



DATE: March 6, 2012

TO: Mayor and City Council

FROM: Director of Finance

SUBJECT: Agenda Item #5 – Correction to Fiscal Year 2012 Mid-Year Budget Review & General Fund Ten-Year Plan Update

Staff is presenting this memorandum to provide corrections to several elements of the FY 2012 General Fund Mid-Year Budget Review and Ten-Year Plan Update, and the resolution approving the amendment to the City of Hayward Operating Budget for Fiscal Year 2012. The corrections are not substantive in nature, but do provide a more accurate display of data.

- 1) Several Tables have been updated to reflect the correct amounts:
 - a. Tables 1, 2, 3
- 2) Under the revenue category Charges for Services,:
 - a. *Construction Related Fees* – the chart has been corrected, along with the values cited in the accompanying text.
 - b. The revenue subcategory *Licenses and Permits* was added to complete the explanation of the revenue category.
- 3) Attachment I – Resolution has been modified to include two other revenue funds in addition to the General Fund as part of the recommended FY 2012 mid-year adjustments.
- 4) Attachment II has been corrected to include the entire body of the chart.

Prepared by: Tracy Vesely, Director of Finance

Approved by:

Fran David, City Manager

Attachments:

- Attachment I: Fiscal Year 2012 Mid-Year Budget Review & General Fund Ten-Year Plan Update (*Revised 3/6/12*)
- Attachment II: Fiscal Year 2012 Mid-Year Budget Review & General Fund Ten-Year Plan Update Revised Resolution (Amending Operating Budget Resolution)



DATE: March 6, 2012

TO: Mayor and City Council

FROM: Director of Finance

SUBJECT: Fiscal Year 2012 Mid-Year Budget Review & General Fund Ten-Year Plan Update (*Revised 3/6/12*)

RECOMMENDATION

That the Council reviews and comments on the FY 2012 General Fund Mid-Year Budget Review and Ten-Year Plan Update, and adopts the attached resolution approving the amendment to the City of Hayward Operating Budget for Fiscal Year 2012.

SUMMARY

Staff is providing City Council with a mid-year update to the FY 2012 Adopted Budget and an update to the General Fund Ten-Year Plan.

Mid-Year Review – This mid-year financial report provides an overview of Fiscal Year (FY) 2012 General Fund revenues, expenditures, and fund balance projected through the remainder of the fiscal year. While the analysis includes adjustments to a number of General Fund revenue categories, the net impact results in a minimal increase in net revenues of about \$716,000. Currently, net General Fund expenditures are tracking fairly close to budget, so no significant variances are projected. As such, the overall financial situation remains relatively flat – with a modest net improvement of \$768,000, resulting in the need to use less General Fund Reserve by a like amount.

General Fund Ten-Year Plan Update – The Ten-Year Plan Update refines the forecast staff last presented on October 11, 2011. The model continues to confirm a significant structural deficit due to slow economic recovery, increased employee services costs, and deferred capital and maintenance needs (fleet, facilities, public safety and technology). In October 2011, staff projected a General Fund gap in FY 2013 of about \$14.25 million. Largely driven by the loss of transfers in from the Redevelopment Agency due to the State’s dissolution of the agency, the deficit for FY 2013 has increased by \$730,000.

BACKGROUND

While the national economic news indicates a slow level of recovery, the City of Hayward is still feeling the impacts of the 2008 economic collapse. Depressed property values, unemployment and low consumer confidence continue to drive the sluggish economy. The City's property tax values continue to decline; however, sales tax revenues are showing modest improvements.

The City utilizes long-term financial planning to help navigate its fiscal challenges. Critical tools such as the General Fund Ten-Year Plan (and multi-year plans for other revenue funds) provide the framework for sound fiscal planning and decision-making. These tools also set the foundation for discussions with the City's bargaining units.

The mid-year review considers revenues and expenditures through the midpoint of the fiscal year – December 31, 2011 – and projects year-end results based on current trends. Overall, the projections for FY 2012 revenues and expenditures are basically on target, with a slight projected net improvement to the projected budget gap of \$768,000 – resulting in a revised deficit of \$3.4 million. Staff will continue to actively monitor the City's budget status and report any significant changes in either revenue or expenditure forecasts to the City Council through the Council Budget & Finance Committee or directly to the Council.

