



**DATE:** March 3, 2009  
**TO:** Mayor and City Council/Redevelopment Agency Board  
**FROM:** Director of Finance  
**SUBJECT:** Mid-Year Budget Adjustments

**RECOMMENDATION**

That the Council reviews and approves the attached Resolutions amending the FY 2009 City Operating Budget and Redevelopment Agency Operating Budget.

**DISCUSSION**

On February 24, staff presented the Mid-year Financial Report to Council. This report provided an overview of FY 2009 General Fund revenues, expenditures, and fund balance projected through the remainder of this fiscal year. Projections were developed by reviewing the actual revenues and expenditures recorded through December 31, 2008, and analyzing current economic information to project year-end receipts.

The result of this analysis reflects a significant decline from the original budget projections in funding sources/revenues of \$5.9 million, mainly due to current economic conditions. Additional appropriations approved during the first half of the year, necessary Mid-Year appropriations, and recent State takeaways increased the strain on the General Fund. Without corrective action, reserves will be negatively impacted by \$7.5 million at year end.

Such an impact is unacceptable as it is critical that the City maintain a reasonable level of emergency reserves in these economic times. Detailed financial assumptions are discussed below. Staff has proposed amendments to the FY 2009 General Fund operating budget in the attached resolutions (Attachment A) and FY 2009 Redevelopment Agency operating budget (Attachment B).

One of the proposed transactions to provide additional funds to the City general fund is to transfer a parcel of land from the City to the water enterprise fund for the appraised value of \$3.485 million. The resolution to approve this action is at Attachment C.

## **FISCAL IMPACT**

The overall fiscal impact of the proposed budget adjustments result in an estimated use of reserves of \$254,323, dependent on actual year end revenues and expenditures. More refined estimates will be provided when staff brings the FY 2010 budget forward for Council's consideration in May. The total undesignated reserve fund balance at year end is estimated to be \$15,063,604, or 13% of our General Fund Operating Budget. The FY 2009 budget revisions for the General Fund and Redevelopment Agency are summarized in the draft resolutions. The FY 2009 General Fund Summary (Attachment D) outlines all the proposed changes to the budget.

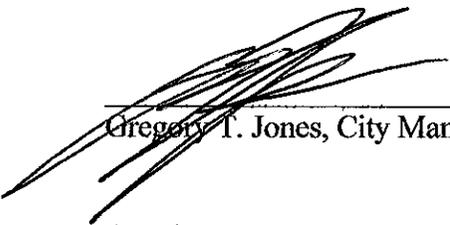
## **PUBLIC CONTACT**

The Council reviewed the proposed midyear budget adjustments at the February 24<sup>th</sup> Council worksession.

Prepared by:

  
Debra C. Auken, Director of Finance

Approved by:

  
Gregory T. Jones, City Manager

### **Attachments:**

- A - Draft Resolution - General Fund Appropriations
- B - Draft Resolution - Redevelopment Agency Appropriation
- C - Draft Resolution - Land Transfer
- D - FY 2009 General Fund Summary

# DRAFT

HAYWARD CITY COUNCIL

RESOLUTION NO. 09-

Introduced by Council Member

*made  
2/26/09*

RESOLUTION AMENDING RESOLUTION 08-097, AS AMENDED, THE BUDGET RESOLUTION FOR THE CITY OF HAYWARD OPERATING BUDGET FOR FISCAL YEAR 2009, RELATING TO AN APPROPRIATION OF FUNDS

BE IT RESOLVED by the City Council of the City of Hayward that Resolution No. 08-097, as amended, the Budget Resolution for the City of Hayward Operating Budget for Fiscal Year 2009, is hereby amended by approving the following General Fund changes:

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

## I. CHANGE OF REVENUE ESTIMATE

<u>FUND</u>	<u>REVENUE</u>	<u>AMOUNT</u>
100	Sales Tax	(2,300,000)
100	Real Property Tax	(1,500,000)
100	Construction Related	(650,000)
100	Vehicle License Fee	(500,000)
100	Waste Mgmt Franchise	(300,000)
100	Other Revenues	<u>392,000</u>
		(4,858,000)

BE IT FURTHER RESOLVED by the City Council of the City of Hayward that the following amounts are hereby appropriated for expenditure:

## II. OPERATING EXPENDITURE APPROPRIATIONS

<u>FUND</u>	<u>DEPARTMENT</u>	<u>PURPOSE</u>	<u>AMOUNT</u>
100	City Clerk Department	Election Expense	17,600
100	Various	Employee Separation	500,000
100	Human Resources	Retiree Medical	210,000
100	City Attorney Department	Attorney Expense	<u>150,000</u>
			977,600

BE IT FURTHER RESOLVED by the City Council of the City of Hayward that the following appropriations are hereby reduced:

III. OPERATING EXPENDITURE APPROPRIATION REDUCTIONS

<u>FUND</u>	<u>DEPARTMENT</u>	<u>PURPOSE</u>	<u>AMOUNT</u>
100	Various	Furlough Savings	(600,000)
100	Various	Dept Year- End Savings Measures	(2,200,000)
100	Various	Employee Concessions	(1,000,000)
			(3,800,000)

BE IT FURTHER RESOLVED by the City Council of the City of Hayward that the Director of Finance is hereby authorized to transfer the following amount from one fund to another as indicated below at such time as he/she may determine, giving consideration to the intended purposes for which the transfers are made and available balances in each of the funds.

