volunteered a total of 422.5 hours at Southland Mall to provide security for the increased holiday traffic. They alleviated much of the burden that would normally have fallen on Patrol.
- On November 12<sup>th</sup>, the Police Department concluded a six-week “Spanish Community Academy” with over forty community members in attendance. This academy focused on promoting a better understanding of our Department to the Latino community in Hayward. Presentation topics included Police Department functions, communications, youth and family services, school resources, burglary prevention, vice investigations, drug and gang awareness, and traffic enforcement. On the final day, attendees participated in a graduation ceremony at the Police Department where they received a certificate of completion, participated in a raffle, took a tour of the facility and had an opportunity to meet Chief Urban.
- On November 13, 2013, the Police Department hosted “Coffee with a Cop” at Fairway Park Donut Shop on Mission Boulevard. The business generously donated the coffee, while fifty community members stopped by to engage in casual conversation with police staff.
- Key burglary cases –
  1. Asexual assault/robbery investigation that occurred in the laundry room of the Glen Eden Apartments. During the investigation, they learned of an indecent exposure incident that occurred several weeks prior with the same suspect description. Detectives identified and arrested the 17-year old suspect a day later, to which he was positively identified as the suspect in both cases. Detectives are working with the District Attorney’s Office to have the suspect tried as an adult.
  2. An investigation of multiple burglaries that had occurred in the Cypress/Austin area. Detectives were able to identify the suspect through video surveillance photos. The Detectives subsequently arrested the suspect and were able to

connect him to three other burglaries that had occurred in Hayward and eight burglaries that had occurred in Oakland.

3. A commercial burglary investigation at the T-Mobile store on Industrial Parkway. During the investigation, they learned that same three suspects were also responsible for a robbery at a cell phone business on Mack Street and check fraud at the Chase Bank on Jackson Street. The results of the investigation lead to the arrest and confession of all three suspects.

Priority #2: Continue strategies to geographically reduce crime in “hot spots” by 5%.

The Hayward Police Department uses a data driven approach to combat and prevent crime. The most recent program put into effect, Trends n’ Tactics (TNT), uses the analysis of data to narrow the patrol focus to geographical areas that create a clustering of specific crimes. Based on the analysis of this data, Northern and Southern “hot spots” are identified geographically and resources are then directed where these problems exist.

For a three week period, patrol officers spend their discretionary time in these “hot spot” locations. Each officer is encouraged to conduct walking patrols, traffic enforcement, and pedestrian stops, in addition to other proactive activities within the assigned “hot spot”. At the end of the time period, ongoing analysis is performed to determine the next focus area. It should be noted the success of this plan partially relies on standard or above standard staffing levels, among other factors.

Actions taken this quarter:

- Four “hot spots” within geographical zones were identified in the Northern and Southern Districts during this quarter. Patrol and K9 officers were asked to spend their discretionary patrol time conducting directed enforcement and/or high visibility patrol in the identified “hot spots”. Here are the highlights of two:

<b>“Hotspot” Location</b>	<b># of Part 1 Felony Reported Crimes</b>	<b># of Part 1 Felony Reported Crimes After Directed Enforcement</b>	<b>Reported Crime Percent Change</b>
Industrial/Huntwood/Mission (South District)	6	↓ 2	↓ 67%
La Playa/Hesperian/Turner (North District)	5	↓ 2	↓ 60%

- Initial data analysis indicates that directed deployment of patrol units to “hot spot” areas caused a reduction of reported crime in the hot spot. The Police Department notes this as a success, but remains keenly aware that this type of geographic policing strategy can displace

crime to other areas outside of the “hot spot”. As the “Trends n’ Tactics” strategy develops, the Police Department will continue to observe the environmental factors that influence the success of the initiative. Ongoing data analysis will help to establish more consistent, verifiable trends and determine the overall effectiveness of this policing strategy.

Priority #3: Reduce the number of traffic accidents citywide over next three years.

- > *Reduce accidents by 10% within the top three accident zones.*

The Traffic Division continues to rely on data driven approaches which allow for supervisors to assign traffic officers to conduct directed enforcement in accident-prone locations. Opportunities, like hosting the “Avoid the 21” grant, allows the Police Department to spearhead DUI and other safety-related saturation patrols, checkpoints, multi-agency traffic operations and warrant service operations. However, there are a couple key factors that can slow or negate the overall reduction of traffic accidents. First, directed enforcement actions related to DUI and traffic safety are reliant on special grant funds, which can change depending on the fiscal climate. Second, staffing shortages in the Traffic Division can limit the number of officers that can be directed to accident-prone areas on any given day.

Actions taken this quarter:

- > Below is the top ten high accident intersections that were identified at the beginning of the 2<sup>nd</sup> quarter<sup>4</sup>:

<b>High Accident Intersections</b>	<b>1<sup>st</sup> Quarter</b>	<b>2<sup>nd</sup> Quarter</b>	<b>Reduction Rate</b>
D St @ Mission Blvd	4	2	50%
A St @ Foothill Blvd	3	0	100%
Carlos Bee Blvd @ Mission Blvd.	4	0	100%
Jackson St/Mission /Foothill Blvd (Five corners)	4	1	75%
Hesperian Blvd @ West Winton Ave	8	0	100%
Hesperian Blvd @ Cathy Wy	2	0	100%
Hesperian Blvd @ Sleepy Hollow Ave	4	1	75%
Mission Blvd @ Gresel St	2	1	50%
Tennyson Rd @ Pompano Ave	4	1	75%
Tennyson Rd @ Calaroga Ave	2	0	100%
Total	37	6	 84%

- > There were seven DUI Saturation Patrol Operations, which resulted in ten arrests for DUI.

<sup>4</sup> The Traffic Division collects and analyzes CAD and traffic report data to identify the top 10 high accident intersections each quarter. These intersections are categorized into three zones, to which Traffic Officers are assigned to and carry out directed enforcement.

- > There were seventeen Traffic Enforcement Operations resulting in 201 traffic citations, of which 111 citation were for speeding violations.
  - > There was an overall 5% increase in reports of traffic collisions citywide, from 233 collisions to 245 collisions. A closer examination of the 245 reports of traffic collisions revealed that 38 of them were collisions that occurred on private property or on the freeway. More specifically, private property collisions spiked due to an increase of consumers at Southland Mall during the holidays. In taking this into consideration, 207 of those collisions occurred on city roadways and may have caused safety issues on the roadways within the city.
  - > When comparing the first and second quarters (233 and 207), it shows an 11% reduction of collisions citywide.
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Priority #4: Conduct a minimum of nine (9) SMASH operations.

Synchronized Multi-Agency Safe House (SMASH) operations, from past to present, continue to address chronic problem locations throughout the City of Hayward. Led by the Hayward Police Department's District Command Unit, representatives from various City Departments unite and converge on a particular problem location. By deploying multiple resources all at once, City enforcement teams are able to aggressively identify violations and hold occupants accountable, either through arrest or citation. These violations include criminal, building and other illegal hazards or activities that may exist.

Actions taken this quarter:

- There have been four total SMASH operations conducted this fiscal year. We are on track to accomplish the target of nine SMASH operations by the end of FY 2014. The following SMASH operations have been conducted in the last quarter:
  - > October 3, 2013 at 28147 Murcia Street, which resulted in the following:
    1. Two subjects arrested for felony and misdemeanor warrants for charges related to drugs, possession of dangerous weapon and under the influence of a stimulant.
    2. Multiple health and safety violations including overgrown vegetation, structural cracks in the ceiling, missing smoke detectors and over-stacked debris and junk outside.
    3. One of the arrestees (a resident) was served with an eviction notice.
  - > November 25, 2013 at 350 Carson Drive, which resulted in the following:

1. Multiple health and safety violations including exposed electrical wiring, non-permitted out building, illegal garbage conversion, noncompliant fire door into the kitchen, over-stacked debris and junk outside.
  2. Possible elder abuse detected and followed up on.
- > December 11, 2013 at Lord Tennyson Apartments (LTA), which resulted in the following:
1. Two subjects arrested for charges that include felony narcotics possession, misdemeanor crimes of drug paraphernalia and under the influence of a stimulant.
  2. Multiple health and safety violations including over-stacked debris and junk, mold, ceiling damage and missing smoke and carbon monoxide detectors.

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Priority #5: Prevent the expansion of reportable gang crimes.

- > *Increase number of gang-related arrests by 5%.*
- > *Increase contacts with gang members by 10%.*
- > *Increase parole and probation searches by 5%.*
- > *Conduct at least two comprehensive conspiracy investigations targeting gang leadership.*

The Special Duty Unit (SDU), a street enforcement team, works collaboratively with the Special Duty Investigative Unit (SDIU), an investigative gang team. These two teams actively share intelligence, which then allows them to strategically target gangs and gang-related activity throughout the City of Hayward; and aids in the development and completion of comprehensive gang investigations.

Additionally, the Youth and Family Services Bureau (YFSB) remains steadfast in awareness and prevention campaigns, as it relates to gangs. Through funding provided by the California Gang Reduction, Intervention and Prevention Program (CalGRIP), YFSB's Hayward Positive Alternatives for Youth (HPAY) program provides early intervention and prevention services to Hayward youth and their families. The program consists of prevention, early intervention, and intensive intervention strategies to prevent and reduce gang activity in our community while increasing resilience and improving academics. Staff believes that this multi-faceted approach involving enforcement and education is the leading factor when it comes preventing the expansion of reportable gang crime.

In order to better report on the first three measurements in this Priority, staff is in the process of identifying the base with which we will compare at year end. At that time, we will have a full-

year's data and comparable time periods on which we can report to show clear progress against the identified desired increases in arrests, contacts, and searched.

Actions taken this quarter:

- Twenty-nine gang-related arrests.
- Twenty-three felony arrests.
- Nine firearms recovered by the Special Duty Unit.
- 120 total contacts with gang members.
- Eight parole and probations searches conducted resulting one arrest and one firearm seized.
- Special Duty Investigative Unit (SDIU) investigated an assault with a deadly weapon (stabbing) case involving multiple North Side Hayward gang members. Through good investigative work, three suspects were identified. After hours of surveillance all suspects were taken into custody in less than twenty-four hours after the crime was committed.
- The Homicide Unit and SDIU worked together investigating a gang-related homicide (shooting) of a sixteen year-old North Side Hayward gang member. In part through intelligence provided by SDIU, two Vario South Garden suspects were identified and a potential location where the suspects were hiding was found. Within twenty-four hours of the crime, two suspects were taken into custody and the gun used in the crime was recovered.
- Gang awareness/education presentations by the Police Department's HPAY Service Coordinator and Gang Specialist were given to 545 youth in the 5<sup>th</sup> and 6<sup>th</sup> grades at HUSD elementary schools.
- School Resource Officers (SROs) and Hayward Positive Alternatives for Youth (HPAY) Service coordinators began Gang Resistance Education and Training (GREAT) for nine middle school classes in HUSD.
- YFSB continues to provide family counseling and case management services to youth and their families who have been identified as being at-risk for gang involvement. There were fourteen referrals made for Case Management services, and Family counselors opened nine counseling cases serving a total of twenty-one clients this quarter.

- Due to the YFSB Counseling staff being fully staffed, we were able to increase our services with HUSD. YFSB expanded its services at Mt. Eden High School and Schaffer Park Elementary School.

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Priority #6: Continue to invest in our people.

The Police Department has been working to overcome the systemic issues related to shortages, as reported in the 1<sup>st</sup> quarter report. Historically low staffing levels have caused an increased workload on operations and administration that is unsafe and/or unmanageable at times. Therefore, the Police Department focuses primarily on hiring police officers and professional staff in an effort to restore staffing levels. In fact, the Personnel and Training Division has made strides in this area. It is our hope that the successes with hiring means we can refocus some efforts on training, succession planning and promotional preparation for employees.