DISCUSSION

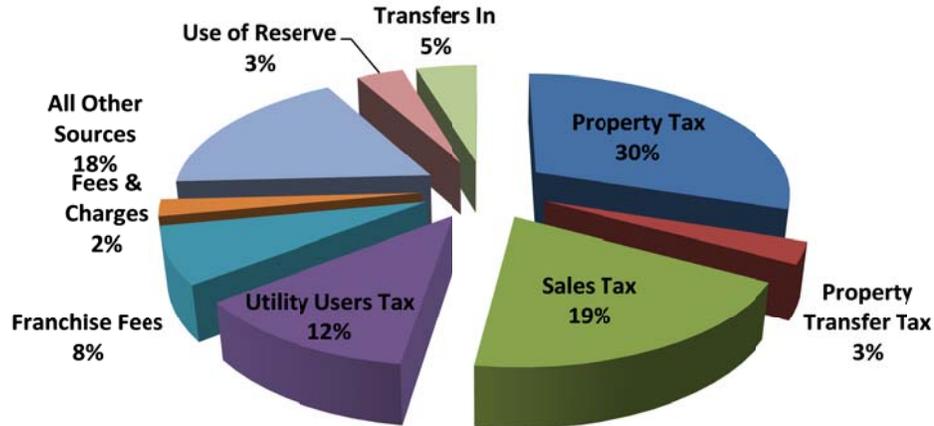
When City Council adopted the FY 2012 Budget in June 2011, it closed a \$20.6 million projected General Fund gap through \$16.4 million in expenditure reductions (some recurring, some one-time) and the adopted use of the General Fund Reserve of \$4.2 million. In reviewing the year-to-date FY 2012 revenues and expenditures, staff has adjusted some projections to reflect current trends, which somewhat lessen the need to use the Reserve. The key changes for FY 2012 and influences on the General Fund Ten-Year Plan projections are discussed below.

General Fund Revenues

The FY 2012 Adopted Budget reflects conservative revenue projections, with minimal growth in most program areas. Projecting the City's revenues based on mid-year results and seasonal trends, staff is projecting receipt of approximately \$716,000 more in revenues than originally estimated. There are several significant variances from the adopted budget: an increase to sales tax revenue over original projections, which is offset by declines in franchise fees, inter-governmental revenue, and construction-related revenue.

The chart below reflects the components of the total \$122 million General Fund resources originally budgeted for FY 2012. This total includes the assumed use of \$4.2 million of the General Fund Reserve and transfers in from other sources – as reflected in the light pink pie slice in Table 1.

Table 1 – FY 2012 Adopted Budget Resources



Representing fifty percent of the total General Fund revenues, property and sales taxes are the two major revenues that influence the City’s budget – and both have been significantly affected by the economic recession over the past four years. As a point of comparison, when total General Fund revenues are adjusted to remove the utility user’s tax revenue, which was not available in FY 2008, total revenue for the FY 2012 Adopted Budget is about \$7 million less than in FY 2008.

Overall (see Table 2), FY 2012 year-end revenues are projected to be 0.6% higher than originally projected. Some of these revised projections will influence the General Fund Ten-Year plan projections – lowering the FY 2013 projections by 0.3%.

General Fund Revenue Variance Analysis

The following analysis highlights key revenue variances as they pertain to FY 2012 mid-year projections and the resultant impact on future year projections as included in the General Fund Ten-Year Plan. These are projections based on year-to-date data, and will be closely monitored for the remainder of the fiscal year.

Table 2 – General Fund Revenue Variance Summary

Revenue (in 1,000's)	Fiscal Year 2012				Fiscal Year 2013			
	Adopted	Projected	\$ Change	% Change	Original Forecast	Revised Forecast	\$ Change	% Change
Property Tax	36,654	35,960	(694)	-1.9%	35,977	36,037	60	0.2%
Sales Tax	23,647	25,777	2,130	9.0%	26,059	26,293	234	0.9%
UUT	14,800	14,800	-	0.0%	15,170	15,170	-	0.0%
Franchise Fees	9,126	9,083	(43)	-0.5%	9,429	9,304	(125)	-1.3%
Property Transfer Tax	3,491	3,500	9	0.2%	3,672	3,570	(102)	-2.8%
Other Taxes	5,370	5,510	140	2.6%	5,477	5,620	143	2.6%
Charges for Services	7,927	7,321	(606)	-7.6%	8,072	7,467	(605)	-7.5%
Other Revenue	3,694	3,728	34	0.9%	3,816	3,851	35	0.9%
Intergovernmental	4,489	4,233	(256)	-5.7%	3,149	3,223	74	2.4%
Fines and Forfeitures	2,410	2,488	78	3.2%	2,421	2,499	78	3.2%
Interest and Rents	526	450	(76)	-14.4%	395	276	(119)	-30.1%
Totals	112,134	112,850	716	0.6%	113,637	113,310	(327)	-0.3%

Property Tax

FY 2012 Mid-Year -\$694K: For FY 2012, estimates were based on actuals from FY 2010 (the most recent year of actual data available). FY 2011 actual revenues performed at a lower level – reflecting a lack of growth in assessed value. Given the FY 2011 performance, year-to-date receipts for FY 2012, and the Assessed Valuation Certificate received from the County Auditor Controller in August 2011 (which indicates an overall decrease in secured property of 0.25%), staff is adjusting the estimate for FY 2012 down by about \$700,000.

