

CITY OF
HAYWARD
HEART OF THE BAY

FY 2014 Proposed Mid-Biennial Operating Budget Update

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May 7, 2013



Overview

- No action tonight – presentation of proposed update
 - > Overview of budget document
- Year two of biennial budget
- FY 2014 budget overview
- General Fund Ten-Year Plan
- FY 2014 key proposed changes



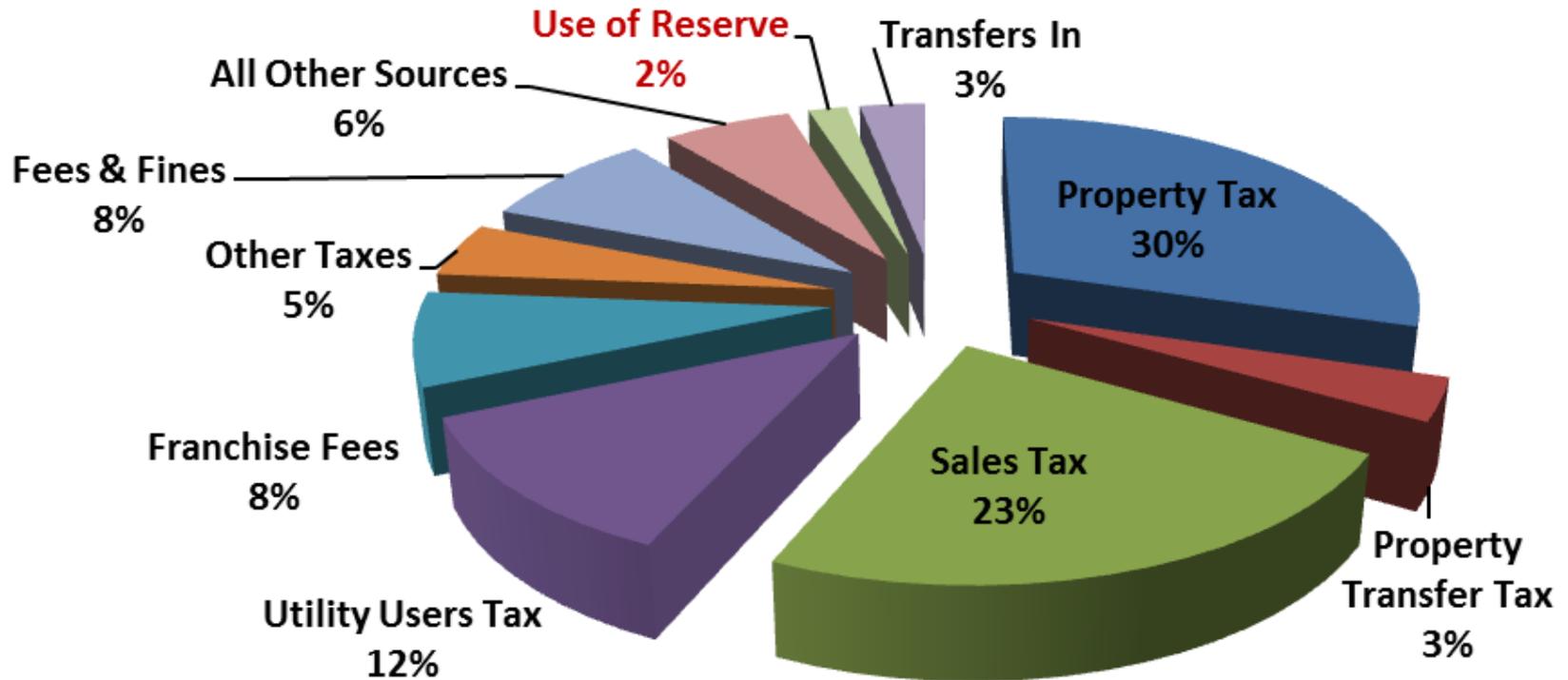
Total City budget

<i>in 1,000's</i>	FY 2012 Adopted	FY 2013 Adopted	FY 2014 Adopted	FY 2014 Updated	\$ FY 2014 Change	% FY 2014 Change
General Fund	121,952	123,524	127,094	126,403	(691)	-0.5%
All Other Funds	121,907	116,399	122,328	121,404	(924)	-0.8%
Total City Budget	243,859	239,923	249,422	247,807	(1,615)	-0.6%