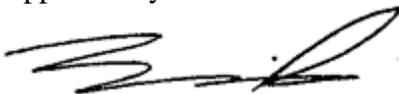
- Four officers off on Worker's Compensation for an extended period of time have been given Industrial Disability Retirements (IDR's). Others out on work-related injuries have returned to work in a modified assignment pending medical procedures or rehabilitating injuries.
- On two occasions, Personnel and Training staff hosted new applicants at the Police Department for oral board and testing preparation.
- Out of approximately 517 applications for employment with the Police Department, fifty-nine interviews were conducted. As a result, twenty-six backgrounds were conducted, which led to seventeen applicants hired (nine Trainees, six Academy Graduates and two Lateral Officers).
- Two police officers recently completed the FTO program
- One police officer trainee was promoted to police officer.
- Four police officers completed their probation and have successfully transitioned as full-time employees
- Ten police officer recruits are currently in the police academy
- Reserve police officers augmented patrol by working approximately 1,859 hours.
- There were four media platforms used to recruit including YouTube, Nixle, CalOpps and the California Chiefs Association website.
- Here are significant succession planning accomplishments:

1. After a thorough vetting process, Lieutenant Mark Koller was promoted to Police Captain. He is the first Captain promoted in nine years.
  2. Sergeant Bobbie Koller was promoted to Police Lieutenant in December.
  3. Officers Jose Banuelos and Cory Linteo were promoted to Police Sergeant in October 2013.
  4. Lieutenant Linda Slaughter started Alameda County Leadership training in October 2013.
  5. Lieutenant Bryan Matthews started POST Command College in December 2013.
  6. Lieutenant Chris Orrey graduated from LAPD Leadership Academy in December 2013.
- Here are significant training accomplishments:
    1. Several Hayward Police Officers attended a “train the trainer” course held at the Police Department and hosted by “Below 100”, which leads a course aimed at reversing a nation-wide trend of law enforcement deaths related to vehicle accidents.
    2. In October, eight Special Response Unit (SRU) officers formed as a team to compete in what is considered the nation’s best first responder training, Urban Shield. It is a training exercise that utilizes NIMS and SEMS and tests tactical teams’ ability to respond to disasters and major emergencies. An additional team of volunteers from the Police Department hosted a training site and acted as hostages in a scenario.

*Prepared by:* Lauren Sugayan, Police Programs Analyst

*Recommended by:* Diane E. Urban, Police Chief

Approved by:



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Fran David, City Manager



**MINUTES OF THE CITY COUNCIL MEETING  
OF THE CITY OF HAYWARD  
City Council Chambers  
777 B Street, Hayward, CA 94541  
Tuesday, January 21, 2014, 7:00 p.m.**

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The Council meeting was called to order by Mayor Sweeney at 7:00 p.m., followed by the Pledge of Allegiance led by Council Member Peixoto.

**ROLL CALL**

Present: COUNCIL MEMBERS Zermeño, Jones, Halliday, Peixoto, Salinas,  
Mendall  
MAYOR Sweeney  
Absent: None

**CLOSED SESSION ANNOUNCEMENT**

City Attorney Lawson reported that the Council met in closed session regarding performance evaluations of the City Manager and City Attorney pursuant to Government Code 54957; met with labor negotiators pursuant to Government Code 54957.6 regarding all groups; met with legal counsel pursuant to Government Code 54956.9 regarding Oliveira v. City of Hayward, et al., United States District Court for the Northern District of California (S.F. Division), Case No. C13-1664 MEJ ADR, and Rojas v. City of Hayward, et al., Alameda County Superior Court (Oakland Administration Building), Case No. RG12632415; and met with property negotiators pursuant to Government Code 54956.8 regarding approximately 400 parcels owned by the California Department of Transportation in the Route 238 Corridor.

City Attorney Lawson noted that the Council unanimously approved compromising settlement of Rojas v. City of Hayward, et al., Alameda County Superior Court (Oakland Administration Building), Case No. RG12632415. As to the rest of the items, the Council took no reportable action.

**PUBLIC COMMENTS**

Mr. Tony Guerra, City employee and Service Employees International Union (SEIU) Local 1021 member, read a Resolution adopted by the Alameda Labor Council Executive Committee and signed by Josie Camacho, dated December 6, 2013.

Ms. Linda Reid, City employee and SEIU Local 1021 member, read a Resolution adopted by the Alameda County Democratic Central Committee and submitted by Supervisor Valle, Assemblyman Quirk, Assemblyman Wieckowski and State Senator Corbett, dated January 8, 2014.

Ms. Felicia Sandoval, City employee and SEIU Local 1021 member, spoke about the lack of a successful resolution to contract negotiations between the City and its employees.

Mr. Mike Stotts, City employee and SEIU Local 1021 member, spoke about the employees' work ethics and how they continue to represent the City despite current contract negotiations.

Ms. Betty Moose, San Lorenzo resident and Citizens Advisory Committee (CAC) of the Hayward Area Shoreline Planning Agency representative, asked when and how had the City notified its residents and residents in surrounding areas about the health hazards from the Russell City Energy Center. It was noted that Ms. Moose would get an answer before the next CAC meeting.

Mr. C.J. Samiul, Hayward resident, requested a different design for the Westlake Development; suggested tankless water heaters for future residential developments; spoke about the donation made by Calpine; recommended the library be open on Sundays; and praised the work of volunteers.

Mr. Charlie Peters, Clean Air Performance Professionals representative, submitted materials for the record and spoke about the corn ethanol fuel mandate.

## **WORK SESSION**

### **1. Water Pollution Control Facility Master Plan – Review Recommendations**

Staff report submitted by Director of Public Works-Utilities & Environmental Services Ameri, dated January 21, 2014, was filed.

Director of Public Works-Utilities & Environmental Services Ameri provided a synopsis of the report.

Discussion ensued among Council members and City staff. Council members offered the following suggestion: continue to pursue recycled and gray water efforts; plan a strategy to finance the expansion of solar energy; continue to research ways for onsite storm water retention; relocate the East Bay Dischargers Authority (EBDA) pump station closer to the Water Pollution Control Facility; and pursue State and Federal grants to remain in compliance with mandates.

## **CONSENT**

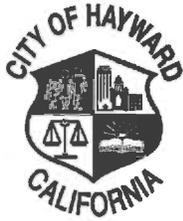
Consent Items 3 and 4 were removed for separate vote.

### **2. Resignation of Amacalli Duran from the Hayward Youth Commission and Appointment of Joanna Gil to Fulfill Duran's Unexpired Term**

Staff report submitted by City Clerk Lens, dated January 21, 2014, was filed.

It was moved by Council Member Peixoto, seconded by Council Member Zermeño, and carried unanimously, to adopt the following:

Resolution 14- 002, “Resolution Accepting the Resignation of Amacalli Duran from the Hayward Youth Commission and Appointing Joanna Gil to Fulfill Amacalli Duran’s Term”



**MINUTES OF THE CITY COUNCIL MEETING  
OF THE CITY OF HAYWARD  
City Council Chambers  
777 B Street, Hayward, CA 94541  
Tuesday, January 21, 2014, 7:00 p.m.**

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3. Weekes ADA Accessible Parking Lot Construction Project: Approval of Plans and Specifications, and Call for Bids

Staff report submitted by Assistant City Engineer Owusu, dated January 21, 2014, was filed.

Council Member Mendall recommended that staff conduct more frequent reviews of Community Development Block Grant unspent funds to avoid having to return them to the Department of Housing and Urban Development.

It was moved by Council Member Mendall, seconded by Council Member Halliday, and carried unanimously, to adopt the following:

Resolution 14- 005, “Resolution Approving Plans and Specifications for the Weekes ADA Accessible Parking Lot Construction Project, and Call for Bids”

4. Resolution in Support of a Lasting Legacy in the Tennyson Corridor

Staff report submitted by City Manager David, dated January 21, 2014, was filed.

Council Member Zermeño thanked Eden Youth and Family Center Board of Directors, former Supervisor Steele and Supervisor Valle for their leadership and management of the Eden Youth and Family Center.

It was moved by Council Member Zermeño, seconded by Council Member Halliday, and carried unanimously, to adopt the following:

Resolution 14-006, “Resolution In Support of the Tennyson Corridor Lasting Legacy”

5. Adoption of a Resolution Supporting SB 405 (Padilla) to Prohibit Specific Stores from Providing Single-Use Carryout Bags to Customers

Staff report submitted by City Manager David, dated January 21, 2014, was filed.

It was moved by Council Member Peixoto, seconded by Council Member Zermeño, and carried unanimously, to adopt the following:

Resolution 14-003, “Resolution Supporting SB 405 (Padilla) Prohibiting Specified Stores from Providing Single-Use Carryout Bags to Customers”

6. Adoption of Council’s FY 2015 & FY 2016 Priorities

Staff report submitted by City Manager David, dated January 21, 2014, was filed.

It was moved by Council Member Peixoto, seconded by Council Member Zermeño, and carried unanimously, to adopt the following:

Resolution 14-004, “Resolution Adopting the City Council Priorities for Fiscal Year 2015 and 2016”

**PUBLIC HEARING**

7. Adoption of a Resolution and Introduction of Two Ordinances Related to Certification of a Program Environmental Impact Report in Accordance with the California Environmental Quality Act (CEQA) Guidelines, Section 15168; and Approval of the Mission Boulevard Corridor Specific Plan, including a Form-Based Code and Related General Plan Amendment; Encompassing an Area of Approximately 240 Acres and 600 Parcels Along Two Miles of the Mission Boulevard Corridor from Harder Road to the Northern City Boundary, Excluding the Downtown Area Between Jackson Street and A Street (General Plan Amendment Application No. PL-2013-0268, Text Amendment Application No. PL-2013-0270, and Zone Change Application No. PL-2013-0271) – City of Hayward (Applicant)

Staff report submitted by Development Services Director Rizk, dated January 21, 2014, was filed.

Development Services Director Rizk provided a synopsis of the report and noted that the Council was in receipt of a letter from Cox Castle Nicholson representing Chrysler Group Realty Company LLC. Assistant City Attorney Conneely added that the proposed plan was a vision and any civic space dedication or development regulations would be considered as development applications are evaluated for the redevelopment of the area.

Development Services Director Rizk was praised for his work related to the Mission Boulevard Corridor Specific Plan.

Discussion ensued among Council members and City staff. Council members offered the following comments: there were advantages of having frontage slip lane and diagonal parking along Mission Boulevard; residential use near California State University East Bay would be favorable for the students; the Mission Boulevard Corridor Specific Plan envisioned to be pedestrian oriented, transit friendly and adequate retail; and decisions for the Corridor would need to be consistent with the vision and the appropriateness of what would be permitted in the zoning district.



**MINUTES OF THE CITY COUNCIL MEETING  
OF THE CITY OF HAYWARD  
City Council Chambers  
777 B Street, Hayward, CA 94541  
Tuesday, January 21, 2014, 7:00 p.m.**

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Mayor Sweeney opened the public hearing at 8:40 p.m.

Mr. Edward Kim, property owner of 24453 to 24471 Mission Boulevard, noted the widening of Mission Boulevard and the accommodation of slip lanes was a form of regulatory taking of his property and that property owners should be fairly compensated. Mr. Kim noted that businesses in proximity to his property had customer parking behind their buildings.

Ms. Linda Klein, with Cox Castle Nicholson representing Chrysler Group Realty Company LLC of 25601 Mission Boulevard, referred to a letter addressed to Council dated January 21, 2014, which outlined the concerns with the proposed Mission Boulevard Corridor Specific Plan and its potential impacts on the property.

Mr. Dale Damerl, with business address at 22357 Mission Boulevard, asked if the Mission Boulevard Corridor Specific Plan envisioned slip lanes for the northern segment of Mission Boulevard and if it would impact his property. It was noted that there were no plans outside of the existing public right-of-way or slip lanes for the northern segment of Mission Boulevard.

Mayor Sweeney closed the public hearing at 8:50 p.m.

With respect to the Southern Segment of the Mission Boulevard Form-Based Code Area (South of Jackson Street), Council Member Zermeño offered a motion per the staff recommendation to adopt the resolution and the ordinances related to the Mission Boulevard Corridor Specific Plan and Form-Based Code, related Program Environmental Impact Report, and Mitigation Monitoring and Reporting Program. Council Member Mendall seconded the motion.

It was moved by Council Member Zermeño, seconded by Council Member Mendall, and carried unanimously:

AYES: Council Members Zermeño, Jones, Halliday, Peixoto, Salinas,  
Mendall  
Mayor Sweeney  
NOES: None  
ABSENT: None  
ABSTAINED: None

With respect to the Northern Segment of the Mission Boulevard Form-Based Code Area (North of A Street), Council Member Zermeño offered a motion per the staff recommendation to adopt the resolution and the ordinances related to the Mission Boulevard Corridor Specific Plan and Form-Based Code, related Program Environmental Impact Report, and Mitigation Monitoring and Reporting Program. Council Member Halliday seconded the motion.