Table 3 – Property Tax Revenues

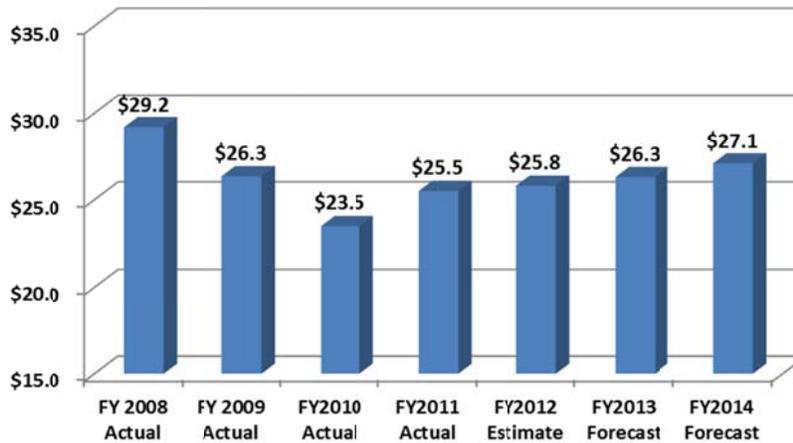


Ten-Year Plan (no significant change): Growth assumptions for FY 2013 reflect the reduction in valuations mentioned above and include reductions to secured and unsecured property tax revenues. These are slightly offset by an assumed increase in Airport-related property tax revenues due to an increase of activity at the airport. Staff believes that this represents the “bottom” of the market decline and out-year projections show modest growth starting in FY 2014. However, there is no agreement among financial industry “experts,” the housing industry, or economists as to how long the bottom may continue before the “modest” growth begins. FY 2014 assumes increased tax revenue from the completion of the CalPine facility.

Sales Tax

FY 2012 Mid-Year +\$2.1M: For FY 2012, staff estimated sales tax revenue to be consistent with what was budgeted for FY 2011 (and driven by poor performance in FY 2010). Based on receipts through December and projections from the City’s sales tax consultant, MuniServices, staff is reinforcing projections from earlier this fiscal year that sales tax revenue will continue to be above the original projection by \$2.1 million. This is consistent with the FY 2011 performance and represents a modest 1.1% growth over FY 2011 (see Attachment II).

Table 4 – Sales Tax Revenues



Ten-Year Plan +\$234K: For FY 2013, staff estimates sales tax revenue to increase 2.0% over the projected amount for FY 2012. This modest growth reflects the most recent Sales Tax analysis completed by the City’s sales tax consultant, and indicates relatively slow growth for Hayward compared to the Alameda countywide average. The most recent four quarters for Hayward of net cash receipts (January 2010-December 2011) indicate a 3.9% increase (compared to a countywide average growth of 9.4%). Out-year projections assume a relatively mild economic recovery, with annual growth of 3%.

Real Property Transfer Tax

FY 2012 Mid-Year (no significant change): The FY 2012 Adopted Budget includes \$3.5 million in annual revenue from Real Property Transfer Tax, down by almost 50% since the \$7.1 million received in FY 2007. Through January 2012, the City has received \$2.74 million, with the spring

sales season still to come. It is reasonable to expect that the City will receive another \$1,000,000 from this revenue source from February through June: since FY 2009, the City has received from \$1.7 million to \$2.2 million annually during the February through June timeframe. However, staff is reluctant to increase this estimate at this time due to the extremely volatile nature of this revenue source.

Table 5 – Real Property Transfer Tax Revenues



Ten-Year Plan - \$102K: As the housing market is still years away from a full recovery, the Plan remains conservative in its estimations for the out years. The revised Plan reflects a 2% growth in FY 2013, which is an adjustment down from previous projections. Most increases range between 2-3% over the next ten years. As a point of comparison, as depicted in the chart below, the City is a long way from the revenue levels attained in FY 2007.

Charges for Services FY 2012 Mid-Year: -\$606K; Ten-Year Plan -\$605K

The Charges for Services revenue category is comprised of three major program areas: Construction Related Fees, Fees and Service Charges, and Licenses and Permits. Overall, staff is projecting reductions in FY 2012 and beyond, described in detail by category below.

Construction Related Fees

FY 2012 Mid-Year -\$543K: Most of the construction-related revenues pertaining to permits, plan checks, and inspections benefitted greatly in FY 2011 from the infusion of several large projects, most notably the recent phases of the Cannery residential development as well as new tenants in the Target Center (i.e. Fresh and Easy, Carter’s, Five Guys, etc.). Thus far through this fiscal year, development has not kept pace with what transpired last fiscal year, and therefore, staff recommends a lowering of the estimate for FY 2012 by about \$543,000.