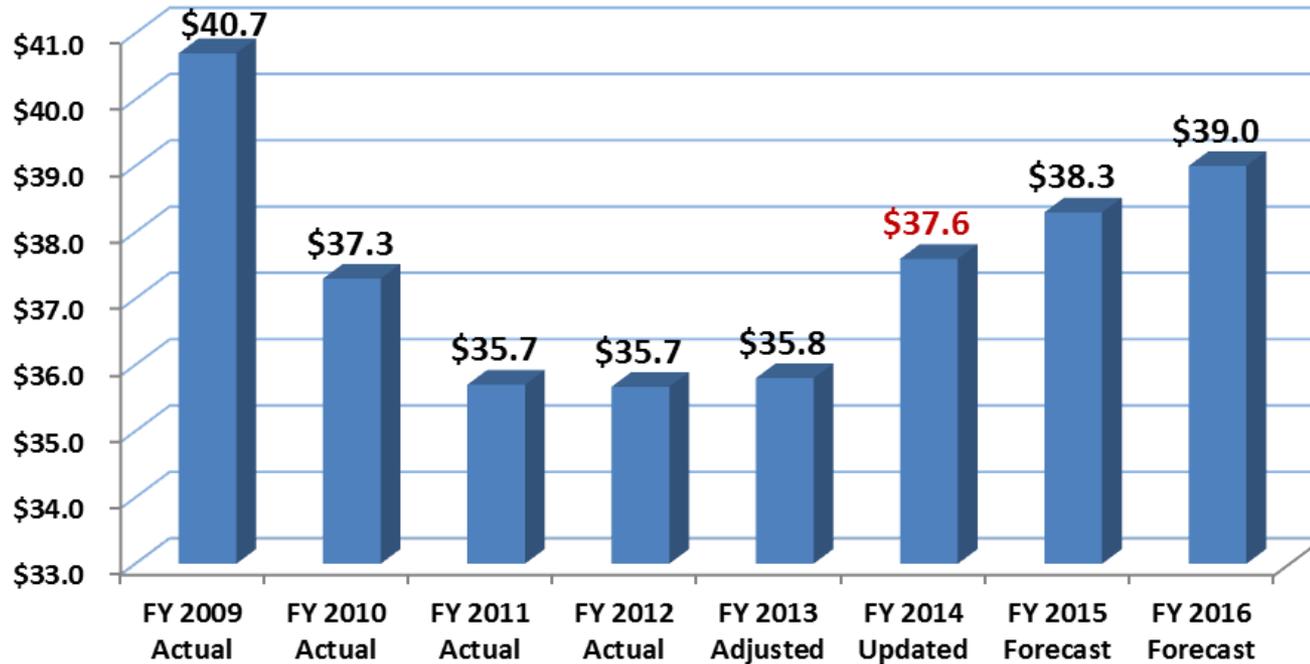
- Minimal change from FY 2014 Adopted
 - less than 1%
- Some improved revenue projections
- Assumed labor concession savings
- Benefit cost increases
- Some operational changes



