



**DATE:** June 15, 2010

**TO:** Mayor and City Council  
Redevelopment Agency Board of Directors

**FROM:** Interim Director of Finance  
Public Works Director

**SUBJECT:** Public Hearing for City of Hayward and Hayward Redevelopment Agency Recommended Operating Budget for Fiscal Year 2011, the proposed Operating Budgets for FY 2012, and the Proposed Capital Improvement Program Budget for Fiscal Years 2011 through 2020

## **RECOMMENDATION**

That Council receives the City Manager's Recommended FY 2011 and Proposed FY 2012 budgets for City operations and the Redevelopment Agency, and the proposed Capital Improvement Program budget for Fiscal Years 2011 through 2020; and conducts a Public Hearing on each; and that following public testimony, the Council and Agency Board Members review and comment on:

- City of Hayward and Hayward Redevelopment Agency(RDA) Recommended Operating Budget for FY2011;
- City of Hayward and Hayward Redevelopment Agency Proposed Operating Budget for FY 2012; and
- Proposed Capital Improvement Program Budget for FY2011 through FY2020

## **BACKGROUND**

On April 6, 2010, the City Council conducted a work session regarding the Human Services Commission's recommendations for FY2011 and FY2012 Social Services funding. On April 20, 2010, Council conducted a public hearing to receive public input and provide feedback to staff regarding FY2011 and FY2012 Social Services Funding. That report is available at:

<http://www.hayward-ca.gov/citygov/meetings/cca/2010/cca042010.htm>

On May 25, 2010, the City held a Council and Agency budget work session. That work session included a formal presentation of both the recommended operating and proposed capital improvement program budgets, a time for public input, Council discussion, and responses by Department Heads to specific budget questions. That report is available at:

<http://www.hayward-ca.gov/citygov/meetings/cca/2010/cca052510.htm>

On June 1, 2010, the City Council reviewed and provided feedback to staff regarding the Economic Development Committee's recommendations related to the proposed FY2011 allocation of Community Promotion Program funds. That report is available at:

<http://www.hayward-ca.gov/citygov/meetings/cca/2010/cca060110.htm>

Tonight's meeting has been advertised and specifically set aside time to receive further public input and, upon closure of the public hearing, receive Council comments and direction to staff. This report captures any significant changes to each of the above budget elements, which may have occurred as a result of Council input on the above dates or final staff preparation between the above dates and this report

## **I. CITY OF HAYWARD RECOMMENDED OPERATING BUDGET**

### **DISCUSSION**

Subsequent to publishing the City of Hayward's Recommended Operating Budget, several changes have been identified and are outlined below. All of these changes are related to the City's General Fund and do not impact any other fund.

#### General Fund Revenue

- An additional revenue source from the Russell City Energy Company has been identified and confirmed by the Public Works Department allowing us to add \$350,000 in laydown area lease revenue to the General Fund in each of the two fiscal years. This revenue source was identified in the Recommended Operating Budget on page 393, item #5; but, as reflected in that note, was not included in budgeted revenue at that time. Now that the amount has been confirmed, staff is recommending \$350,000 be added to General Fund revenues.

#### General Fund Expenditures

- FIRE DEPARTMENT  
Net Estimated Expenditure Change (\$16,800) each FY2011 and FY2012

Department's Proposed Changes:

- Fire Department has proposed a departmental reorganization wherein five full-time positions will be eliminated and replaced with three and a half full-time equivalent positions as follows:
  - Elimination of:           2 Fire Inspector  
                                  2 Firefighters  
                                  1 Mail Clerk
  - Re-formed as:            3 Battalion Chief  
                                  0.5 Mail Clerk (reflects a part-time position)

The basis for this proposal is moving closer to best practices. The current span of control for the Battalion Chief is eleven to one. This is unacceptable and not conducive to proper mentoring, staff development, and most importantly, emergency supervision. The ability to establish this reorganization in a timely manner will allow the Command Staff the opportunity to present improvement aimed at both operational proficiency in the Fire Department as well as the work conditions of the level of line Battalion Chiefs.

Budget Impact:

- Staffing Count Impact: Reduction of one and a half full-time equivalent position
- Staffing Cost Impact: No change recommended
- Department's Operating Expenditure Impact: Savings of \$16,800 due to cutting two vehicles

- MAINTENANCE DEPARTMENT

Net Estimated Expenditure Change + \$16,800 each FY2011 and FY2012

Department's Proposed Change:

- Return of two vehicles from Fire Department necessitates including maintenance cost of the vehicles in the Maintenance Department budget until disposition is determined.