Construction Related Revenue	FY 2012	FY 2012	Variance
	Adopted	Projected	
Construction Permits	1,263	1,217	(46)
Plan Checking Fees	846	687	(159)
Supplemental Improvement Tax	459	300	(159)
New Construction Inspections	846	667	(179)
Total	3,414	2,871	(543)

Of the four subsections that comprise this revenue stream, the supplemental improvement tax is the primary underperformer. This tax, assessed on all new projects and for tenant improvements where there is a change in use, is reflecting an end-of-year estimate, which is closer to \$300,000 than the FY 2012 budgeted amount of \$459,000. Since many of the projects in FY 2012 have dealt with tenant improvements that involved no change in use, this tax is not applicable. Since its inception in 2009, this tax has been subject to some degree of volatility and generally mirrors the ongoing depression in residential and business development. Likewise, the other components are showing a general, mild weakness in the need for plan check/inspection services through December, and that trend is expected to continue through June. While the Adopted Budget for FY 2012 and projections for future years cannot predict projects not yet submitted to the City, Finance staff will work closely with Planning staff to gauge the potential for future large-scale projects in FY 2013 and beyond to provide more accurate revenue estimates in this area.

Ten-Year Plan (-\$605K): While the adjusted estimate for FY 2012 reflects a slowdown in development-related activity, the FY 2013 projection assumes that there will be a very modest uptick in activity of approximately 2% over FY 2012 levels. Future years reflect similar growth, however, this revenue category will continue to be weighed down by lowered revenue expectations for the Supplemental Improvement Tax. Revenue generation from this tax is expected to continue to underperform by about \$300,000 versus what was originally projected in FY 2013.

Fees and Service Charges

FY 2012 Mid-Year (-\$185K): Revenues in this category primarily pertain to Police, Fire, and rental inspection fees. While most of the estimates to the end of the fiscal year closely match their budgets, Police and Fire fees and service charges are expected to drop slightly, thereby reducing the total expected revenue in this category from \$2.7 million to \$2.5 million.

Fees and Service Charges	FY 2012	FY 2012	Variance
	Adopted	Projected	
Police Fees and Service Charges	1,126	983	(143)
Fire Fees and Service Charges	674	632	(42)
Residential Rental Inspections	435	435	-
Other Fees and Service Charges	469	469	-
Total	2,704	2,519	(185)

Ten-Year Plan (no significant change): All of the fees in this category are projected to increase by 2% per year, after adjusting for the FY 2012 projection.

Licenses and Permits

FY 2012 Mid-Year +\$122K: Projected increase is attributed to a slightly higher trend of Fire License and Permit revenues.

Ten-Year Plan (no significant change): All of the fees in this category are projected to increase by 2% per year, after adjusting for the FY 2012 projection.

Intergovernmental Revenue

FY 2012 Mid-Year -\$256K: This component of the revenue stream is comprised of five revenue categories. The largest category is police grants/reimbursements, representing over 67% of the budgeted amount, and projected to collect \$110,000 more this year than what was budgeted. Much of the increase is associated with reimbursements for police staff time pertaining to providing enforcement services to other agencies, such as the Hayward Unified School District. In addition, grants secured by the Library are projected to exceed budget by \$175,000.

However, these increases are more than offset by two substantial decreases, the first of which pertains to the vehicle license fee (VLF). Per State action, the VLF was permanently eliminated early this fiscal year and represents a budgeted decrease of \$200,000 this fiscal year to intergovernmental revenues. Mutual aid reimbursement for Fire-related services is also expected to decrease by \$340,000 this fiscal year, as the level of needed mutual aid assistance is not expected to meet what was anticipated in the Adopted Budget for FY 2012.

	FY 2012 Adopted	FY 2012 Projected	Variance
Inter-Governmental Revenue			
Police Grants/Reimbursements	3,263	3,375	112
Vehicle License Fee	278	76	(202)
Fire Mutual Aid Reimbursement	390	49	(341)
Library Grants	86	261	175
Fire County EMS Reimbursement	472	472	-
Total	4,489	4,233	(256)

Ten-Year Plan (no significant change): There are two primary changes in this revenue category. The first is the loss of the State Vehicle License Fee (VLF) revenue effective FY 2012. Prior to the start of FY 2012, the Governor signed SB89, which shifted hundreds of millions of Vehicle License Fee revenues to fund State law enforcement grants beginning in FY 2012. While the City will see some funding restored in law enforcement grant funding – this is a direct loss to the City’s General Fund. The City received \$695,000 in VLF funding in FY 2011. While the City received a very minimal, residual amount at the start of FY 2012, this revenue source will be zeroed out for FY 2013 onwards.