FY 2014 General Fund revenues = \$126.4 million



Property Tax – Largest GF revenue source

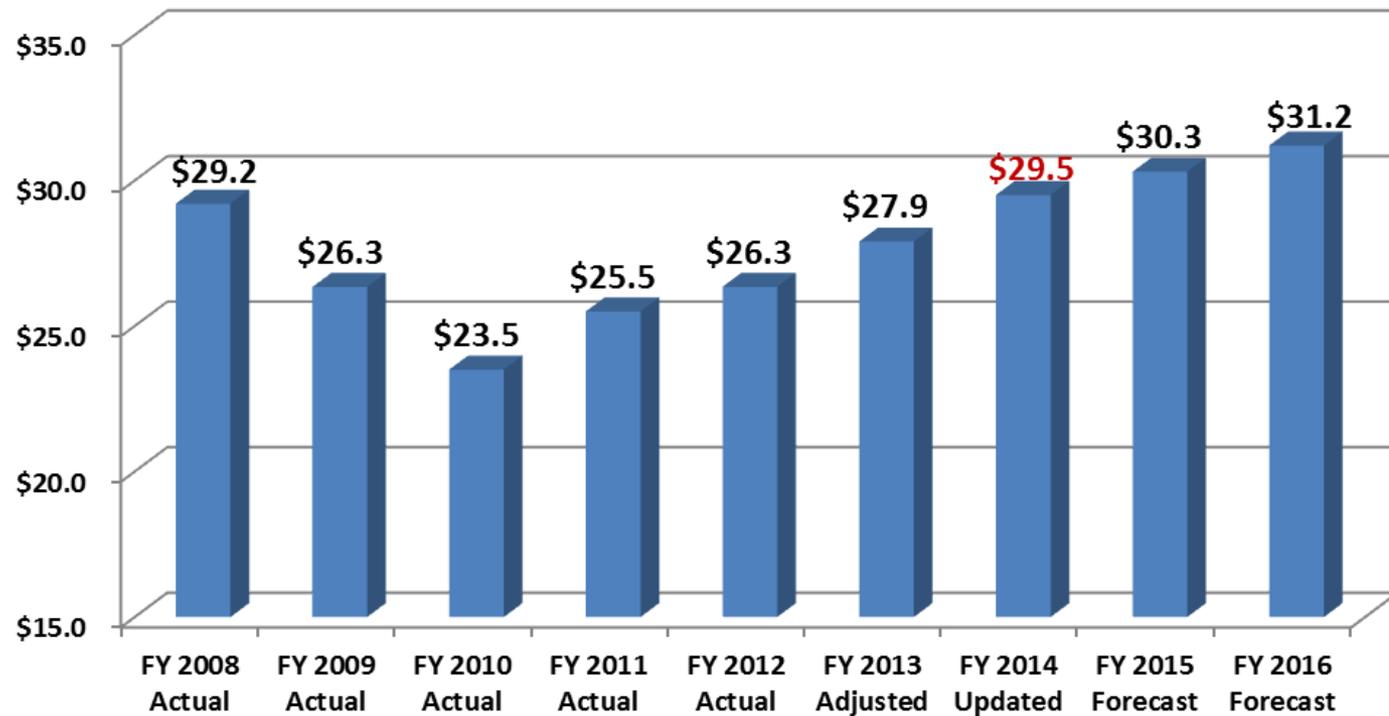


(amounts stated in millions)