It was moved by Council Member Zermeño, seconded by Council Member Halliday, and carried with the following vote:

AYES: Council Members Zermeño, Halliday, Peixoto, Mendall  
Mayor Sweeney  
NOES: None  
ABSENT: Council Members Jones, Salinas  
ABSTAINED: None

Resolution 14-007, “Resolution Certifying the Program Environmental Impact Report, Approving the Mitigation Monitoring and Reporting Program, Adopting the Mission Boulevard Corridor Specific Plan, and Approving the Related General Plan Amendments, Zoning Reclassifications and Text Changes for the Mission Boulevard Corridor Specific Plan Area”

Introduction of Ordinance 14-\_, “An Ordinance Adding a New Article 25 Entitled “Mission Boulevard Corridor Form-Based Code” To Chapter 10 of the Hayward Municipal Code, Relating to the Adoption of the Mission Boulevard Corridor Specific Plan”

Introduction of Ordinance 14-\_, “An Ordinance Reclassifying the Zoning Designation for Properties in the Mission Boulevard Corridor Form-Based Code Area”

## **LEGISLATIVE BUSINESS**

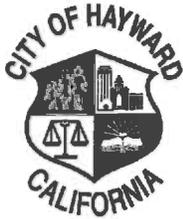
8. Introduction of an Ordinance to Adopt the Energy Efficiency Standards of the Previously Repealed Chapter 10, Article 22 of the Hayward Municipal Code (Green Building Requirements for Private Development). The Project is Exempt from Environmental Review pursuant to Section 15378(b)(1) of the CEQA Guidelines

Staff report submitted by Development Services Director Rizk, dated January 21, 2014, was filed.

Development Services Director Rizk announced the report and introduced Building Official Lepori who provided a synopsis of the report.

It was clarified that the energy efficiency standards would be in effect until the 2013 California Energy Code and affected portions of the 2013 California Green Building Standards Code become effective.

There being no public comments, Mayor Sweeney opened and closed the public hearing at 8:56 p.m.



**MINUTES OF THE CITY COUNCIL MEETING  
OF THE CITY OF HAYWARD  
City Council Chambers  
777 B Street, Hayward, CA 94541  
Tuesday, January 21, 2014, 7:00 p.m.**

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It was moved by Council Member Mendall, seconded by Council Members Halliday and Peixoto, and carried unanimously, to adopt the following:

Introduction of Ordinance 14-\_, “An Ordinance Reinstating the Energy Efficiency Provisions of the City of Hayward’s Green Building Requirements for Private Developments (Formerly Chapter 10, Article 22 of the Hayward Municipal Code)”

**COUNCIL REPORTS, REFERRALS, AND FUTURE AGENDA ITEMS**

Council Member Zermeño announced the Keep Hayward Clean and Green Task Force would be cleaning the south garden neighborhood on June 25, 2014, and asked everyone to join him and the Task Force and meet at the Shiloh Baptist Church.

Council Member Salinas talked about the NFL Super Bowl XLVIII and the Seattle Seahawks.

Council Member Halliday noted that Hayward organized a tribute to Dr. Martin Luther King Jr. on January 20, 2014, with a demonstration by the South Hayward Parish and other churches in front of City Hall, and a birthday celebration by the Martin Luther King Jr. Committee and Dr. Melba Beals at Chabot College. Ms. Halliday also wished a happy birthday to her husband Rick Imsdahl.

Council Member Mendall spoke about the drought situation and noted that Hayward was in a better place than others in California. Mr. Mendall noted that through the Hayward Local Agencies Committee, the relationship between the City of Hayward, Hayward Unified School District and Hayward Area Recreation and Park District was strengthening.

**ADJOURNMENT**

Mayor Sweeney adjourned the meeting at 9:03 p.m.

**APPROVED:**

Michael Sweeney  
Mayor, City of Hayward

**ATTEST:**

Miriam Lens  
City Clerk, City of Hayward

**DATE:** February 4, 2014

**TO:** Mayor and City Council

**FROM:** City Clerk

**SUBJECT:** Adoption of an Ordinance Adding a New Article 25 Entitled "Mission Boulevard Corridor Form-Based Code" to Chapter 10 of the Hayward Municipal Code, Relating to the Adoption of the Mission Boulevard Corridor Specific Plan

**RECOMMENDATION**

That the City Council adopts the Ordinance introduced on January 21, 2014.

**BACKGROUND**

The Ordinance was introduced by Council Member Zermeño at the January 21, 2014 meeting of the City Council with the following vote:

With respect to the Southern Segment of the Mission Boulevard Form-Base Code Area (South of Jackson Street):

<b>AYES:</b>	<b>Council Members:</b>	Zermeño, Jones, Halliday, Peixoto, Salinas, Mendall
	<b>Mayor:</b>	Sweeney
<b>NOES:</b>	<b>Council Members:</b>	None
<b>ABSENT:</b>	<b>Council Members:</b>	None
<b>ABSTAIN:</b>	<b>Council Members:</b>	None

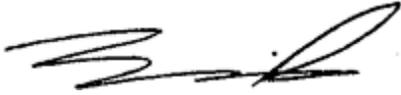
With respect to the Northern Segment of the Mission Boulevard Form-Based Code Area (North of A Street):

<b>AYES:</b>	<b>Council Members:</b>	Zermeño, Halliday, Peixoto, Mendall
	<b>Mayor:</b>	Sweeney
<b>NOES:</b>	<b>Council Members:</b>	None
<b>ABSENT:</b>	<b>Council Members:</b>	Jones, Salinas
<b>ABSTAIN:</b>	<b>Council Members:</b>	None

The summary of the Ordinance was published in the Hayward Daily Review on Saturday, February 1, 2014. Adoption at this time is therefore appropriate.

*Prepared and Recommended by:* Miriam Lens, City Clerk

Approved by:



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Fran David, City Manager

Attachment:

Attachment I Summary of Ordinance Published on 02/01/14

PUBLIC NOTICE OF AN INTRODUCTION OF ORDINANCE  
BY THE CITY COUNCIL OF THE CITY OF HAYWARD

AN ORDINANCE ADDING A NEW ARTICLE 25 ENTITLED "MISSION BOULEVARD  
CORRIDOR FORM-BASED CODE" TO CHAPTER 10 OF THE HAYWARD MUNICIPAL  
CODE, RELATING TO THE ADOPTION OF THE MISSION BOULEVARD CORRIDOR  
SPECIFIC PLAN

THE CITY COUNCIL OF THE CITY OF HAYWARD DOES HEREBY ORDAIN AS  
FOLLOWS:

Section 1. Zoning Text Amendments - Description. The Zoning amendments associated with Text Amendment Application PL-2013-0270 and Zone Change Application No. PL-2013-0271 concern changes related to the adoption of the Mission Boulevard Corridor Form- Based Code (the "Form-Based Code"), as described and set forth below.

Section 2. Zoning Text Amendments - Findings of Approval.

Section 3. Effective Date. In accordance with the provisions of Section 620 of the City Charter, this ordinance shall become effective immediately upon adoption.

Section 4. Severance. Should any portion of this ordinance be declared by court or tribunal of competent jurisdiction to be unconstitutional, invalid or beyond the authority of the City, such decision shall not affect the validity of the remainder of the ordinance, which shall continue in full force and effect, provided that the remainder of the ordinance absent the excised portion, can be reasonably interpreted to give effect to the intentions of the City Council.

Introduced at the meeting of the Hayward City Council held January 21, 2014, the above-entitled Ordinance was introduced by Council Member Zermeño.

This Ordinance will be considered for adoption at the regular meeting of the Hayward City Council, to be held on February 4, 2014, at 7:00 p.m., in the Council Chambers, 777 B Street, Hayward, California. The full text of this Ordinance is available for examination by the public in the Office of the City Clerk.

Dated: February 1, 2014  
Miriam Lens, City Clerk  
City of Hayward

**DATE:** February 4, 2014

**TO:** Mayor and City Council

**FROM:** City Clerk

**SUBJECT:** Adoption of an Ordinance Reclassifying the Zoning Designation for Properties in the Mission Boulevard Corridor Form-Based Code Area

**RECOMMENDATION**

That the City Council adopts the Ordinance introduced on January 21, 2014.

**BACKGROUND**

The Ordinance was introduced by Council Member Zermeño at the January 21, 2014 meeting of the City Council with the following vote:

With respect to the Southern Segment of the Mission Boulevard Form-Base Code Area (South of Jackson Street):

<b>AYES:</b>	Council Members:	Zermeño, Jones, Halliday, Peixoto, Salinas, Mendall
	Mayor:	Sweeney
<b>NOES:</b>	Council Members:	None
<b>ABSENT:</b>	Council Members:	None
<b>ABSTAIN:</b>	Council Members:	None

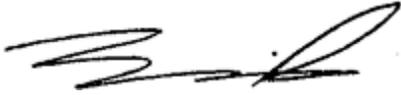
With respect to the Northern Segment of the Mission Boulevard Form-Based Code Area (North of A Street):

<b>AYES:</b>	Council Members:	Zermeño, Halliday, Peixoto, Mendall
	Mayor:	Sweeney
<b>NOES:</b>	Council Members:	None
<b>ABSENT:</b>	Council Members:	Jones, Salinas
<b>ABSTAIN:</b>	Council Members:	None

The summary of the Ordinance was published in the Hayward Daily Review on Saturday, February 1, 2014. Adoption at this time is therefore appropriate.

*Prepared and Recommended by:* Miriam Lens, City Clerk

Approved by:



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Fran David, City Manager

Attachment:

Attachment I Summary of Ordinance Published on 02/01/14

**ATTACHMENT I**

**PUBLIC NOTICE OF AN INTRODUCTION OF ORDINANCE  
BY THE CITY COUNCIL OF THE CITY OF HAYWARD**

**AN ORDINANCE RECLASSIFYING THE ZONING DESIGNATION FOR PROPERTIES IN  
THE MISSION BOULEVARD CORRIDOR FORM-BASED CODE AREA**

THE CITY COUNCIL OF THE CITY OF HAYWARD DOES ORDAIN AS FOLLOWS:

Section 1. Reclassification - Description. Zone Change Application No. PL-2013-0271 concerns the reclassification of multiple properties affected by the adoption of the Mission Boulevard Corridor Form-Based Code (the "Properties"), by rezoning such Properties to Civic Space Zone (CS), Sub-Urban (T-3) General Urban Zone (T4-1), General Urban Zone (T4-2), Urban Center Zone (T5), Commercial Overlay Zones 1 and 2, and Height Overlay Zone, as more particularly set forth in Exhibits "A" and "B" attached hereto and made a part hereof.

Section 2. Reclassification - Findings of Approval.

Section 3. Zoning District Index Map.

Section 4. Effective Date. In accordance with the provisions of Section 620 of the City Charter, this ordinance shall become effective upon adoption.

Section 5. Severance. Should any part of this ordinance be declared by a final decision by a court or tribunal of competent jurisdiction to be unconstitutional invalid or beyond the authority of the City, such decision shall not affect the validity of the remainder of this ordinance which shall continue in full force and effect provided that the remainder of the ordinance absent the unexcised portion can be reasonably interpreted to give effect to the intentions of the City Council.

Introduced at the meeting of the Hayward City Council held January 21, 2014, the above-entitled Ordinance was introduced by Council Member Zermeño.

This Ordinance will be considered for adoption at the regular meeting of the Hayward City Council, to be held on February 4, 2014, at 7:00 p.m., in the Council Chambers, 777 B Street, Hayward, California. The full text of this Ordinance is available for examination by the public in the Office of the City Clerk.

Dated: February 1, 2014  
Miriam Lens, City Clerk  
City of Hayward

**DATE:** February 4, 2014  
**TO:** Mayor and City Council  
**FROM:** City Clerk  
**SUBJECT:** Adoption of an Ordinance Amending Hayward Municipal Code Section 10-1.3500, Zoning Ordinance Definitions, Relating to Transitional and Supportive Housing

**RECOMMENDATION**

That the City Council adopts the Ordinance introduced on January 28, 2014.

**BACKGROUND**

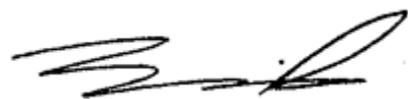
The Ordinance was introduced by Council Member Zermeño at the January 28, 2014 meeting of the City Council with the following vote:

<b>AYES:</b>	Council Members:	Zermeño, Jones, Halliday, Peixoto, Salinas, Mendall
	Mayor:	Sweeney
<b>NOES:</b>	Council Members:	None
<b>ABSENT:</b>	Council Members:	None
<b>ABSTAIN:</b>	Council Members:	None

The summary of the Ordinance was published in the Hayward Daily Review on Saturday, February 1, 2014. Adoption at this time is therefore appropriate.