The second change is the conclusion of the Federal ARRA COPS grant effective FY 2013 totaling about \$1 million. This grant funds nine police officer positions. The grant requires that the City continue to fund these positions one year following the conclusion of the grant (FY 2014) – and \$1 million in funding toward this requirement is designated in the reserves.

Other Taxes

FY 2012 Mid-Year +\$140K: In addition to real property transfer taxes noted separately above, the other three items associated with this revenue source are taxes for business licenses, emergency facilities, and lodging facilities (transient occupancy tax). While the business license tax and emergency facilities tax are expected to meet the estimates in the Adopted Budget for 2012, transient occupancy taxes (TOTs) are trending slightly higher through December than what was budgeted. Therefore, staff is recommending an increase to TOT of \$140,000 for the remainder of FY 2012.

Ten-Year Plan (no significant change): The forecast assumes modest increases of 2% to 3% for the Transient Occupancy and Emergency Facilities Taxes starting in FY 2013. Business License taxes are projected to increase by 2% per year, with a temporary “spike” in Business License revenue of 10% forecast for FY 2016 due to potential changes in the ordinance.

Fines and Forfeitures

FY 2012 Mid-Year +\$78K: Consisting of eight subcategories, the majority of revenue in this category is comprised of in-house parking citations, criminal fines, and the photo red light program. In total, program revenues are projected to increase over what was budgeted in FY 2012, led by projected increases of \$270,000 and \$177,000 to criminal fines and in-house parking citations, respectively; the increases are primarily due to the number of citations issued during the first half of the year.

However, much of this increase is tempered by a \$198,000 reduction to photo red light fines, as offenders are less able to pay the fees and are opting for community service instead. Based on current trends, vehicle fines are also predicted to decline somewhat, resulting in a reduction of \$84,000. In addition, with administrative citations proving to be difficult to collect, the estimated revenue for this item is expected to be reduced from \$91,000 to \$5,000.

Fines and Forfeitures	FY 2012	FY 2012	Variance
	Adopted	Projected	
Vehicle Fines	285	201	(84)
Parking Citations – In House	464	641	177
Parking Citations – DMV	101	112	11
FTB Parking Tax Offset	4	4	-
Photo Red Light	1,198	1,000	(198)
Criminal Fines	160	430	270
Library Fines	107	95	(12)
Administrative Citations	91	5	(86)
Total	2,410	2,488	78

Ten-Year Plan (no significant change): The FY 2012 estimate reflects the conservative stance taken on this revenue, with an assumption that the level of revenue realized in FY 2011 for the photo red light program cannot be sustained over the long-term and will eventually level off and/or decline. Therefore, FY 2013 projections are very similar to the FY 2012 Adjusted projections.

Transfers In: Ten-Year Plan -\$408K

With the dissolution of Hayward's Redevelopment Agency, the City will no longer charge indirect overhead costs to the program – as these will not be eligible costs under the new Successor Agency. This is a significant loss of over \$400,000 in recurring General Fund revenue.

General Fund Expenditures

Overall, the FY 2012 General Fund expenditure budget is tracking \$52,000 (0.04%) under the Adopted Budget. While several line items are adjusted as a result of the mid-year analysis and mid-year budget adjustments, the overall projection remains relatively unchanged.

Table 6 – General Fund Expenditures

General Fund Expenditures (in 1,000's)	FY 2012 Adopted	FY 2012 Projected	\$ Variance	% Variance
Staffing Expenses				
Salary	62,972	63,847	875	1.4%
Overtime	3,811	4,397	586	15.4%
Vacancy Savings	(1,303)	(1,303)	-	0.0%
Medical Benefits	8,911	8,512	(399)	-4.5%
Retiree Medical	2,560	2,560	-	0.0%
Other Benefits	7,473	7,928	455	6.1%
PERS	18,447	18,278	(169)	-0.9%
Interdepartmental (ID) Charges	(5,021)	(5,731)	(710)	14.1%
Furlough Savings	(1,617)	(1,617)	-	0.0%
Net Staffing Expense	96,232	96,870	638	0.7%
Operating Expense				
Maintenance & Utilities	1,017	690	(327)	-32.2%
Supplies & Services	7,080	6,178	(902)	-12.7%
Internal Service Fees	9,280	9,280	-	0.0%
Capital	14	43	29	208.6%
Transfers out	8,329	8,329	-	0.0%
FY 2012 Mid-Year Adjustments	-	511	511	
Net Operating Expense	25,720	25,030	(690)	-2.7%
Total Expenditures	121,952	121,901	(52)	-0.04%

Net Staffing Expense +\$638K

- Salaries reflect one-time, unbudgeted vacation/leave payouts as well as worker's compensation payments that are not specifically budgeted in the operating budget. Salary savings is generally assumed to cover this cost.
- The FY 2012 budget was formulated based on most non-sworn bargaining units agreeing to a 5% concession/furlough and an additional salary savings of approximately \$1.3 million accomplished by vacancies in budgeted positions. The forecast continues to assume these savings.

