

CITY OF  
**HAYWARD**  
HEART OF THE BAY

**FY 2014 Mid-Year Review &  
General Fund Ten-Year Plan Update**

**March 25, 2014**

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**Finance Department**



# Presentation Overview

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- FY 2014 Mid-Year review process
- General Fund revenue
- General Fund expenditure
- FY 2014 Mid-Year Adjustments
- General Fund Ten-Year Plan Update



# Summary

## ➤ Economy is recovering & Expenses Continue to Grow

- Key revenues improving: Property Tax & Sales Tax
- 1-time RDA dissolution-related revenue
- Employee benefit costs rising (CalPERS, OPEB liability, medical)

## ➤ FY 2014 changes to original projections

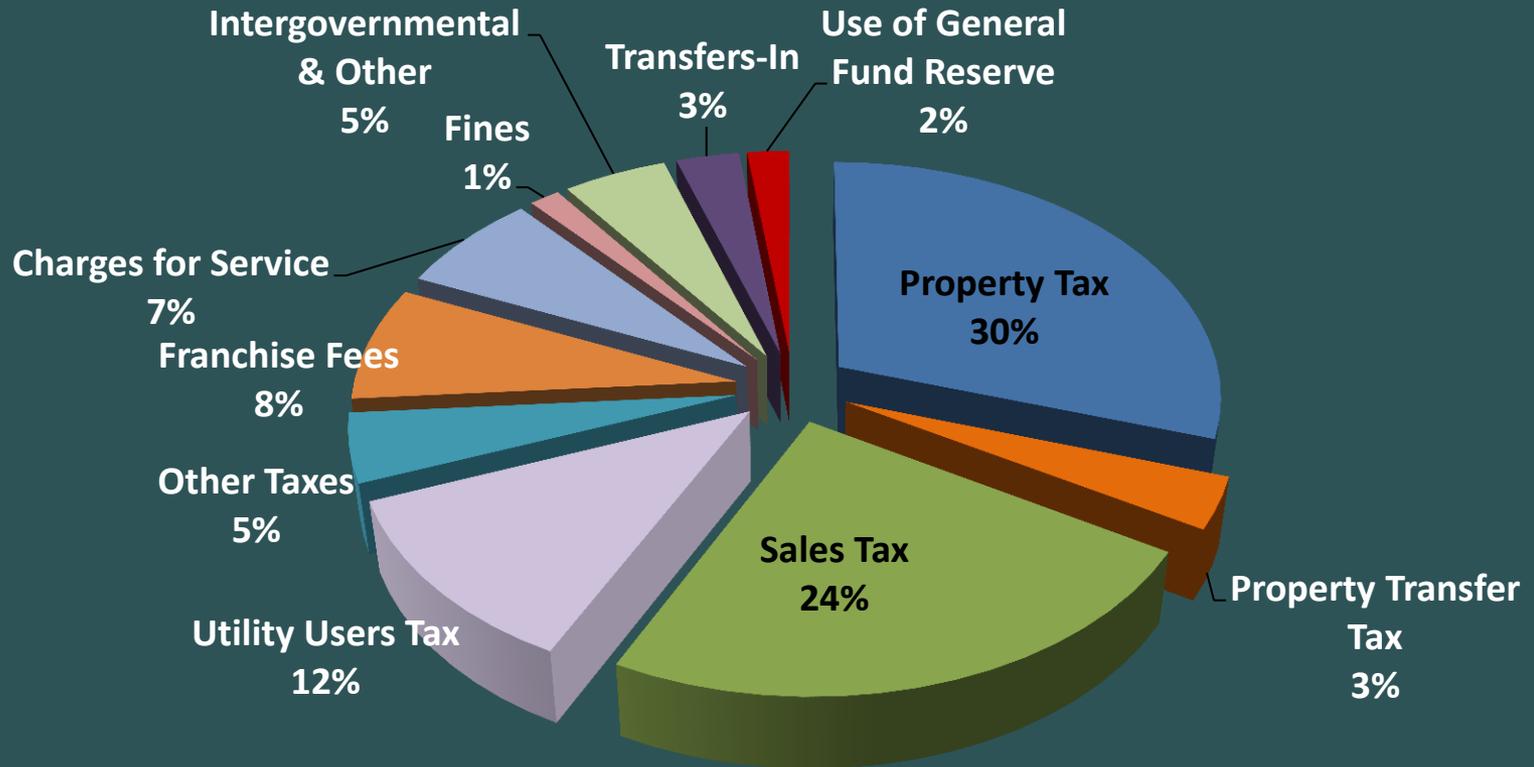
- Increased revenue = \$4.8M
- Increased expenditures = \$4.7M
- Still a GF gap – grows from \$2.6M to \$3.5M