*Prepared and Recommended by:* Miriam Lens, City Clerk

Approved by:



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Fran David, City Manager

Attachment: Attachment I Summary of Ordinance Published on 02/01/14

PUBLIC NOTICE OF AN INTRODUCTION OF ORDINANCE  
BY THE CITY COUNCIL OF THE CITY OF HAYWARD

ORDINANCE AMENDING HAYWARD MUNICIPAL CODE SECTION 10-1.3500, ZONING  
ORDINANCE DEFINITIONS, RELATING TO TRANSITIONAL AND  
SUPPORTIVE HOUSING

THE CITY COUNCIL OF THE CITY OF HAYWARD DOES HEREBY ORDAIN AS  
FOLLOWS:

Section 1. The City Council incorporates by reference the findings contained in Resolution 14-011, approving the text changes requested in Zone Change Application PL-2013-0437 TA.

Section 2. Zoning Ordinance Section 10-1.3500, relating to Definitions, is hereby amended to add definitions for Transitional and Supportive Housing.

Section 3. Severance. Should any part of this ordinance be declared by a final decision by a court or tribunal of competent jurisdiction to be unconstitutional, invalid, or beyond the authority of the City, such decision shall not affect the validity of the remainder of this ordinance, which shall continue in full force and effect, provided that the remainder of the ordinance, absent the unexcised portion, can be reasonably interpreted to give effect to the intentions of the City Council.

Section 4. In accordance with the provisions of Section 620 of the City Charter, this ordinance shall become effective immediately upon adoption.

Introduced at the meeting of the Hayward City Council held January 28, 2014, the above-entitled Ordinance was introduced by Council Member Zermeño.

This Ordinance will be considered for adoption at the regular meeting of the Hayward City Council, to be held on February 4, 2014, at 7:00 p.m., in the Council Chambers, 777 B Street, Hayward, California. The full text of this Ordinance is available for examination by the public in the Office of the City Clerk.

Dated: February 1, 2014  
Miriam Lens, City Clerk  
City of Hayward

**DATE:** February 4, 2014  
**TO:** Mayor and City Council  
**FROM:** City Clerk  
**SUBJECT:** Adoption of an Ordinance Amending Table 9 of Section 10-24.300 of the South Hayward BART/Mission Boulevard Form Based Code, Relating to Transitional and Supportive Housing

**RECOMMENDATION**

That the City Council adopts the Ordinance introduced on January 28, 2014.

**BACKGROUND**

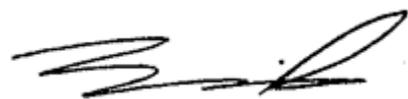
The Ordinance was introduced by Council Member Zermeño at the January 28, 2014 meeting of the City Council with the following vote:

<b>AYES:</b>	<b>Council Members:</b>	Zermeño, Jones, Halliday, Peixoto, Salinas, Mendall
	<b>Mayor:</b>	Sweeney
<b>NOES:</b>	<b>Council Members:</b>	None
<b>ABSENT:</b>	<b>Council Members:</b>	None
<b>ABSTAIN:</b>	<b>Council Members:</b>	None

The summary of the Ordinance was published in the Hayward Daily Review on Saturday, February 1, 2014. Adoption at this time is therefore appropriate.

*Prepared and Recommended by:* Miriam Lens, City Clerk

Approved by:



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Fran David, City Manager

**Attachment:**  
Attachment I Summary of Ordinance Published on 02/01/14

PUBLIC NOTICE OF AN INTRODUCTION OF ORDINANCE  
BY THE CITY COUNCIL OF THE CITY OF HAYWARD

ORDINANCE AMENDING TABLE 9 OF SECTION 10-24.300 OF THE SOUTH HAYWARD  
BART/MISSION BOULEVARD FORM BASED CODE, RELATING TO TRANSITIONAL  
AND SUPPORTIVE HOUSING

NOW THEREFORE THE CITY COUNCIL OF THE CITY OF HAYWARD DOES HEREBY  
ORDAIN AS FOLLOWS:

Section 1. The City Council incorporates by reference the findings contained in Resolution 14-011, approving the text changes requested in Zone Change Application PL-2013-0437 TA.

Section 2. South Hayward BART/Mission Boulevard Form Based Code Section 10-24.300, relating to Table 9 Allowed Functions, is hereby amended to remove Transitional and Supportive Housing as shown on Exhibit A.

Section 3. Severance. Should any part of this ordinance be declared by a final decision by a court or tribunal of competent jurisdiction to be unconstitutional, invalid, or beyond the authority of the City, such decision shall not affect the validity of the remainder of this ordinance, which shall continue in full force and effect, provided that the remainder of the ordinance, absent the unexcised portion, can be reasonably interpreted to give effect to the intentions of the City Council.

Section 4. In accordance with the provisions of Section 620 of the City Charter, this ordinance shall become effective immediately upon adoption.

Introduced at the meeting of the Hayward City Council held January 28, 2014, the above-entitled Ordinance was introduced by Council Member Zermeño.

This Ordinance will be considered for adoption at the regular meeting of the Hayward City Council, to be held on February 4, 2014, at 7:00 p.m., in the Council Chambers, 777 B Street, Hayward, California. The full text of this Ordinance is available for examination by the public in the Office of the City Clerk.

Dated: February 1, 2014  
Miriam Lens, City Clerk  
City of Hayward

**DATE:** February 4, 2014  
**TO:** Mayor and City Council  
**FROM:** City Clerk  
**SUBJECT:** Adoption of an Ordinance Amending Section 10-1.145 of the Hayward Municipal Code Regarding Reasonable Accommodation

**RECOMMENDATION**

That the City Council adopts the Ordinance introduced on January 28, 2014.

**BACKGROUND**

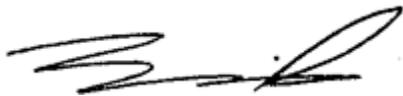
The Ordinance was introduced by Council Member Zermeño at the January 28, 2014 meeting of the City Council with the following vote:

AYES:	Council Members:	Zermeño, Jones, Halliday, Peixoto, Salinas, Mendall
	Mayor:	Sweeney
NOES:	Council Members:	None
ABSENT:	Council Members:	None
ABSTAIN:	Council Members:	None

The summary of the Ordinance was published in the Hayward Daily Review on Saturday, February 1, 2014. Adoption at this time is therefore appropriate.

*Prepared and Recommended by:* Miriam Lens, City Clerk

Approved by:



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Fran David, City Manager

Attachment: Attachment I Summary of Ordinance Published on 02/01/14

PUBLIC NOTICE OF AN INTRODUCTION OF ORDINANCE  
BY THE CITY COUNCIL OF THE CITY OF HAYWARD

ORDINANCE AMENDING SECTION 10-1.145 OF THE HAYWARD MUNICIPAL CODE  
REGARDING REASONABLE ACCOMMODATION

THE CITY COUNCIL OF THE CITY OF HAYWARD DOES ORDAIN AS FOLLOWS:

Section 1. Section 10-1.145 in Chapter 10, Article 1 of the Hayward Municipal Code is hereby amended to read as follows:

SEC. 10-1.145 REASONABLE ACCOMMODATION.

Section 2. If any section, subsection, paragraph or sentence of this Ordinance, or any part thereof, is for any reason found to be unconstitutional, invalid or beyond the authority of the City of Hayward by a court of competent jurisdiction, such decision shall not affect the validity or effectiveness of the remaining portions of this Ordinance.

Section 3. In accordance with the provisions of Section 620 of the City Charter, this Ordinance shall become effective immediately upon adoption.

Introduced at the meeting of the Hayward City Council held January 28, 2014, the above-entitled Ordinance was introduced by Council Member Zermeño.

This Ordinance will be considered for adoption at the regular meeting of the Hayward City Council, to be held on February 4, 2014, at 7:00 p.m., in the Council Chambers, 777 B Street, Hayward, California. The full text of this Ordinance is available for examination by the public in the Office of the City Clerk.

Dated: February 1, 2014  
Miriam Lens, City Clerk  
City of Hayward

**DATE:** February 4, 2014

**TO:** Mayor and City Council  
Housing Authority Board Members  
Hayward Redevelopment Successor Agency Members  
Public Financing Authority Members

**FROM:** Director of Finance

**SUBJECT:** Adoption of FY 2014 Statement of Investment Policy and Delegation of Investment Authority

## **RECOMMENDATION**

That the Council adopts the attached resolutions reaffirming the updated FY 2014 Statement of Investment Policy and extending the delegation of investment authority to the Director of Finance.

## **BACKGROUND**

The City's Statement of Investment Policy requires that staff submit to the City Council any recommended changes to the City's Statement of Investment Policy. In addition, the State statutes that govern investment activity require the City Council to annually affirm the Statement of Investment Policy and to annually confirm the delegation of investment authority, which in the City of Hayward, is to the Director of Finance.

Staff is proposing an update to the Policy in conformance with current statute, with minor adjustments to the City's reporting requirements.

## **DISCUSSION**

### Staff Recommendation – Changes to Investment Policy

Following review by the Investment Advisory Committee<sup>1</sup> and the Council Budget & Finance Committee, staff is recommending limited updates to the FY 2014 Statement of Investment Policy reporting requirements as reflected in Attachment V. Current State law (Government Code section 53646) does not require specific reporting actions by the Director of Finance (Chief Financial Officer) to the City Council and other related bodies of the City. However, as a matter of sound

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<sup>1</sup> The purpose of the IAC is to oversee the implementation of the City's investment program and ensure compliance with the Statement of Investment Policy. Appointed by the City Manager, the IAC is comprised of the Director of Finance, who chairs the quarterly meetings for the Committee; the Assistant City Manager; the City Attorney (represented by an Assistant City Attorney); one department director appointed by the City Manager; and one non City of Hayward member with fiscal expertise (currently vacant).

fiscal practice, accountability and transparency, the City of Hayward's Statement of Investment Policy continues to include reporting requirements.

While staff is recommending that most of these reporting requirements continue, the proposed updated FY 2014 Policy does modify some of the current timelines for reporting.

- Investment Policy Adoption (Policy page 5). The recommended change to this section removes the established timeline for the annual review of the Statement of Investment Policy for each fiscal year by the Investment Advisory Committee, with subsequent review and approval by the City Council. While the Policy still requires annual review and approval by the IAC and City Council, the mandatory timeline is removed to provide greater flexibility with respect to the timing of the annual policy update as it relates to other financial reporting processes and requirements.
- Reporting Guidelines (Policy page 6). This section recommends changes to the following:
  - *Monthly Reporting*. The recommendation eliminates the monthly reporting requirement. However, language was added to require the Director of Finance to continue the practice of posting monthly investment summary information on the City website.
  - *Quarterly Reporting*. The recommendation maintains the reporting requirement for the Director of Finance to submit a quarterly report to the City Manager, Investment Advisory Committee, Council Budget & Finance Committee, and City Council within thirty days of the end of the quarter, pursuant to current statute. In compliance with recommended best practice and State law, language was added to the Policy to require such a quarterly report to include a statement indicating that investment activities are in compliance with the Policy, and a statement regarding the City's ability to meet expenditure requirements for the next six months.
  - *Annual Reporting*. The recommendation maintains the reporting requirement to the Investment Advisory Committee and extends the annual reporting timeline of 120 days from the end of the fiscal year to no later than 180 days from the end of the fiscal year.

These recommended adjustments provide greater reporting flexibility and are in keeping with current State law and best practice recommendations by the California Debt and Investment Advisory Commission (CDIAC) and the Government Finance Officers Association (GFOA).

#### Annual Adoption of Delegation of Investment Authority

The City Council annually affirms the delegation of investment authority in the attached resolutions (Attachments I-IV), authorizing the Director of Finance to conduct investment activities for the City, Successor Agency of the Hayward Redevelopment Agency, Hayward Housing Authority, and the Hayward Public Financing Authority.

## **FISCAL IMPACT**

There is no fiscal impact related to approving the recommended changes to the Statement of Investment Policy and renewing the delegation of authority to the Director of Finance to make investments.

## **PUBLIC CONTACT**

The recommended changes to the Statement of Investment Policy was reviewed and affirmed by the Investment Advisory Committee during its quarterly meeting on September 13, 2013 and by the Council Budget & Finance Committee on November 18, 2013.