- Overtime is tracking a bit over budget due to some position vacancies and the operational need to backfill some of these vacancies with overtime at specific times during the year. The overtime budget for public safety was significantly reduced in the FY 2012 Adopted Budget as a balancing measure. Since this was a one-time measure, the FY 2013 forecast restores the overtime budgets to prior year levels.
- Medical expenses indicate a savings due to actual rates coming in lower than originally projected in the Adopted Budget.
- Interdepartmental (ID) charges are trending higher than expected due to staff working on more capital projects during FY 2012 (i.e. Route 238 project). This higher level of charges to funds other than the General Fund results in a savings to the General Fund.

Net Operating Expenses (-\$690K)

Several variables contribute to this net savings:

- Staff is projecting a \$327,000 savings in maintenance and utility costs to the end of the fiscal year after considering year-to-date and seasonal influences.
- Staff is projecting a \$902,000 savings in supplies and services through the end of the fiscal year based on prudent departmental management of expenses.
- Mid-year budget adjustments total \$511,000. These adjustments reflect new appropriations for grant funds received after the FY 2012 budget was adopted.

Ten-Year General Fund Plan Update

Attachment II provides a summary of the Ten-Year Plan. The revised FY 2013 Plan projects a \$14.98 million deficit, which is an increase of \$730,000 over the original deficit projection last presented to City Council in December 2011, and includes the loss of \$400,000 in RDA revenue as described earlier in the report. The Plan also reflects all contractually obligated adjustments; and recurring and/or structural labor concessions agreed to as part of the FY 2012 budget.

Labor negotiations have occurred since the start of the fiscal year and are ongoing; it is hoped that all negotiations will conclude by early spring prior to Council consideration of the FY 2013 budget. At that point, staff will be in a position to better analyze employee expenses and determine how much of the structural deficit remains or has been eliminated. This will allow for preparation of a better forecast of the deficit going forward. Staff will report the results of the negotiations to Council throughout the budget process this spring.

Expenditures & Revenues – Enterprise Funds

Although the General Fund is the central focus of this mid-year report, it is important to briefly mention the fiscal health of the City's key enterprise funds: Airport, Wastewater, and Water. All three funds maintain healthy fund balances over a five year forecast – inclusive of planned capital costs. Staff will provide a more detailed analysis of the City's other revenue funds as part of the FY 2013 & FY 2014 Proposed Budget that will be presented on May 1, 2013.

Mid-Year Adjustments

After reviewing programmatic expenditures with each department, there are several adjustments needed prior to the end of FY 2012 in order to accommodate new grant revenues received during the fiscal year. Attachment III provides a summary of all recommended budget adjustments. Below is a brief overview.

General Fund – Fund 100

City Clerk +\$120,000

The City Clerk's office has received recent information from the Alameda County Registrar of Voters that the cost for the June election could range between \$3 and \$5 per voter, rather than the currently budgeted cost of approximately \$3 per voter. Among the factors driving the potential higher cost for the election is the need to publish the voter pamphlet in five languages. If the amount per voter were to be \$5, an additional \$120,000 would be needed in the City Clerk's supplies and services budget to absorb the cost. Staff recommends making this adjustment now in anticipation of the possible range of voter costs.

Police

The Police Department has requested the appropriation of grant funds associated with several support programs authorized during the first half of the fiscal year. These appropriations are offset by a like amount of grant revenue.

- 1) Avoid the 21 Campaign (\$13,942) – This grant, which provides for sobriety checkpoint services, was authorized in October for this fiscal year.
- 2) Grant for Bullet-Proof Vests (\$2,105) – Funds pertaining to this grant will pay for half of the cost for the number of vests requested by the Police Department.
- 3) Our Kids Contract (\$4,677) – Monies secured as part of this grant provide funding for youth diversion and anti-gang programs.
- 4) Delinquency Network Prevention Program (\$370,600) – Although funds for this grant have been received in the past as part of an ongoing contract, the signed agreement for this year's grant was not received until last November, and therefore was not included in the Adopted Budget for FY 2012.

Fund 220:

Library: Within the past month, the Library was able to successfully secure a \$3,000 Library Services and Technology Act grant for the Infinite Visions Book-to-Action project.

Fund 278:

COPS Supplemental Enforcement (\$235,602) – Received earlier this fiscal year, monies associated with this State grant assist the City with funding front-line police officers. This is considered recurring revenue.