- FY 2014 down \$3M from FY 2009
- Slowly improving



Sales Tax – 2nd largest GF revenue source

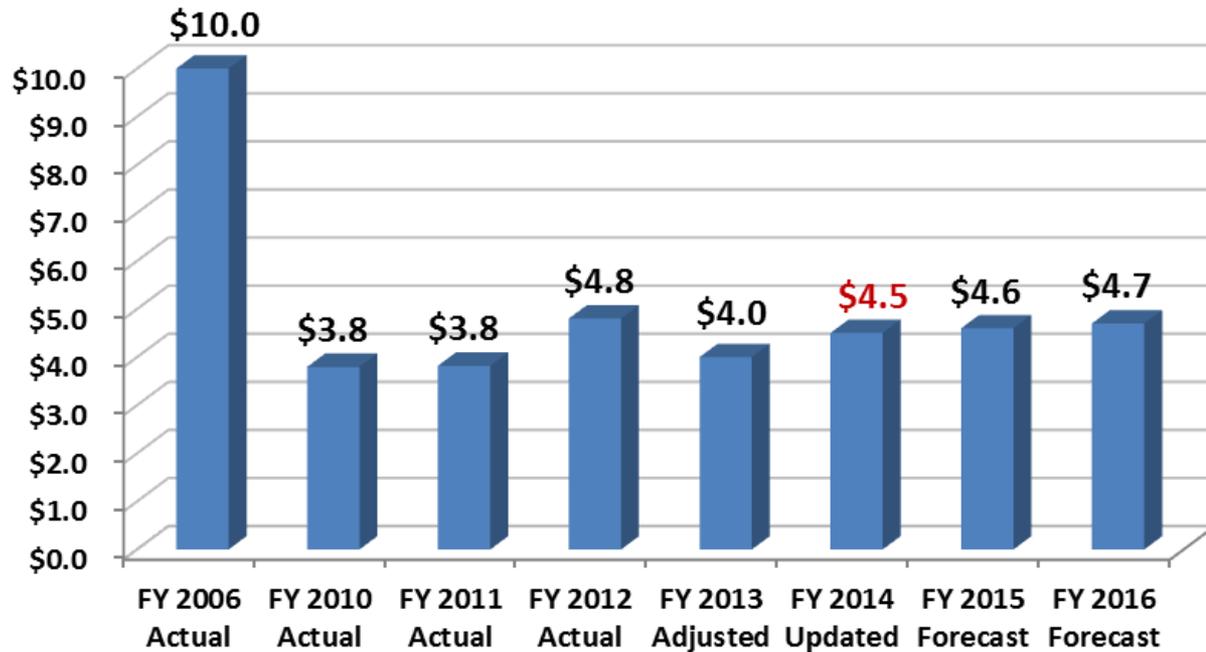


(amounts stated in millions)

- After 6 years – rebound to FY 2008 level
- Projected steady growth



Property Transfer Tax

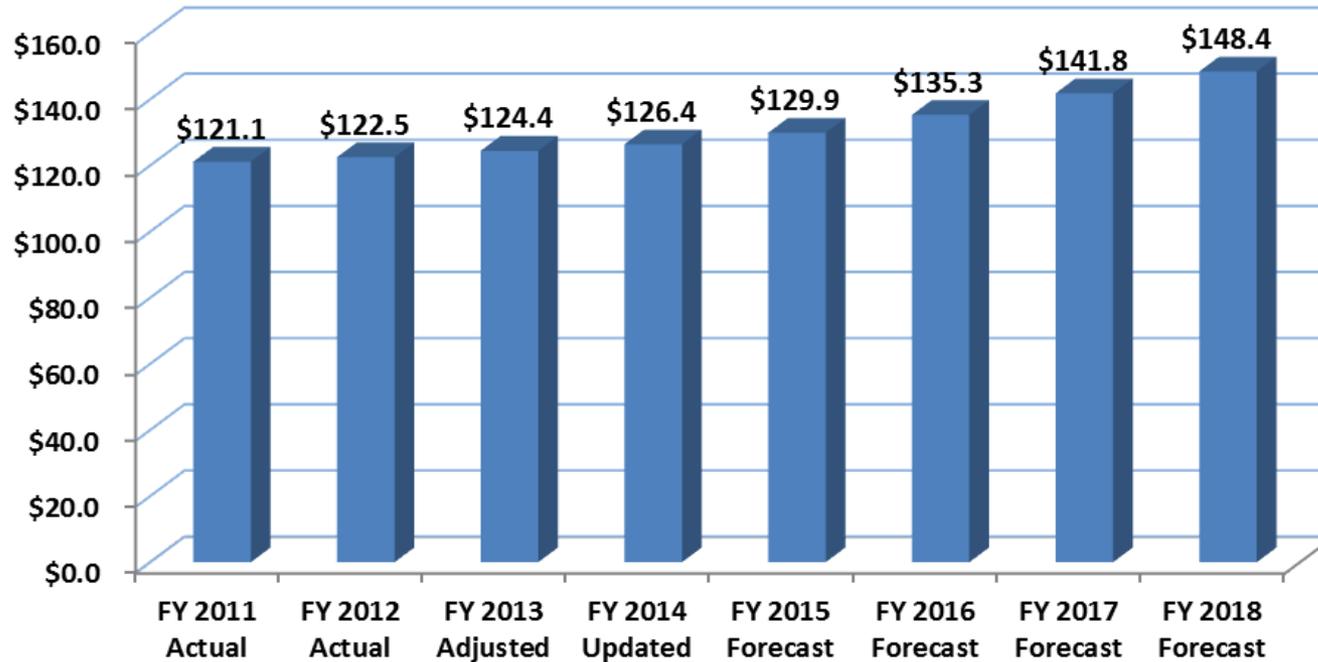


(amounts stated in millions)

- Loss of \$5.5M from FY 2006 (highest level)
- Likely will not regain 2006 level
- Volatile revenue