*Prepared and Recommended by:* Tracy Vesely, Director of Finance

Approved by:



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Fran David, City Manager

### Attachments:

- I. Resolution: City – Reaffirming Statement of Investment Policy and Renewing Delegation of Authority to Make Investments
- II. Resolution: Housing Authority – Reaffirming Statement of Investment Policy and Renewing Delegation of Authority to Make Investments
- III. Resolution: Hayward Successor Redevelopment Agency – Reaffirming Statement of Investment Policy and Renewing Delegation of Authority to Make Investments
- IV. Resolution: Hayward Public Financing Authority – Reaffirming Statement of Investment Policy and Renewing Delegation of Authority to Make Investments
- V: FY 2014 Statement of Investment Policy

HAYWARD CITY COUNCIL

RESOLUTION NO. 14 -

Introduced by Council Member \_\_\_\_\_

RESOLUTION REAFFIRMING THE STATEMENT OF  
INVESTMENT POLICY AND RENEWING THE DELEGATION OF  
AUTHORITY TO MAKE INVESTMENTS TO THE DIRECTOR OF FINANCE

WHEREAS, by Resolution No. 12-179, dated November 27, 2012, the City Council adopted a Statement of Investment Policy for the City of Hayward; and

WHEREAS, under section 53607 of the California Government Code, the authority of the legislative body to invest or to reinvest funds of a local agency, or to sell or exchange securities so purchased, may be delegated for a one-year period by the legislative body to the treasurer of the local agency, who shall thereafter assume full responsibility for those transactions until the delegation of authority is revoked or expires, and shall make a monthly report of those transactions to the legislative body. Subject to review, the legislative body may renew the delegation of authority pursuant to this section each year.

NOW, THEREFORE, BE IT RESOLVED that the FY 2014 Statement of Investment Policy is hereby reaffirmed as amended, and that the authority of the Director of Finance, or his or her designee, to make investments pursuant to the Policy is hereby renewed.

BE IT FURTHER RESOLVED that the Director of Finance and his/her successors in office is authorized to order the deposit or withdrawal of money in the accounts of the City of Hayward, the Hayward Public Financing Authority, the Successor Agency of the Redevelopment Agency of the City of Hayward, and the Hayward Housing Authority within the Local Agency Investment Fund of the State of California for the purpose of investment in accordance with the provisions of Section 16429.1 of the California Government Code; and further authorized to delegate responsibility for daily deposits or withdrawals of money in the above referenced accounts as required to ensure proper functioning of the fiscal operations of the City and these agencies.

IN COUNCIL, HAYWARD, CALIFORNIA February 4, 2014

ADOPTED BY THE FOLLOWING VOTE:

AYES: COUNCIL MEMBERS:

MAYOR:

NOES: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ATTEST: \_\_\_\_\_  
City Clerk of the City Of Hayward

APPROVED AS TO FORM:

\_\_\_\_\_  
City Attorney of the City of Hayward

HOUSING AUTHORITY OF THE CITY OF HAYWARD

RESOLUTION NO. 12-

Introduced by Board Member \_\_\_\_\_

RESOLUTION REAFFIRMING THE STATEMENT OF INVESTMENT POLICY AND RENEWING THE DELEGATION OF AUTHORITY TO MAKE INVESTMENTS TO THE DIRECTOR OF FINANCE

WHEREAS, by Resolution No. HA 12.06, dated November 27, 2012, the Housing Authority Board of Directors adopted a Statement of Investment Policy for the City of Hayward; and

WHEREAS, under section 53607 of the California Government Code, the authority of the legislative body to invest or to reinvest funds of a local agency, or to sell or exchange securities so purchased, may be delegated for a one-year period by the legislative body to the treasurer of the local agency, who shall thereafter assume full responsibility for those transactions until the delegation of authority is revoked or expires, and shall make a monthly report of those transactions to the legislative body. Subject to review, the legislative body may renew the delegation of authority pursuant to this section each year.

NOW, THEREFORE, BE IT RESOLVED by the Housing Authority Board of the City of Hayward that the FY 2014 Statement of Investment Policy is hereby reaffirmed as amended, and that the authority of the Director of Finance, or his or her designee, to make investments pursuant to the Policy is hereby renewed.

BE IT FURTHER RESOLVED that the Director of Finance and his/her successors in office is authorized to order the deposit or withdrawal of money in the accounts of the City of Hayward, the Hayward Public Financing Authority, the Successor Agency of the Redevelopment Agency of the City of Hayward, and the Hayward Housing Authority within the Local Agency Investment Fund of the State of California for the purpose of investment in accordance with the provisions of Section 16429.1 of the California Government Code; and further authorized to delegate responsibility for daily deposits or withdrawals of money in the above referenced accounts as required to ensure proper functioning of the fiscal operations of the City and these agencies.

IN COUNCIL, HAYWARD, CALIFORNIA: February 4, 2014.

ADOPTED BY THE FOLLOWING VOTE:

AYES: BOARD MEMBERS:

CHAIR:

NOES: BOARD MEMBERS:

ABSTAIN: BOARD MEMBERS:

ABSENT: BOARD MEMBERS:

ATTEST: \_\_\_\_\_  
Secretary of the Housing Authority  
of the City of Hayward

APPROVED AS TO FORM:

\_\_\_\_\_  
General Counsel of the Housing Authority for  
the City of Hayward

REDEVELOPMENT SUCCESSOR AGENCY OF THE CITY OF HAYWARD

RESOLUTION NO. RSA- 14-

Introduced by Agency Member \_\_\_\_\_

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HAYWARD,  
ACTING AS THE GOVERNING BOARD FOR THE SUCCESSOR AGENCY  
OF THE REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD  
REAFFIRMING THE STATEMENT OF INVESTMENT POLICY AND  
RENEWING THE DELEGATION OF AUTHORITY TO MAKE  
INVESTMENTS TO THE DIRECTOR OF FINANCE

WHEREAS, by Resolution No. RSA 12-10 dated November 27, 2012, the Successor Agency of the Redevelopment Agency of the City of Hayward adopted a Statement of Investment Policy for the RDA for the City of Hayward; and

WHEREAS, under section 53607 of the California Government Code, the authority of the legislative body to invest or to reinvest funds of a local agency, or to sell or exchange securities so purchased, may be delegated for a one-year period by the legislative body to the treasurer of the local agency, who shall thereafter assume full responsibility for those transactions until the delegation of authority is revoked or expires, and shall make a monthly report of those transactions to the legislative body. Subject to review, the legislative body may renew the delegation of authority pursuant to this section each year.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Hayward, acting as the governing body of the Successor Agency for the Redevelopment Agency of the City of Hayward, that the FY2014 Statement of Investment Policy is hereby reaffirmed as amended, and that the authority of the Director of Finance, or his or her designee, to make investments pursuant to the Policy is hereby renewed.

BE IT FURTHER RESOLVED that the Director of Finance and his/her successors in office is authorized to order the deposit or withdrawal of money in the accounts of the City of Hayward, the Hayward Public Financing Authority, the Successor Agency of the Redevelopment Agency of the City of Hayward, and the Hayward Housing Authority within the Local Agency Investment Fund of the State of California for the purpose of investment in accordance with the provisions of Section 16429.1 of the California Government Code; and further authorized to delegate responsibility for daily deposits or withdrawals of money in the above referenced accounts as required to ensure proper functioning of the fiscal operations of the City and these agencies.

HAYWARD, CALIFORNIA February 4, 2014.

ADOPTED BY THE FOLLOWING VOTE:

AYES: AGENCY MEMBERS:

CHAIR:

NOES: AGENCY MEMBERS:

ABSTAIN: AGENCY MEMBERS:

ABSENT: AGENCY MEMBERS:

ATTEST: \_\_\_\_\_  
Secretary of the Redevelopment Successor Agency  
of the City of Hayward

APPROVED AS TO FORM:

\_\_\_\_\_  
General Counsel

HAYWARD PUBLIC FINANCING AUTHORITY

RESOLUTION NO. 14 -

Introduced by Board Member \_\_\_\_\_

RESOLUTION AFFIRMING THE STATEMENT OF INVESTMENT POLICY AND RENEWING THE DELEGATION OF AUTHORITY TO MAKE INVESTMENTS TO THE DIRECTOR OF FINANCE

WHEREAS, by Resolution No. HPFA 12-01, dated November 27, 2012, the Agency Members adopted a Statement of Investment Policy for the Hayward Public Financing Authority for the City of Hayward; and

WHEREAS, under section 53607 of the California Government Code, the authority of the legislative body to invest or to reinvest funds of a local agency, or to sell or exchange securities so purchased, may be delegated for a one-year period by the legislative body to the treasurer of the local agency, who shall thereafter assume full responsibility for those transactions until the delegation of authority is revoked or expires, and shall make a monthly report of those transactions to the legislative body. Subject to review, the legislative body may renew the delegation of authority pursuant to this section each year; and

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Hayward Public Financing Authority that the FY 2014 Statement of Investment Policy is hereby affirmed as amended, and that the authority of the Director of Finance, or his or her designee, to make investments pursuant to the Policy is hereby renewed.

BE IT FURTHER RESOLVED that the Director of Finance and his/her successors in office is authorized to order the deposit or withdrawal of money in the accounts of the City of Hayward, the Hayward Public Financing Authority, the Successor Agency of the Redevelopment Agency of the City of Hayward, and the Hayward Housing Authority within the Local Agency Investment Fund of the State of California for the purpose of investment in accordance with the provisions of Section 16429.1 of the California Government Code; and further authorized to delegate responsibility for daily deposits or withdrawals of money in the above referenced accounts as required to ensure proper functioning of the fiscal operations of the City and these agencies.

IN COUNCIL, HAYWARD, CALIFORNIA: February 4, 2014.

ADOPTED BY THE FOLLOWING VOTE:

AYES: BOARD MEMBERS:  
MAYOR:

NOES: BOARD MEMBERS:

ABSTAIN: BOARD MEMBERS:

ABSENT: BOARD MEMBERS:

ATTEST: \_\_\_\_\_  
Secretary of the Hayward  
Public Financing Authority

APPROVED AS TO FORM:

\_\_\_\_\_  
General Counsel of the Hayward  
Public Financing Authority



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# **FY 2014 Statement of Investment Policy**

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Finance Department  
Director of Finance, Tracy Vesely  
*Policy Recommended Changes: February 4, 2014*  
*Policy last amended: November 27, 2012*

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## I. Introduction

The purpose of this document is to identify various policies and procedures that enhance opportunities for a prudent and systematic investment policy and to organize and formalize investment-related activities. Activities that comprise good cash management include accurate cash projections, the expeditious collection of revenue, the control of disbursements, cost-effective banking relations, and arranging for a short-term borrowing program that coordinates working capital requirements and investment opportunities.

**A. Included** – Funds included in this Statement of Investment Policy are described in the City’s annual financial report, and include: General Fund, Special Revenue Funds, Capital Projects Funds, Enterprise Funds, Internal Service Funds, Fiduciary Funds, Housing Finance Agency Funds, Successor Hayward Housing Authority funds, and Hayward Redevelopment Agency Successor Agency funds. The Statement of Investment Policy applies to all transactions involving the financial assets and related activity of the foregoing funds.

**B. Excluded** – The following funds are excluded from the Statement of Investment Policy: Deferred Compensation Fund assets and monies held by a trustee or fiscal agent and pledged to the payment or security of bonds or other indebtedness, or obligations under a lease, installment sale, or other agreement of the City, or certificates of participation in those bonds, indebtedness, or lease installment sale, or other agreements may be invested in accordance with the ordinance, resolution, indenture or agreement approved by the City Council which govern the issuance of those bonds, or lease installment sale, or other agreement, rather than this Statement of Investment Policy.

## II. Statement of Objectives

It is the policy of the City of Hayward to invest public funds not required for immediate day-to-day operations in safe and liquid investments with maturities under five years, in conformance with the California state statutes governing the investment of public funds. Investments are intended to achieve a reasonable rate of return while minimizing the potential for capital losses arising from market changes or issuer default.

In managing the City of Hayward's Investment Portfolio, the City's primary objectives are safety, liquidity, and yield.