Budget Impact:

- Department's Operating Expenditure Impact: + \$16,800

- POLICE DEPARTMENT

No Estimated Expenditure Change

Department's Proposed Changes:

- Four Communications Operators  
In a communications study conducted in 1997, one of the recommendations was to increase dispatch staffing by four positions. Even with these four positions, the Police Department is at minimum staffing levels for officer safety and in fact is below industry standard for a dispatch center with the volume handled in Hayward. These positions have been funded by monies available from department vacancies. The

decision was made to reflect them properly in the budget and the city staff count as full-time positions.

- Two Animal Care Attendants  
SB1785 mandated minimum holding periods for animals that literally resulted in a 90% increase in Hayward's Animal Shelter population. In spite of budget reductions in recent years, the shelter workload continues to increase. The current staffing level of nine (including the two referenced here) has proven to be the absolute minimum required to fulfill the seven-day a week shelter demands. Any and all vacancies in these nine positions require using per-diem staff. These positions have been funded by monies available from department vacancies. The decision was made to reflect them properly in the budget and the city staff count as full-time positions.
  
- One Police Sergeant  
The City is fully reimbursed (salary and benefits) for this position by Chabot College. The reimbursement is already included in the revenue budget and requires no change. The position has been funded by monies available from department vacancies; however the Staffing Count would require adding one full-time equivalent to reflect the appropriate head count. It should also be noted that if the College District were to discontinue this program, the position would be eliminated.

**Budget Impact:**

- Staffing Count Impact: Addition of seven full-time positions
  - 4 Communications Operators
  - 2 Animal Care Attendants
  - 1 Police Sergeant (assigned to Chabot College)
  
- Staffing Cost Impact: No change
  
- Department's Operating Expenditure Impact: No change
  
- HUMAN RESOURCES DEPARTMENT  
Net Estimated Expenditure Change +36,000 FY2011; +\$12,000 FY2012

**Department's Proposed Changes:**

- The Human Resources Department is recommending the creation of a new title and classification of Human Resources Manager to replace the Senior Human Resources Analyst vacancy, which occurred as a result of a staff retirement. The new classification of Human Resources Manager will provide the necessary operational focus needed for the City of Hayward to provide the development of critical business processes related to Human

Resources functions. The position will also provide the framework for staff development and cross training initiatives needed to improve business efficiencies and ensure long-term stability to the core functions of Human Resources and City compliance with applicable laws, employment contracts, safety compliance and support to organizational health initiatives as established by the City Council.

**Budget Impact:**

- Staffing Count Impact: Net Zero
  - Delete one position (Senior Human Resources Analyst / Affirmative Action Specialist)
  - Add one position (Human Resources Manager)
- Staffing Cost Impact: Estimated increase in wages and benefits for FY2011 would be \$11,000 and for FY2012 would be \$12,000.
- Department's Operating Expenditure Impact: Increase of \$25,000 in FY2011 to fund Assistant City Manager recruitment expense.
- SOCIAL SERVICES FUNDING  
Net Estimated Expenditure Change: None Proposed
- COMMUNITY PROMOTIONS PROGRAM  
Net Estimated Expenditure Change: None Proposed

**Department's Proposed Changes:**

Staff does not propose any changes but provides the following information:

At the Economic Development committee (EDC) meeting of April 5, 2010, staff suggested maintaining funding levels in FY2011 as they were in FY2010. The EDC took staff recommendations into account and made a few changes, which included providing funding for the Cinema Place Art Display, increasing funding for the Honor Band, and not providing funding for the South Hayward Lions Club.

The EDC recommendations were presented at the City Council work session on June 1, 2010, where staff was available for discussion and input. At that time, no changes were made to the EDC's recommendations. At this time it would be appropriate for Council to provide staff direction to either proceed with the EDC's recommendation or propose changes to the funding allocations.

## FISCAL IMPACT

The above items complete the detailed proposed changes to the City of Hayward's Recommended Operating Budget for Fiscal Years 2011 and 2012.

Summarized in the chart below is the financial impact to the City's General Fund should the above proposed changes be approved.