Expenditures

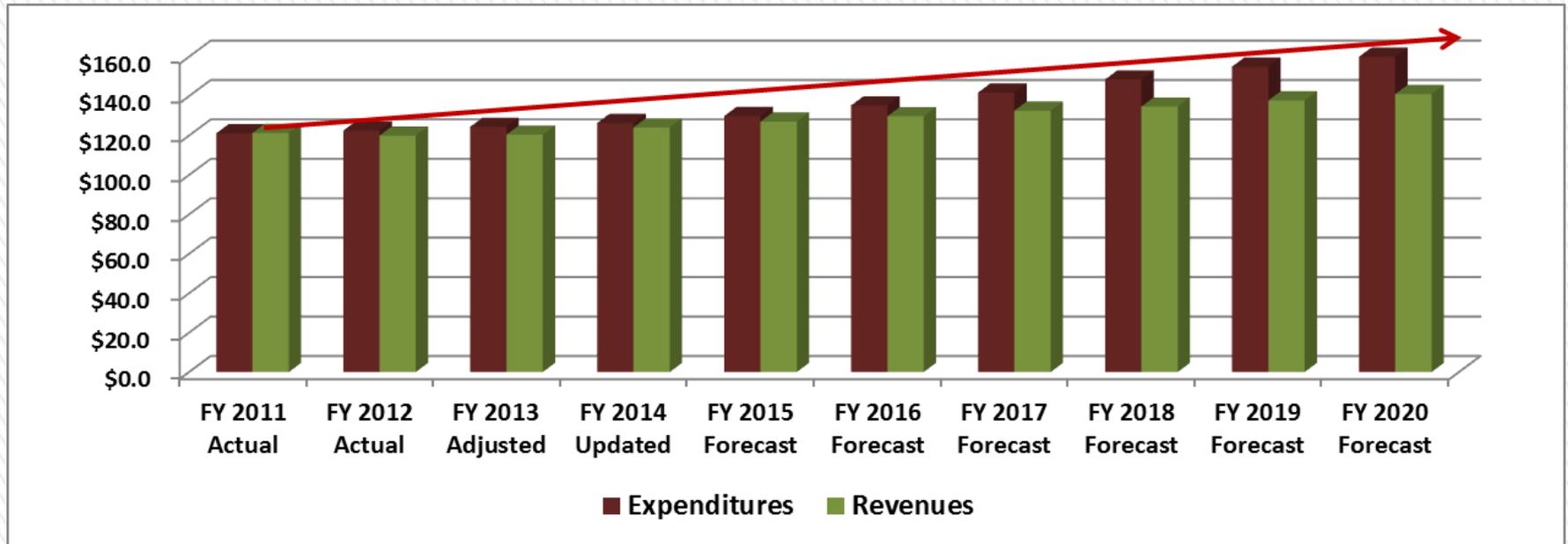


(amounts stated in millions)

Even with cuts & concessions – expenses grow



Revenue & Expenditure Growth



(amounts stated in millions)