1. **Safety** – Safety of principal is the foremost objective of the City, followed by liquidity and yield. Each investment transaction shall seek to first ensure that capital losses are avoided, whether they are from securities defaults or erosion of market value.
2. **Liquidity** – The City's investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements that might be reasonably anticipated.
3. **Yield** – The City may establish a performance benchmark based on current investment objectives and constraints. The investment portfolio shall be managed to attain a market-average rate of return throughout budgetary and economic cycles, taking into account the City's policy constraints and cash flow requirements. The City should not take undue risk to obtain above-market rates of return.
4. **Diversification** – The City's investment portfolio will be diversified to avoid concentrating investments in specific security types or in individual financial institutions.

While the City will not make investments for the purpose of trading or speculation as the dominant criterion, the Director of Finance shall seek to enhance total portfolio return by means of active portfolio management.

### III. Use of State Investment Guidelines

Government Code Sections 53601, 53607, and 53646 of the State of California regulate the investment practices. It is the policy of the City of Hayward to use the State's provisions for local government investments as the base for developing and implementing the City's investment policies and practices.

### IV. Delegation of Authority

The responsibility for conducting the City's investment program is hereby delegated to the Director of Finance, who has established written procedures for the operation of the investment program, consistent with this Statement of Investment Policy. The Finance Director has further authority, with consent of the City Council, to engage the services of one or more external investment managers to assist in the management of the City's investment portfolio in a manner consistent with the City's Statement of Investment Policy. Such managers must be registered under the Investment Advisors Act of 1940.

## V. Investment Advisory Committee

The City Manager will appoint an Investment Advisory Committee (IAC). The IAC shall, at minimum, consist of the Assistant City Manager, Director of Finance, City Attorney, one department head, and a minimum of one non-City employee that possesses financial skills to be chosen by the City Manager.

The IAC shall meet at least quarterly for the purpose of overseeing the implementation of the City's investment program and assuring it is consistent with the Statement of Investment Policy as approved by the Council. The committee shall include in its discussions such topics as economic outlook, portfolio diversification and maturity structure, potential risks to the City's funds, approval of authorized financial institutions, and the performance of the investment portfolio. Written investment procedures must be approved by the IAC.

## VI. Ethics and Conflict of Interest

Officers and employees involved in the investment process shall refrain from personal business activities that could conflict with proper execution of the investment program or impair their ability to make impartial decisions.

All members of the City's IAC shall annually file Statements of Economic Interests (SEIs or Form 700) with the California Fair Political Practices Commission.

## VII. Investment Policy Adoption

The City's Statement of Investment Policy shall be annually reviewed and approved by the Investment Advisory Committee and thereafter shall be reviewed and approved by the City Council at a public meeting.

## VIII. Standard of Prudence

All participants in the investment process shall act responsibly as custodians of the public trust. Investment officials shall recognize that the investment portfolio is subject to public review and evaluation. Nevertheless, in a diversified portfolio, it must be recognized that occasional measured losses are inevitable, and must be considered within the context of the overall portfolio's investment return, provided that adequate diversification has been implemented.

The standard of prudence to be used by investment officials shall be the "prudent investor standard," which states:

*"When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a*

*like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency.”*

Investment officers acting in accordance with written procedures and the Statement of Investment Policy, and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and the liquidity and the sale of securities are carried out in accordance with the terms of this Policy.

## IX Reporting

The following investment activity reports will be completed.

### A. Monthly

While there is no legislative requirement for monthly investment activity reporting, the Director of Finance shall post a monthly investment and transaction summary to the City's public website that will be available to the City Manager, Investment Advisory Committee, City Council Budget & Finance Committee, City Council, and the general public.

The investment summary will list investment transactions executed during the month, and will report key aspects of the investment portfolio, including the following information about each investment instrument: issuer, par amount, purchase price, sales price, realized gains and losses, maturity dates, credit ratings, and the percentage of the portfolio by each type of investment.

### B. Quarterly

While there is no legislative requirement for quarterly investment activity reporting, the Director of Finance shall submit a quarterly investment report to the City Manager, Investment Advisory Committee, City Council Budget & Finance Committee, and City Council. Pursuant to current State statute, such a report shall be submitted within 30 days of the end of the quarter.

A quarterly report shall include all components of the City's monthly report, highlight key aspects of information contained in the investment reports, and inform readers of economic conditions affecting the portfolio. The report will present recent investment performance and future investment strategy; disclose any perceived threats to portfolio quality, security or liquidity; compare the portfolio performance to that of the City's established performance benchmark, state compliance with the Investment Policy and include a statement denoting the ability to meet expenditure requirements for the next six months.

### C. Annual

While there is no legislative requirement for submission of an annual investment report, the Director of Finance shall present a comprehensive annual report on the investment program and investment activity no later than 180 days following the end of the fiscal year. This report shall be presented to the Investment Advisory Committee. The annual

report shall include a performance summary, shall suggest policies and improvements that might enhance the investment program, and include an investment plan for the ensuing fiscal year. In conjunction with its review of the annual investment report, the Investment Advisory Committee shall review and reaffirm the Statement of Investment Policy of the City, whether or not specific policy modifications are suggested.

Following the annual review of the Statement of Investment Policy by the Investment Advisory Committee, the Investment Policy shall be submitted to the City Council, together with any changes recommended by the Investment Advisory Committee. The City Council shall consider any such recommended changes and approve the Statement of Investment Policy at a public meeting of the City Council.

**X. Investment Instruments**

A summary and description of authorized investment instruments is below.

<b>INVESTMENT INSTRUMENT SUMMARY</b>				
<b>Security Type</b>	<b>Maximum Maturity</b>	<b>Min Credit Quality</b>	<b>Authorized Investment Limit</b>	<b>Per Issuer Limit</b>
A. US Treasury Notes/Bills	5 Years	None	100%	100%
A. US Agencies–Fully Backed	5 Years	None	100%	100%
B. US Agencies–Sponsored	5 Years	None	100%	40%
C. Banker’s Acceptance (BA)	180 days	Prime	40%	5%
D. Commercial Paper	270 days	Prime	25%	5%
E. Negotiable Certificates of Deposit	5 Years	“A”	30%	5%
F. Repurchase Agreements	1 Year	None	25%	20%
G. Medium Term Notes (MTN)	5 Years	“A”	30%	5%
H. Money Market Fund	N/A	AAAm	20%	10%
I. Alameda County Investment Pool	None	None	10%	10%
J. LAIF	None	None	\$50M per account	N/A
K. Collateralized Certificates of Deposit	5 Years	None	25%	20%
L. Municipal Bonds	5 Years	“A”	20%	5%

The following sections describe individual investment types. The sections specify a percentage limitation for a particular category of investment. That percentage is applied on the date of purchase. A later increase in a percentage resulting from a change in values or assets shall not constitute a violation of the Policy restriction.

**Notwithstanding anything herein to the contrary, with the exception of the U.S. Treasury, federal agency institutions, and government sponsored enterprises no more than 5% of the City’s portfolio may be invested in securities issued by any**

**one corporate, financial, or municipal issuer.**

The following sections also specify minimum ratings criteria for particular investment categories. That minimum rating criteria is applied on the date of purchase. The City may from time to time be invested in a security whose rating is downgraded. In the event a rating drops below the minimum allowed rating category for that given investment type, the securities shall be reviewed and a plan of action shall be recommended by the Finance Director or investment manager.

**A. United States Treasury Notes, Bonds, Bills, or Certificates of Indebtedness**, or those for which the faith and credit of the United States are pledged for the payment of principal and interest with a final maturity not exceeding five years from the date of trade settlement.

CA Govt Code 53601(b)

**B. Federal Agency or United States Government-Sponsored Enterprise (GSE) Obligations**, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies, or United States government-sponsored enterprises with a final maturity not exceeding five years from the date of trade settlement. There is no limit to the amount of the City's portfolio that may be invested in Federal Agency or GSE securities, except that the aggregate investment in federal agency mortgage-backed securities shall not exceed 20% of the City's total portfolio. Furthermore, the aggregate investment in any one federal agency or GSE issuer shall not exceed 40% of the City's total portfolio.

CA Govt Code 53601(f) and CA Govt Code 53601(o)

**C. Banker's Acceptances**, otherwise known as bills of exchange or time drafts, that are drawn on and accepted by a commercial bank with a final maturity not exceeding 180 days from the date of trade settlement, rated at least "A-1" or the equivalent by a nationally recognized statistical-rating organization (NRSRO). The aggregate investment in banker's acceptances shall not exceed 40% of the City's total portfolio.  
CA Govt Code 53601(g)

**D. Prime Commercial Paper** with the highest letter and numerical rating as provided for by a NRSRO. The entity that issues the commercial paper shall meet all of the following conditions in either paragraph 1 or paragraph 2 below:

(1) The entity meets the following criteria:

- is organized and operating in the United States as a general corporation;
- has total assets in excess of five hundred million dollars (\$500,000,000); and
- has debt other than commercial paper, if any, that is rated "A" or higher by a NRSRO.

(2) The entity meets the following criteria:

- is organized within the United States as a special purpose corporation, trust, or limited liability company;
- has program wide credit enhancements including, but not limited to, over collateralization, letters of credit, or surety bond; and
- has commercial paper that is rated "A-1" or higher, or the equivalent, by a NRSRO.

Eligible commercial paper shall have a final maturity not exceeding 270 days from the date of trade settlement. The aggregate investment in Commercial Paper shall not exceed 25% of the City's total portfolio. Furthermore, the City may purchase no more than 10 percent of the outstanding commercial paper of any single issuer.

CA Govt Code 53601(h)

- E. Negotiable Certificates of Deposit** issued by a nationally or state-chartered bank, a savings association or a federal association as defined by Section 5102 of the California Financial Code, a state or federal credit union, or by a federally licensed or state-licensed branch of a foreign bank with a final maturity not exceeding five years from the date of trade settlement. Deposits are limited to institutions which have long-term debt rating of at least "A" or the equivalent by a NRSRO. The aggregate investment in Negotiable Certificates of Deposit shall not exceed 30% of the City's total portfolio.

CA Govt Code 53601(i)

- F. Repurchase Agreements** with a final termination date not exceeding 360 days from the date of trade settlement collateralized solely by United States Treasury, federal agency, or United States government sponsored enterprises permitted by this Statement of Investment Policy. The purchased securities (the "collateral") shall have a minimum market value of 102% of the dollar value of the funds invested. The market value of the collateral securities shall be marked-to-the-market daily and the value shall be adjusted no less frequently than weekly. No substitution of collateral shall be allowed without the prior approval of the Finance Director. All collateral securing Repurchase Agreements must be delivered to the City's custodian bank or handled under a tri-party repurchase agreement. The City or its trustee shall have a perfected first security interest under the Uniform Commercial Code in all securities subject to Repurchase Agreement.

Approved Repurchase Agreement counterparties shall have a repurchase agreement counterparty credit rating of at least "A-1" or the equivalent and a long-term credit rating of at least "A" or the equivalent by a NRSRO. Repurchase agreement counterparties shall execute a City approved master repurchase agreement with the City. No more than 20% of the City's total portfolio shall be invested in repurchase agreements.

CA Govt Code 53601 (j)

**G. Medium-Term Notes** issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States, with a final maturity not exceeding five years from the trade settlement, and rated at least “A” or the equivalent by a NRSRO at the time of purchase. The aggregate investment in medium-term notes shall not exceed 30% of the City’s total portfolio.

CA Govt Code 53601 (k)

**H. Money Market Funds.** Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1, et seq.). To be eligible for investment pursuant to this subdivision these companies shall either:

- (1) attain the highest ranking letter or numerical rating provided by not less than two of the three largest nationally recognized statistical-rating organization, or
- (2) have an investment advisor registered or exempt from registration with the Securities and Exchange Commission with not less than five years of experience managing money market mutual funds and with assets under management in excess of \$1,000,000,000.

The purchase price of shares shall not exceed 20% of the City’s total portfolio and shall not include any commission that the companies may charge. Furthermore, no more than 10% of the City’s total portfolio may be invested in any one money market fund.

CA Govt Code 53601 (l)

**I. Alameda County Investment Pool.** The City’s maximum investment in the Alameda County pool is limited to 10% of the City’s total aggregate portfolio.

CA Govt Code 53684

**J. State of California’s Local Agency Investment Fund (LAIF).** The City’s participation in LAIF shall conform to State Regulation. The City maintains a total of three LAIF investments and may invest up to \$50 million in each account. In general, it is the City’s intention to use investment in LAIF as a temporary repository for short-term funds needed for liquidity purposes. The Finance Director shall maintain appropriate information concerning LAIF’s current investment policies, practices and performance on file. The Finance Director shall also maintain files on LAIF’s requirements for participation, including, but not limited to, limitations on deposits or withdrawals and the composition of the portfolio.