	<u>FY2011</u>	<u>FY2012</u>
<u>General Fund Revenue</u>		
All Other Sources / Interest & Rent	<u>\$ 350,000</u>	<u>\$ 350,000</u>
TOTAL CHANGE – REVENUE:	\$ 350,000	\$ 350,000
 <u>General Fund Expense</u>		
Net Staffing Expense / HR Dept.	\$ 11,000	\$ 12,000
Supplies & Services / HR Dept	25,000	n/a
(Internal) Service Fee / Fire Dept.	( 16,800)	( 16,800)
(Internal) Service Fee / Maint. Dept.	<u>16,800</u>	<u>16,800</u>
TOTAL CHANGE – EXPENSE	\$ 36,000	\$ 12,000
 Net Impact on (Use) / Additions to Reserves:	 <u>\$ 314,000</u>	 <u>\$ 338,000</u>

## II. REDEVELOPMENT AGENCY (RDA) OPERATING BUDGET

### DISCUSSION

Redevelopment Agency staff proposes a reduction to budgeted transfers out in the amount of \$101,000. The RDA Operating Fund #451, line item "Misc. Transfers – Debt Service" reflects an overstatement of \$101,000 and it is recommended that line item be reduced to a corrected amount of \$7,136.

### **III. CAPITAL IMPROVEMENT PROGRAM (CIP) BUDGET**

#### **BACKGROUND**

On April 28, the CIP was reviewed and discussed with the Council Budget and Finance Committee. On May 13, the Planning Commission held a public hearing and found that the document was in conformance with the General Plan. On May 25, the Council reviewed the CIP along with the operating budget in work session. The highlights of this year's proposal can be found in the City Manager's letter in the front of the document (see Attachment I). Council is encouraged to pay particular attention to the needs identified in fleet, technology, and facilities that currently lack funding in the out years. This remains a need to be addressed in future financial plans.

#### **DISCUSSION**

As noted in the City Manager's letter, this edition of the CIP again spans ten years and continues to focus on many projects related to improving the City's infrastructure, such as sidewalks, streets, water, sewer, and the Airport. In addition, a strong emphasis continues towards the goal of upgrading the City's overall appearance, which includes working with residents to identify areas that are in need of improvement.

As indicated above, the Budget and Finance Committee reviewed the CIP in April and provided consensus support. Since that time it was determined that several adjustments are required for ongoing Airport projects, and two Airport projects within Fund 632 are in need of additional appropriations for FY11; a replacement CIP summary sheet for the Airport Capital Improvement Fund is included in Attachment II. In brief, costs associated with the environmental planning for the Sulphur Creek Mitigation project will increase to \$315,000; the corresponding reimbursement from the FAA for this work also increased to \$300,000. The crash rescue equipment vehicle will also need additional appropriations in order to fund specialized training for firefighters and to properly refurbish, equip, and house the vehicle; \$100,000 of this additional cost will be covered by a developer contribution.

At the work session on May 25, the Library and Community Services Director noted that the Measure B Funded Paratransit Program was in need of scheduling software and equipment to more efficiently provide services to eligible residents. Staff was able to add a small project to the Street System Improvements Fund (Fund 413) for \$82,000, which addresses this critical need. This was possible in part because the bids for the Mount Eden Annexation Improvements (Phase II) were received and the resulting amount needed for that project was reduced by \$2.2 million. This cost savings is reflected in the lowered appropriation for the project noted in the attached, revised version of Fund 413 (Attachment II).

Fund 456 (the Low/Moderate Housing Capital Fund) was also revised due to corrections since the work session. Project 5072, which is the Route 238 Homebuyer Program, was reduced from \$2 million to \$1 million; since the additional \$1 million was transferred this year into Fund 432, which is the Route 238 Settlement Fund in FY10. The transfer from the Low/Moderate Housing Operating Fund (Fund 452) into Fund 456 for FY10 was also reduced from \$3.3 million to \$2.3

million due to the reduced appropriation for project 5072. A revised version of Fund 456 is also attached (Attachment II).

#### **IV. OPERATING AND CIP BUDGETS**

##### **PUBLIC CONTACT**

A public notice was published in The Bay Area News Group – Daily Review on June 5 and June 10, 2010 announcing the date, time, location, and subject matter of this public hearing.

##### **SCHEDULE**

Upon approval of the proposed changes outlined in this report, the necessary resolutions will be prepared for formal budget adoption at the City Council meeting of June 22, 2010.

*Prepared by:*

Maret Bartlett, Redevelopment Director  
Robert Bauman, Public Works Director  
Morad Fakhrai, Deputy Dir. of Public Works  
Susan M. Stark, Interim Director of Finance

*Approved by:*



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Fran David, City Manager

Attachments:

Attachment I: City Manager's CIP Budget Message. That report is available at:  
<http://www.hayward-ca.gov/departments/finance/documents/CA/Attachment%20II%20Letter%20from%200CM%20CIP.pdf>

Attachment II: CIP Budget Revised Summary Sheets for Funds 632, 413 and 456. That report is available at:  
<http://www.hayward-ca.gov/departments/finance/documents/CA/Attachment%20III%20-%20Revised%20Fund%20Sheets.pdf>