➤ Expenditures outpacing revenues

- Optimistic = UUT renewed, employee concessions continue



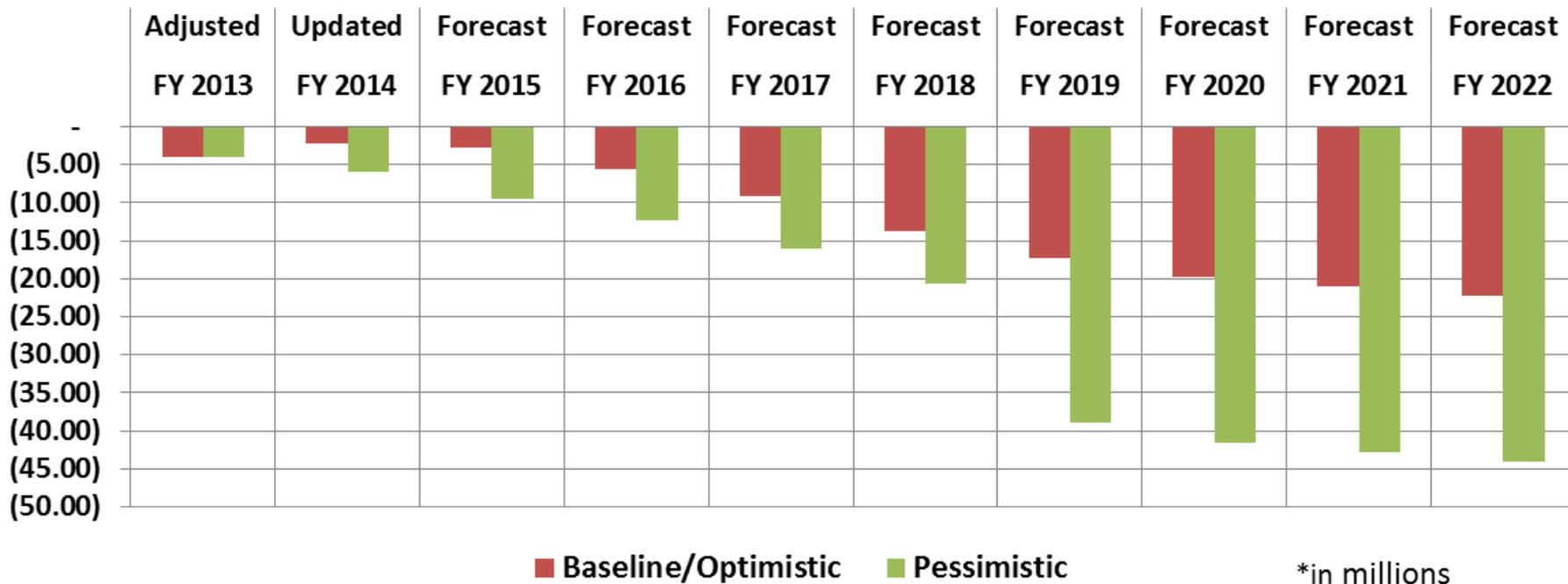
General Fund gap

- Some revenue categories improving – projections adjusted
- Expenses continue to rise –
 - > Benefits (retirement & medical)
 - > Liabilities
 - > capital needs
- Gap persists

General Fund Gap projected at \$2.3M in FY 2014 & grows



GF 10-Year Forecast



➤ FY 2014 gap grows to \$22M by FY 2020 (optimistic outlook)

➤ Key Assumptions

- Optimistic = UUT renewed, employee concessions continue
- Pessimistic = UUT sunsets, employee concessions end