CA Govt Code 16429.1

**K. Collateralized Certificates of Deposit** in FDIC-insured financial institutions located in California with a maximum maturity no longer than five years from the date of deposit. Deposits are limited to banks who have a long-term debt rating of at least “A” or the equivalent and a short-term debt rating of at least “A-1” or the equivalent by a NRSRO. The City may waive collateral for any portion of its deposit that is covered by federal deposit insurance.

Money shall not be deposited in any state or federal credit union if a member of the legislative body of the City, or any person with investment decision making authority of the administrative office, manager's office, budget office, auditor-controller's office, or treasurer's office of the City, also serves on the board of directors, or any committee appointed by the board of directors, or the credit committee or supervisory committee, of the state or federal credit union.

The amount on deposit shall not exceed the total paid-up capital (to include capital notes and debentures) and surplus of any depository bank, or the total of the net worth of any savings and loan association. However, deposits in collateralized certificates of deposit shall not exceed 25% of the City's total portfolio, nor shall the City deposit more than 20% of its total portfolio in the collateralized certificates of deposit in any one bank.

CA Govt Code 53649

**L. Municipal Bonds** issued by the state of California and any local agency within the state, including bonds payable solely out of revenues from a revenue producing property owned, controlled, or operated by the state or any local agency, or by a department, board, agency or authority of the state or any local agency.

Registered treasury notes or bonds of any of the other 49 United States in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 United States, in addition to California.

The aggregate investment in municipal bonds may not exceed 20% of the City's total portfolio.

CA Govt Code 53601(c), CA Govt Code 53601(d), and CA Govt Code 53601(e)

## **XI. Prohibited Investments**

Investments not specifically approved by this Statement of Investment Policy are prohibited, including inverse floaters, range notes, mortgage derived interest-only strips, and securities that could result in zero interest accrual if held to maturity.

## XII. Credit Downgrade

In the event a security held by the City is the subject of a rate drop which brings it below accepted minimums specified herein, or the security is placed on negative credit watch, where a downgrade could result in a rate drop below acceptable levels, the Director of Finance will make and implement an informed decision on whether to sell or retain any security or deposit in the City's portfolio issued or held by such affected financial institution or depository. The Director of Finance may consult the Investment Advisory Committee on the action to be taken and shall advise its Chairman and Members of the final disposition of the matter either by e-mail or fax.

If an investment advisor is used, the investment advisor will immediately notify the Director of Finance if a purchased security has been downgraded below accepted minimums specified herein, or if the security is placed on negative credit watch, where downgrade could result in a rate drop below acceptable levels of that fact. The course of action to be followed will then be decided on a case-by-case basis, considering such factors as the reason for the rate drop, prognosis for recovery or further drop, and market price of the security. The City Council will be advised of the situation and intended course of action by e-mail or fax.

## XIII. Maturity and Diversification

Maturities shall be based on a review of cash flow forecasts. Maturities will be scheduled to permit the City to meet all projected obligations.

The City may not invest in a security that exceeds five years from the date of purchase unless City Council has granted express authority to make that investment no less than three months prior to the investment.

## XIV. Internal Controls

The Finance Director shall establish a system of internal controls. The controls shall be designed to prevent losses of public funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by employees and officers of the City. Controls deemed most important include:

- **Clearly delegating authority to subordinate staff members.** Subordinate staff members must have a clear understanding of their authority and responsibilities to avoid improper actions. Clear delegation of authority also preserves the internal control structure that is contingent on the various staff positions and their respective responsibilities.
- **Separating transaction authority from accounting and record keeping.** By separating the person who authorizes or performs the transaction from the people who record or otherwise account for the transaction, a separation of duties is achieved.

- **Delivery versus payment.** All trades where applicable will be executed by delivery vs. payment (DVP). This ensures that securities are deposited in the eligible financial institution before the release of funds. A third party custodian as evidenced by safekeeping receipts will hold securities.
- **Avoiding physical delivery securities.** Book entry securities are much easier to transfer and account for since actual delivery of a document never takes place. Delivered securities must be properly safeguarded against loss or destruction. The potential for fraud and loss increases with physically delivered securities.
- **Confirming telephone transactions for investments and wire transfers in writing.** Due to the potential for error and improprieties arising from telephone transactions, all telephone transactions should be supported by written communications and approved by the appropriate person. Written communications may be via fax if on letterhead and the safekeeping institution has a list of authorized signatures.
- **Developing wire transfer agreements with the lead bank or third party custodian.** This agreement should outline the various controls and security provisions, and delineate responsibilities of each party making and receiving wire transfers.

## **XV. Banks and Security Dealer Selection**

The Investment Advisory Committee shall approve all financial institutions from which securities are purchased or sold.

In selecting financial institutions for the deposit or investment of City funds, the Finance Director shall consider the creditworthiness of institutions. The Finance Director shall continue to monitor financial institutions' credit characteristics and financial history throughout the period in which City funds are deposited or invested.

Only primary government securities dealers that report to the New York Federal Reserve shall be used for the purchase of repurchase agreements. (It is acknowledged that inclusion on the primary dealer listing of the Federal Reserve Bank of New York is not a guarantee of creditworthiness.)

Effective October 14, 1987, the City shall be prohibited from investing funds with any person who is knowingly or intentionally engaged in the development or production of nuclear weapons. Person is defined as any person, private corporation, institution or other entity, which is within the jurisdiction of the City of Hayward.

If a third-party investment advisor is authorized to conduct investment transactions on the City's behalf, the investment advisor may use its own list of approved broker/dealers and financial institutions for investment purposes.

## XVI. Risk Tolerance

The City recognizes that investment risks can result from issuer defaults, market price changes, or various technical complications leading to temporary illiquidity. Portfolio diversification is employed as a way to control risk. Investment managers are expected to display prudence in the selection of securities as a way to minimize default risk. No individual investment transaction shall be undertaken that jeopardizes the total capital position of the overall portfolio.

The Director of Finance shall periodically establish guidelines and strategies to control risks of default, market price changes and illiquidity. All investment reports shall specifically address whether current investment results have been affected by any of the foregoing risks, and shall explain what actions investment officials have taken to control or correct for such risks.

A thorough investigation of any money market fund or investment pool, including LAIF and the Alameda County Pool, is required prior to investing, as well as on an ongoing basis. The following information should be obtained and analyzed:

- I. A description of eligible investment securities
- II. A written statement of investment policies and objectives
- III. A description of interest calculation and their distribution, and the treatment of gains and losses
- IV. A description of how the securities are safeguarded and how often the securities are priced and the program audited
- V. Information about the size and frequency of deposits and withdrawals allowed, and how much notice is needed for withdrawals
- VI. A schedule for receiving statements and portfolio listings
- VII. A fee schedule, as well as how and when the fees are assessed
- VIII. The rating of the pool/fund
- IX. Information about investment advisers, including registration with the Securities and Exchange Commission, length of experience and total assets under management

In addition to these general policy considerations, the following specific policies will be strictly observed:

1. All investment funds will be placed directly with qualified financial institutions. The City will not deposit or invest funds through third parties or money brokers.
2. A competitive bid process, utilizing financial institutions approved by the Investment Advisory Committee, will be used to place investment purchases. Based on annual evaluation, securities dealers, banks, and other financial institutions will be dropped or continued on the eligibility list. The following criteria will be used in the evaluation:
  - a. Number of transactions competitively won

- b. Prompt and accurate confirmation of transactions
- c. Efficient securities delivery
- d. Accurate market information account servicing

If a third party investment advisor is authorized to conduct investment transactions on the City's behalf, the investment advisor may rely on its review process and use its own list of approved broker/dealers for investment purposes.

- 3. The Finance Director may designate an official to manage investments and designate a second official to perform investment management during absences of the primary designee. The Finance Director shall ensure that competent investment management is maintained and shall ensure that, if both designated investment officials are replaced or are simultaneously absent, any temporary replacement(s) shall be closely supervised, indoctrinated in the requirements of this Statement of Investment Policy, and given written investment procedures regulating the authority to invest in maturities beyond six months by means of appropriate controls and restraining requirements.
- 4. In order to assist in identifying "qualified financial institutions," the Finance Director shall forward copies of the City's Statement of Investment Policy to those financial institutions with which the City is interested in doing business and require written acknowledgement of the policy.

## **XVII. Safekeeping and Custody**

To protect against potential fraud and embezzlement, the assets of the City shall be secured through third-party custody and safekeeping procedures.

The investment official shall be bonded to protect the public against possible embezzlement and malfeasance. An independent auditor shall review safekeeping procedures annually. The auditor may conduct surprise audits of safekeeping and custodial procedures.

All cash and securities in the City's portfolio shall be held in safekeeping in the City's name by a third party bank trust department, acting as agent for the City under the terms of a custody agreement executed by the bank and the City.

All securities will be received and delivered using standard delivery versus payment (DVP) procedures; the City's safekeeping agent will only release payment for a security after the security has been properly delivered. The only exception to the foregoing shall be depository accounts and securities purchases made with: (i) local government investment pools, and (ii) money market funds, since the purchased securities are not deliverable.

**Appendix A**

**Comparison and Interpretation of Credit Ratings<sup>1</sup>**

**Long-Term Debt Ratings**

Rating Interpretation	Moody's	Standard & Poor's	Fitch
Best Quality Grade	Aaa	AAA	AAA
High Quality Grade	Aa1 Aa2 Aa3	AA+ AA AA-	AA+ AA AA-
Upper Medium Grade	A1 A2 A3	A+ A A-	A+ A A-
Medium Grade	Baa1 Baa2 Baa3	BBB+ BBB BBB-	BBB+ BBB BBB-
Speculative Grade	Ba1 Ba2 Ba3	BB+ BB BB-	BB+ BB BB-
Low Grade	B1 B2 B3	B+ B B-	B+ B B-
Poor Grade to Default	Caa	CCC+	CCC
In Poor Standing	- -	CCC CCC-	- -
Highly Speculative Default	Ca C	CC -	CC -
Default	- - -	- - D	DDD DD D

**Short-Term/Commercial Paper Investment Grade Ratings**

Rating Interpretation	Moody's	Standard & Poor's	Fitch
Superior Capacity	P-1	A-1+/A-1	F1+/F1
Strong Capacity	P-2	A-2	F2
Acceptable Capacity	P-3	A-3	F3

<sup>1</sup> These are general credit rating guidelines and are for information only.

## Appendix B

## Glossary

**BANKERS' ACCEPTANCE:** A letter of credit issued in a foreign trade transaction which allows exporters to receive payment prior to importation of their goods. Banks provide short-term financing to facilitate the transaction and may sell the obligation to a third party. Bankers' Acceptances are secured by the issuer of the bill, while the underlying goods also serve as collateral.

**BANK DEPOSITS:** Collateral in the form of currency that may be in the form of demand accounts (checking) or investments in accounts that have a fixed term and negotiated rate of interest.

**BENCHMARK:** A comparative base for measuring the performance or risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio's investments.

**BID PRICE:** The price at which a buyer offers to purchase a security from the seller.

**BOND:** A debt investment in which an investor loans money to an entity (corporate or governmental) that borrows the funds for a defined period of time at a fixed interest rate called a coupon payment. Bonds are used by companies, municipalities, states and the U.S. government to finance a variety of projects and operating activities.

**BROKER:** A broker aligns buyers and sellers of securities and receives a commission when a sale occurs. Brokers generally do not hold inventory or make a market for securities.

**CALIFORNIA LOCAL AGENCY OBLIGATIONS:** Bonds that are issued by a California county, city, city and county, including a chartered city or county, school district, community college district, public district, county board of education, county superintendent of schools, or any public or municipal corporation.

**CD (CERTIFICATE OF DEPOSIT):** Time deposits issued by a bank, savings or federal credit union, or state-licensed branch of a foreign bank. Negotiable Certificates of Deposits rely on the credit rating of the issuing entity.

**COLLATERAL:** Securities, evidence of deposit, or other property that a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

**COLLATERALIZATION:** Process by which a borrower pledges securities, property, or other deposits for the purpose of securing the repayment of a loan and/or security.

**COMMERCIAL PAPER:** Short-term unsecured promissory note issued by a company or financial institution. Commercial paper is issued at a discount and matures at face

value. Usually a maximum maturity of 270 days, and given a short-term debt rating by one or more NRSROs

**COUNTY POOLED INVESTMENT FUNDS:** The aggregate of all funds from public agencies placed in the custody of the county treasurer or chief finance officer for investment and reinvestment.