Capital Improvement Fund 410:

Staff recommends appropriation of fund balance from the CIP Fund to address critical capital needs not originally included in the CIP Plan for this year. These include: funding for improvements to

the sound system in the City Hall rotunda; replacement of the screens in the Council Chambers; community survey; and funding for a Citywide disaster preparation exercise.

FISCAL IMPACT

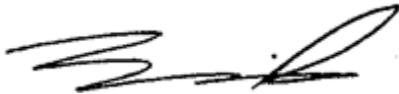
The overall fiscal impact of the adjustments to revenue projections and expenditure projections (inclusive of FY 2012 mid-year budget appropriations) results in a decrease to the General Fund projected deficit of \$768,000 resulting in a reduction to the planned use of the Reserve by a like amount – reducing the projected deficit to \$3.44 million.

NEXT STEPS

Upon approval by Council of the recommendations contained herein, staff will post the budget amendments per the approved resolution.

Prepared by: Tracy Vesely, Director of Finance

Approved by:



Fran David, City Manager

Attachments:

- Attachment I: Resolution (Amending Operating Budget Resolution)
- Attachment II: Updated Version of Ten-Year Plan
- Attachment III: FY 2012 Mid-Year Adjustment Summary

HAYWARD CITY COUNCIL

RESOLUTION NO. 12-

Introduced by Council Member _____

RESOLUTION AMENDING RESOLUTION 11- 015 , AS AMENDED, THE BUDGET RESOLUTION FOR THE CITY OF HAYWARD OPERATING BUDGET FOR FISCAL YEAR 2012, RELATING TO AN APPROPRIATION OF FUNDS

BE IT RESOLVED by the City Council of the City of Hayward that Resolution No. 11-015, as amended, the Budget Resolution for the City of Hayward Operating Budget for Fiscal Year 2012, is hereby amended by approving the General Fund changes indicated below.

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

1. CHANGE OF REVENUE ESTIMATE TO THE GENERAL FUND

Fund	Revenue	Amendment
100	Property Tax	(694,000)
100	Sales Tax	2,130,000
100	Franchise Fees	(43,000)
100	Real Property Transfer Tax	9,000
100	Other Taxes	140,000
100	Charges for Service	(606,000)
100	Other Revenue	34,000
100	Intergovernmental	(256,000)
100	Fines & Forfeitures	78,000
100	Interest on Rents	(76,000)
	Net Change to General Revenue Estimate	716,000

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

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

Fund	Expenditure	Amendment
100	Net Staffing Expense	638,000
	Net Operating Expense	(1,200,000)
	FY 2012 Mid-year Adjustments	511,000
	Net Change to General Fund Expenditures	(51,000)
220	FY 2012 Mid-year Adjustments	3,000
410	FY 2012 Mid-year Adjustments	140,000

The Director of Finance is hereby authorized and directed to distribute the above revised revenue estimates and revised expenditure estimates 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 _____