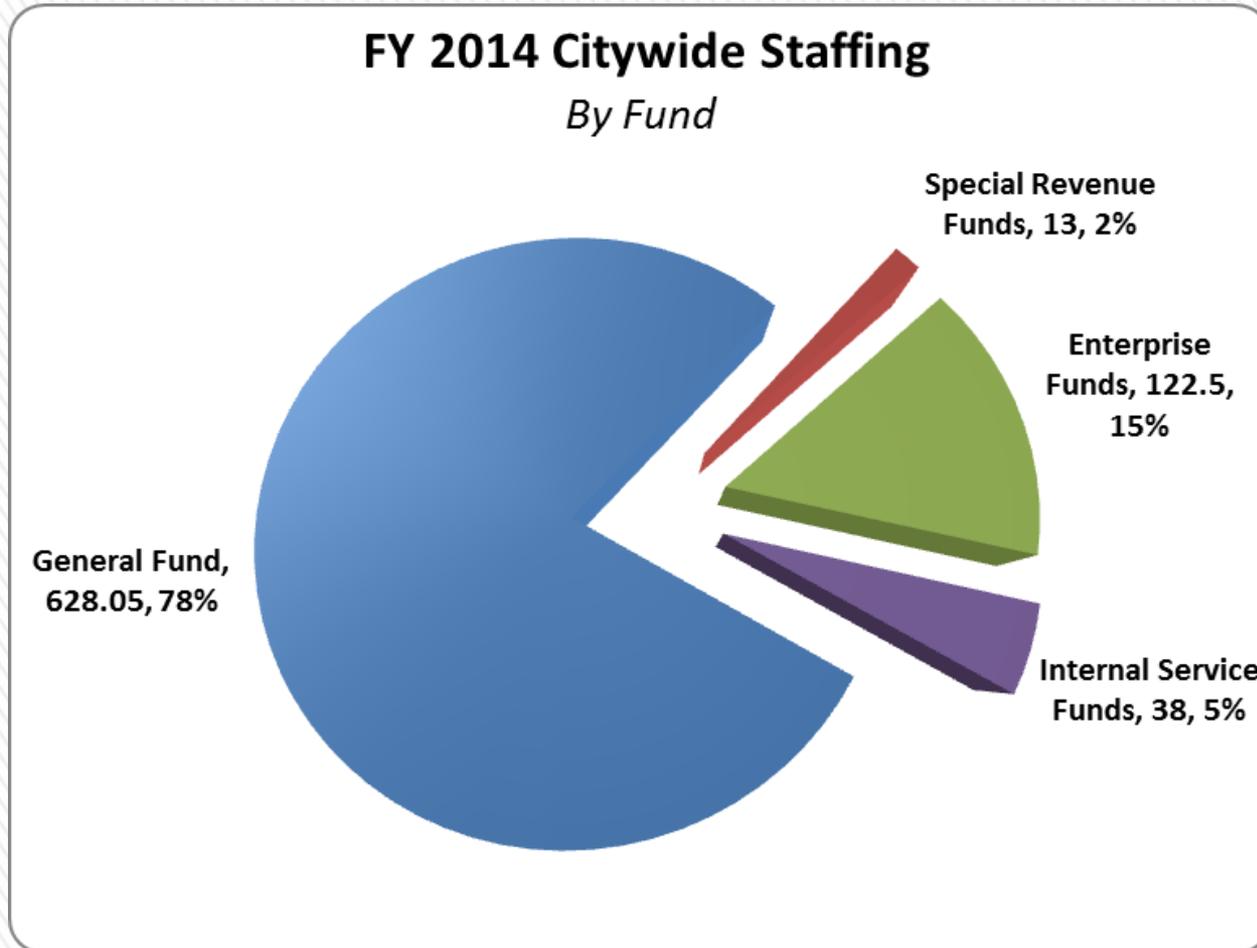
FY 2014 GF balancing plan & use of Reserve

Projected FY 2014 General Fund gap	19,409
FY 2014 Adopted Balancing Measures <i>(employee savings/new revenue/expenditure cuts)</i>	(12,577)
Adopted Gap/Use of Reserve	6,832
FY 2014 Update Balancing Measures	
Additional Employee Concessions	(1,114)
Operating Expense (Reductions)/additions	422
New Revenue	(3,856)
Updated Gap/Use of Reserve	2,284

- Assumes continued employee savings & new concessions
- Continued use of Reserve not sustainable – gap grows
 - Current (FY 2013) reserve balance of \$23.8M
 - 18.8% of FY 2014 projected expenditures



Total City staffing by fund – 801.55 FTE



- FY 2003 (973 FTE) to FY 2014 Adopted (790.45 FTE) = 20% loss
- FY 2014 Update adds 11.1 FTE



Key FY 2014 Update Budget changes

Overall – minimal changes from the FY 2014 Adopted

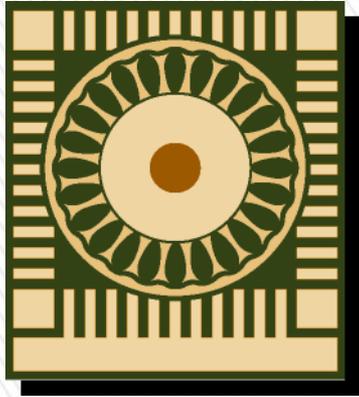
- Increased revenue projections (+3.2% or \$3.86M)
- Assumed labor concessions
- Department reorganizations
 - + 11.1 FTE (6.5 General Fund)
 - Most positions offset by new revenues
 - very little General Fund impact
- CalPERS retirement rates & retiree medical liability
 - HUGE increases coming in FY 2016



FY 2014 Budget Update Calendar

- ❖ May 7: Proposed FY 2014 Update to City Council
- ❖ May 21: Budget Work Session #1
- ❖ May 28: Budget Work Session #2
- ❖ June 4: Budget Work Session #3
- ❖ June 11: Budget Work Session #4 (TBD)
- ❖ June 18: Public hearing on operating budget
- ❖ June 25: Adopt operating & CIP budgets





Questions/Discussion