IV. FUND TRANSFERS

<u>FROM FUND</u>	<u>TO FUND</u>	<u>PURPOSE</u>	<u>AMOUNT</u>
100-GF	710-ISF	Workers' Comp Expense	300,000
622-EF	100-GF	Land Transfer	3,485,000
			3,785,000

The Director of Finance is hereby authorized and directed to distribute the above revised revenue estimates, appropriations, and transfers to the various accounts of the City in accordance with generally accepted accounting principles and consistent with the purposes and objectives as outlined in the approved budget.

IN COUNCIL, HAYWARD, CALIFORNIA \_\_\_\_\_, 2009

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



ABSTAIN: AGENCY MEMBERS:

ABSENT: AGENCY MEMBERS:

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

APPROVED AS TO FORM:

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

# DRAFT

HAYWARD CITY COUNCIL

RESOLUTION NO. 09-

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

*mal*  
*2/26/09*

RESOLUTION AUTHORIZING THE TRANSFER OF LAND FROM THE GENERAL FUND TO THE WATER SYSTEM CAPITAL IMPROVEMENT FUND AND THE APPROPRIATION AND TRANSFER OF FUNDS FROM THE WATER SYSTEM CAPITAL IMPROVEMENT FUND TO THE GENERAL FUND

BE IT RESOLVED that the City Council of the City of Hayward hereby authorizes the transfer of a City-owned five acre parcel of real property, located near Industrial and Hesperian boulevards, from the General Fund to the Water System Capital Improvement Fund, at the recently appraised value of \$3.485 million, such transfer to be made prior to the end of FY 2009.

BE IT FURTHER RESOLVED by the City Council of the City of Hayward that the Director of Finance is hereby authorized to appropriate and transfer \$3.485 million from the Water System Capital Improvement Fund (Fund 622) to the General Fund (Fund 100), as consideration for the transfer of the above-referenced real property, prior to the end of FY 2009.

IN COUNCIL, HAYWARD, CALIFORNIA \_\_\_\_\_, 2009

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

**FY 2009 - General Fund Summary**  
**End Of Year Estimate for**  
**June 30, 2009**

<i>% of FY 2009 Revised Budget</i>	January 2009 Actual	FY 2009 Adjusted Budget	<i>Mid-Year Change More (Less)</i>	FY 2009 Revised Budget
<b>Revenue</b>				
40% Property Tax	21,288,086	40,077,000		40,077,000
27% Sales Tax	14,296,764	28,900,000	(2,300,000)	26,600,000
3% Real Prop Trsfr Tax	2,110,682	4,800,000	(1,500,000)	3,300,000
9% Franchise Tax	3,767,356	9,006,500	(300,000)	8,706,500
6% Other Taxes	2,073,096	5,500,000		5,500,000
2% Construction Related	1,368,845	3,020,000	(650,000)	2,370,000
0% Vehicle License Fee (VLF)	190,000	690,000	(500,000)	190,000
12% All Other	7,949,117	11,890,971	392,515	12,283,486
<b>100% Total Revenues</b>	<b>53,043,946</b>	<b>103,884,471</b>	<b>(4,857,485)</b>	<b>99,026,986</b>
<b>Expenditures</b>				
91% Net Employee Services	51,175,917	99,694,802		99,694,802
18% Operation & Maintenance	11,063,618	20,396,292	(775,737)	19,620,555
<b>Reductions</b>				
-6% Operating Savings		(6,862,000)		(6,862,000)
-1% Furlough Savings			(600,000)	(600,000)
-1% Add'l MOU Savings			(1,000,000)	(1,000,000)
-2% Add'l Dept Op Savings			(2,200,000)	(2,200,000)
<b>Additions</b>				
1% Mid-Year Appropriations			977,600	977,600
-9% Mid-Year Changes	0	(6,862,000)	(2,822,400)	(9,684,400)
<b>100% Total Expenditures</b>	<b>62,239,535</b>	<b>113,229,094</b>	<b>(3,598,137)</b>	<b>109,630,957</b>
<b>Transfers</b>				
Transfers in	9,618,830	13,576,812		13,576,812
Land Sale			3,485,000	3,485,000
Gas Tax Reduction			(1,055,000)	(1,055,000)
Transfers out	(4,105,979)	(5,357,164)		(5,357,164)
Worker's Comp			(300,000)	(300,000)
<b>Net Transfers</b>	<b>5,512,851</b>	<b>8,219,648</b>	<b>2,130,000</b>	<b>10,349,648</b>
<b>Difference</b>	<b>(3,682,738)</b>	<b>(1,124,975)</b>	<b>870,652</b>	<b>(254,323)</b>
<b>July 1, 2008 Beginning Fund Balance</b>				<b>15,317,927</b>
<i>Estimated FY 2009 use of reserves</i>				<i>(254,323)</i>
<b>Estimated June 30, 2009</b>				<b>15,063,604</b>