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

	d	e	g	h	i	j	k	l	q
General Fund	PY1		(3/12)	F - Yr 1	F - Yr 2	F - Yr 3	F - Yr 4	F - Yr 5	F - Yr 10
\$'s in 1000's	Actual	Adopted	Projected	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Resources	FY 2011	FY 2012	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2022
1 Property Tax	35,726	36,654	35,960	36,037	37,220	37,620	38,361	38,793	41,421
2 Sales Tax	25,492	23,647	25,777	26,293	27,081	27,894	28,731	29,592	34,306
3 UUT	14,700	14,800	14,800	15,170	15,625	16,094	16,577	16,742	-
4 Franchise Fees	9,091	9,126	9,083	9,304	9,535	8,977	8,397	8,024	7,470
5 Property Transfer Tax	3,821	3,491	3,500	3,570	3,641	3,751	3,863	3,940	4,351
6 Other Taxes	5,342	5,370	5,510	5,620	5,960	6,052	6,366	6,466	6,994
7 Charges for Services	8,914	7,927	7,321	7,467	7,617	7,799	8,047	8,144	8,921
8 Other Revenue	3,417	3,694	3,728	3,851	3,979	4,114	4,256	4,405	5,269
9 Intergovernmental	5,046	4,489	4,233	3,223	3,238	3,253	3,268	3,284	3,372
10 Fines and Forfeitures	2,793	2,410	2,488	2,499	2,509	2,520	2,531	2,542	2,599
11 Interest and Rents	549	526	450	276	101	0	0	0	0
14 Total Revenue	114,891	112,134	112,850	113,310	116,508	118,073	120,396	121,934	114,701
15 Transfers in	6,462	5,606	5,606	4,652	4,787	5,199	5,353	5,514	6,440
16 Total Resources	121,353	117,740	118,456	117,961	121,295	123,272	125,749	127,448	121,141
Outlays									
Staffing Expenses									
17 Salary	62,548	62,972	63,847	65,700	68,243	69,607	70,999	72,418	79,952
18 Overtime	5,261	3,811	4,397	5,424	5,532	5,643	5,756	5,871	6,355
22 Vacancy Savings	-	(1,303)	(1,303)	-	-	-	-	-	-
23 Medical Benefits	8,211	8,911	8,512	9,713	10,684	11,753	12,928	14,221	22,902
24 Retiree Medical	2,141	2,560	2,560	2,702	2,869	3,051	3,249	3,465	4,875
25 Other Benefits	7,511	7,473	7,928	7,814	8,078	8,283	8,443	8,602	9,446
26 PERS	16,081	18,447	18,278	20,230	22,261	23,007	23,729	24,472	27,685
27 Interdepartmental (ID) Charges	(5,047)	(5,021)	(5,731)	(5,146)	(5,249)	(5,354)	(5,461)	(5,571)	(6,150)
23 Furlough Savings	-	(1,617)	(1,617)	-	-	-	-	-	-
24 Net Staffing Expenses	96,706	96,232	96,870	106,436	112,418	115,990	119,642	123,477	145,065
Operating Expenses									
25 Maintenance & Utilities	1,932	1,017	690	1,038	1,058	1,080	1,101	1,123	1,240
26 Supplies & Services	6,311	7,080	6,178	7,222	7,367	7,514	7,664	7,817	8,631
27 Internal Service Fees	9,721	9,280	9,280	9,465	9,655	9,848	10,045	10,246	11,312
28 Capital	56	14	43	-	-	-	-	-	-
29 Net Operating Expenses	18,019	17,391	16,191	17,725	18,080	18,441	18,810	19,186	21,183
30 Subtotal Expenditures	114,725	113,624	113,061	124,161	130,497	134,431	138,452	142,663	166,249
32 Transfers out	6,420	8,329	8,329	6,971	7,627	7,301	7,814	8,431	9,781
Funding for Critical Needs									
33 Workers' Compensation Fund Obligatic	-	-	-	310	310	310	310	310	310
Future OPEB Obligation	-	-	-	-	-	743	1,515	2,318	6,691
34 Critical Unfunded Needs	-	-	-	590	590	590	590	590	590
35 Unfunded Capital Improvement Needs	-	-	-	910	1,283	585	778	670	320
36 Total Unfunded Needs	-	-	-	1,810	2,183	2,228	3,193	3,888	7,911
FY 2012 Mid-Year Adjustments			511						
37 Total Outlays	121,146	121,952	121,901	132,942	140,307	143,960	149,459	154,983	183,941
38 Total Surplus/(Shortfall)	207	(4,212)	(3,444)	(14,980)	(19,012)	(20,688)	(23,710)	(27,535)	(62,799)
Fund Balance Summary									
39 Beginning Fund Balance	29,550	29,758	29,758	26,313	11,333	(7,680)	(28,368)	(52,078)	(263,112)
40 Change to Reserves	207	(4,212)	(3,444)	(14,980)	(19,012)	(20,688)	(23,710)	(27,535)	(62,799)
42 Ending Fund Balance	29,758	25,546	26,313	11,333	(7,680)	(28,368)	(52,078)	(79,613)	(325,911)

Fund #	Fund Name	Department	Activity	Reason for Adjustment	Amount
100	General Fund	City Clerk	1401	Budget Increase to accommodate increase in per voter cost for November 2012 election from \$3/voter to \$5/voter.	120,000
100	General Fund	Police	1816	Appropriate grants funds: This new grant amount was received in October 2011.	13,942
100	General Fund	Police	1847	Appropriate grants funds:Funds pertaining to this grant will pay for half of the cost for the number of vests requested by the Police Department.	2,105
100	General Fund	Police	1863	Appropriate grants funds: Monies secured as part of this grant provide funding youth diversion and anti-gang programs.	4,677
100	General Fund	Police	1868	Appropriate grants funds: Although funds for this grant have been received in the past as part of this ongoing contract, the signed agreement for this year's grant was not received until last November, and therefore was not included in the Adopted Budget for FY 2012.	370,600
100 Total					511,324
220	Library Grant Fund	Library	3328	Appropriate grants funds: Within the past month, the Library was able to successfully secure a \$3,000 Library Services and Technology Act grant for the Infinite Visions Book-to-Action project.	3,000
220 Total					3,000
410	Capital Projects	General		Appropriate funds from land sale proceeds (East Bay Regional Park District). Allocate toward City Hall rotunda sound system (\$25,000), improvements to City Council Chambers (\$25,000), Community Satisfaction Survey (\$40,000), Disaster Preparedness exercise (\$50,000)	140,000
410 Total					140,000
Grand Total All Funds					654,324