**COUPON:** The annual rate of interest that a bond's issuer promises to pay the bondholder, expressed as a percentage of the bond's face value.

**CREDIT RISK:** Credit risk is the likelihood that an issuer will be unable to make scheduled payments of interest or principal on an outstanding obligation.

**CUSTODIAN:** An agent such as a broker or a bank that stores a customer's investments for safekeeping. The custodian does not have fiduciary responsibilities.

**DEALER:** A dealer, as opposed to a broker, acts as a principal in security transactions, selling securities from, and buying securities for his/her own position.

**DEFAULT:** To default is to fail to repay principal or make timely interest payments on a bond or other debt investment security, or failure to fulfill the terms of a note or contract.

**DELIVERY VERSUS PAYMENT (DVP):** A securities industry procedure whereby payment for a security must be made at the time the security is delivered to the purchaser's agent.

**DIVERSIFICATION:** Dividing investment funds among a variety of securities offering independent returns.

**DURATION:** The weighted average time to maturity of a bond where the weights are the present values of future cash flows. Duration measures the price sensitivity of a bond to changes in interest rates.

**FIDUCIARY:** An individual who holds something in trust for another and bears liability for its safekeeping.

**FLOATING RATE INVESTMENTS:** Notes whose interest rate is adjusted according to the interest rates of other financial instruments. These instruments provide protection against rising or falling interest rates, but may pay lower yield than fixed rate notes.

**FUTURES:** Commodities, which are sold in the present time and are to be delivered at a future date.

**INVERSE FLOATING RATE INVESTMENTS:** Variable-rate notes (such as inverse floating rate notes) whose coupon and value increase as interest rates decrease.

**INTEREST ONLY STRIPS:** Securities with cash flow based entirely on the monthly interest payments received from a mortgage, Treasury, or bond payment. No principal is included in these types of securities.

**INVESTMENT PROGRAM:** The process of modern portfolio management. The process includes establishing investment policy, analysis of the economic and capital markets environment, portfolio monitoring and rebalancing, and measuring performance.

**LOCAL AGENCY BONDS:** These bonds are issued by a county, city, city and county, including a chartered city or county, school district, community college district, public district, county board of education, county superintendent of schools, or any public or municipal corporation.

**LOCAL AGENCY INVESTMENT FUND (LAIF):** A voluntary investment fund open to state and local government entities and certain non-profit organizations in California in which organization pools their funds for investment. LAIF is managed by the State Treasurer's Office.

**LIQUIDITY:** The ease with which investments can be converted to cash at their present market value. Liquidity is significantly affected by the number of buyers and sellers trading a given security and the number of units of the security available for trading.

**MARKET RISK:** Market risk is the risk that investments will change in value based on changes in general market prices.

**MARKET VALUE:** The price at which a security is trading and could presumably be purchased or sold.

**MASTER REPURCHASE AGREEMENT:** A written contract which includes provisions specific to the governmental agency that is signed by an authorized officer with each counterparty. A master agreement will often specify details to the nature of transactions, the relationship of the parties to the agreement, parameters pertaining to the ownership and custody of collateral, and remedies in the event of default by either party.

**MATURITY:** The date upon which the principal or stated value of an investment becomes due and payable.

**MEDIUM TERM NOTES (MTN):** Unsecured, investment-grade senior debt securities of major corporations that are sold either on a continuous or an intermittent basis. MTNs are highly flexible debt instruments that can be structured to respond to market opportunities or to investor preferences.

**MONEY MARKET:** The market in which short-term debt instruments (bills, commercial paper, bankers' acceptances, etc.) are issued and traded.

**MORTGAGE BACKED SECURITIES:** A debt instrument with a pool of real estate loans as the underlying collateral. The mortgage payments of the real estate assets are used to pay interest and principal on the bonds.

**MORTGAGE PASS-THROUGH SECURITIES:** A securitized participation in the interest and principal cash flows from a specified pool of mortgages. Principal and interest payments made on the mortgages are passed through to the holder of the security.

**MUTUAL FUNDS:** An investment company that pools money and can invest in a variety of securities, including fixed-income securities and money market instruments.

**Money market mutual funds** invest exclusively in short-term (1-day to 1-year) debt obligations such as Treasury bills, certificates of deposit, and commercial paper. The principal objective is the preservation of capital and generation of current income.

**OFFER:** The price asked by a seller of securities. See Asked and Bid.

**OPTION:** A contract that provides the right or obligation, depending on the buyer or seller's position within the contract, to buy or to sell a specific amount of a specific security within a predetermined time period at a specified price. A call option provides the right to buy the underlying security. A put option provides the right to sell the underlying security. The seller of the contracts is called the writer.

**PORTFOLIO:** A collection of securities held by an investor.

**PRIMARY DEALER:** A group of government securities dealers who submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC)-registered securities broker-dealers, banks, and a few unregulated firms.

**PRINCIPAL ONLY STRIPS:** Securities with cash flow based entirely on the principal payments received from an obligation.

**RANGE NOTES:** A range note is a bond that pays interest if a specified interest rate remains above or below a certain level and/or remains within a certain range.

**RATE OF RETURN:** The yield obtainable on a security based on its purchase price or its current market price.

**REPURCHASE AGREEMENT (RP, Repo):** A contractual transaction between an investor and an issuing financial institution (bank or securities dealer). The investor exchanges cash for temporary ownership or control of collateral securities, with an agreement between the parties that on a future date, the financial institution will repurchase the securities.

**SAFEKEEPING:** A service to customers rendered by banks for a fee whereby securities

and valuables of all types and descriptions are held by the bank in the customer's name.

**SECONDARY MARKET:** A market made for the purchase and sale of outstanding issues following the initial distribution.

**SECURITIES AND EXCHANGE COMMISSION (SEC):** A federal government agency comprised of five commissioners appointed by the President and approved by the Senate. The SEC was established to protect the individual investor from fraud and malpractice in the marketplace. The Commission oversees and regulates the activities of registered investment advisers, stock and bond markets, broker/dealers, and mutual funds.

**STATE OBLIGATIONS:** Registered treasury notes or bonds of the 50 United States, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the 50 United States.

**STRIPS:** Bonds, usually issued by the U.S. Treasury, whose two components, interest and repayment of principal, are separated and sold individually as zero-coupon bonds. Strips are an acronym for Separate Trading of Registered Interest and Principal of Securities.

**TRUSTEE:** An individual or organization, which holds or manages and invests assets for the benefit of another. The trustee is legally obliged to make all trust-related decisions with the trustee's interests in mind, and may be liable for damages in the event of not doing so.

**U.S. AGENCY OBLIGATIONS:** Federal agency or United States government-sponsored enterprise obligations (GSEs), participations, or other instruments. The obligations are issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises. Issuers include: Fannie Mae, Farmer Mac, Federal Farm Credit Banks, Freddie Mac, Federal Home Loan Banks, Financing Corporation, Tennessee Valley Authority, Resolution Trust Funding Corporation, World Bank, Inter-American Development Bank, and PEFCO.

**U.S. TREASURY OBLIGATIONS (TREASURIES):** Securities issued by the U.S. Treasury and backed by the full faith and credit of the United States. Treasuries are considered to have no credit risk and are the benchmark for interest rates on all other securities in the U.S. and overseas. The Treasury issues both discounted securities and fixed coupon notes and bonds.

**Treasury Bills:** All securities issued with initial maturities of one year or less are issued as discounted instruments, and are called Treasury Bills (T-bills). The Treasury currently issues 3-month and 6-month T-bills at regular weekly auctions. It also issues "cash management" bills as needed to smooth cash flows.

**Treasury Notes:** All securities issued with initial maturities of 2- to 10-years are called Treasury Notes (T-notes), and pay interest semi-annually.

**Treasury Bonds:** All securities issued with initial maturities greater than 10-years are called Treasury Bonds (T-bonds). Like Treasury Notes, they pay interest semi-annually.

**YIELD:** The rate of annual income return on an investment, expressed as a percentage. Yield does not include capital gains.

**Income Yield** is obtained by dividing the current dollar income by the current market price for the security.

**Net Yield** or **Yield to Maturity** is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

**ZERO-COUPON BOND:** A bond on which interest is not payable until maturity (or earlier redemption), but compounds periodically to accumulate to a stated maturity amount. Zero-coupon bonds are typically issued at a discount and repaid at par upon maturity.

**DATE:** February 4, 2014

**TO:** Mayor and City Council

**FROM:** Development Services Director

**SUBJECT:** Approval of an Amendment to a Professional Services Agreement for Development Engineering Review Services in the Planning Division

### **RECOMMENDATION**

That the Council adopts the attached resolution, authorizing the City Manager to amend a contract for professional services with West Coast Code Consultants (WC3) and to increase the contract amount by \$40,000 to perform the duties of the vacant Development Review Engineer position in the Planning Division of the Development Services Department. The total contract amount will not exceed \$65,000.

### **BACKGROUND**

The Development Services Department employs a Development Review Engineer in the Planning Division. This employee is charged with providing support at Hayward's One Stop Permit Center related to engineering inquiries, as well as leads the processing of all applications for subdivision maps, lot line adjustments, lot mergers and lot splits, and associated encroachment permits. The City's long-time Development Review Engineer retired effective December 30, 2013. Given that there is only one position that reviews development applications for Engineering, it was critical that an alternative method for providing these services was put into place while the City recruited for the position.

For several weeks prior to the prior incumbent's retirement, and after conducting interviews with two separate individuals, the City contracted in December for \$25,000 with WC3 to bring on a registered civil engineer to perform the basic duties of the Development Review Engineer. This assistance will be needed through approximately the end of March, to allow sufficient time to hire and train a new Development Review Engineer. This will cost a total of \$65,000, \$40,000 over and above the initial \$25,000 contract.

### **DISCUSSION**

The Development Review Engineer position is unique, in that it entails an engineering position in the Planning Division, whose primary function is to process subdivision maps. The position

requires coordination with the Public Works Departments, as well as other City departments, related to processing such maps, as well as performing other related engineering functions and providing support at the Permit Center. The Development Review Engineer also provides recommendations and oversees the engineer's reports and budgets related to the City's Landscape and Lighting District and two Maintenance Districts.

The City advertised for the position beginning in late October of last year, and had limited responses. The top candidates from that initial phase were interviewed by an outside panel in late November, but none of those candidates interviewed were found to be qualified and experienced enough for the position. Another job bulletin was issued in early December and a second set of candidate applications were reviewed in early January, revealing some stronger, more qualified candidates. Those top candidates were interviewed on January 30 and staff anticipates having a new Engineer on board by early to mid-March.

### **FISCAL IMPACT**

All costs for this professional services agreement will be offset by salary vacancy savings in the Development Services Department.

### **PUBLIC CONTACT**

No public contact has occurred associated with this action.

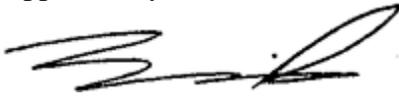
### **NEXT STEPS**

If the Council approves this resolution, staff will execute a contract amendment.

*Prepared by:* Pat Siefers, Planning Manager

*Recommended by:* David Rizk, AICP, Development Services Director

Approved by:



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Fran David, City Manager

Attachments:

Attachment I      Draft Resolution

HAYWARD CITY COUNCIL

RESOLUTION NO. 14-

Introduced by Council Member \_\_\_\_\_

RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE A CONTRACT AMENDMENT FOR UP TO \$40,000 WITH WC3 CONSULTANTS FOR DEVELOPMENT REVIEW ENGINEERING SERVICES

BE IT RESOLVED by the City Council of the City of Hayward that the City Manager is hereby authorized to negotiate and execute a contract amendment for Development Review Engineer services for the Planning Division, in an additional amount not to exceed \$40,000 and a total amount not to exceed \$65,000, in a form to be approved by the City Attorney. Said contract will extend existing staff augmentation services being provided by West Coast Code Consultants, Inc. (WC3).

IN COUNCIL, HAYWARD, CALIFORNIA \_\_\_\_\_, 2014.

ADOPTED BY THE FOLLOWING VOTE:

AYES: COUNCIL MEMBERS:  
MAYOR:

NOES: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ATTEST: \_\_\_\_\_  
City Clerk of the City of Hayward

APPROVED AS TO FORM:

\_\_\_\_\_  
City Attorney of the City of Hayward