## ➤ Some changes impact GF Ten-Year Plan



# FY 2014 Adopted General Fund Revenues

\$124.9M + 2.6M Use of Reserve



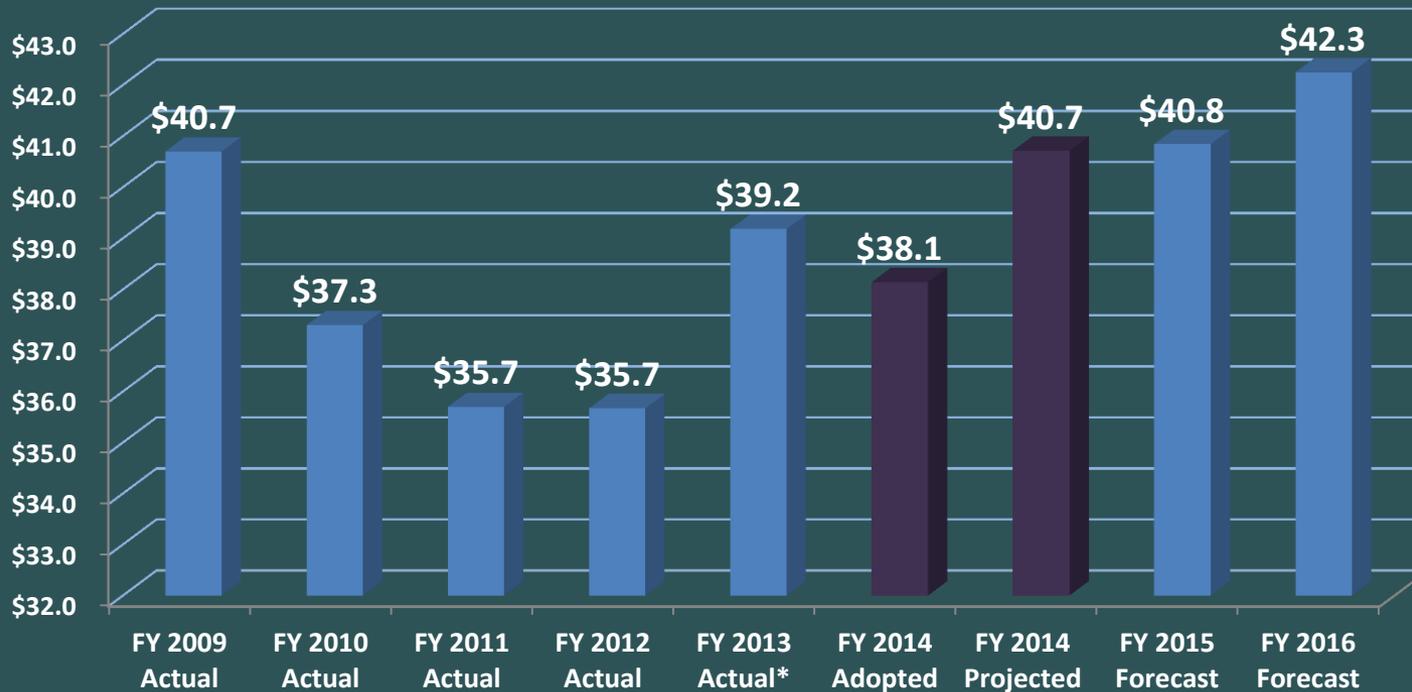
# Key FY 2014 GF Revenue Changes

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- Total revenue change is \$4.8 M increase
  - Property Tax (including 1-time revenues)
  - Property Transfer Tax
  - TOT
  - Charges for Service
  - Intergovernmental
  - Fines & Forfeitures
  - Interest



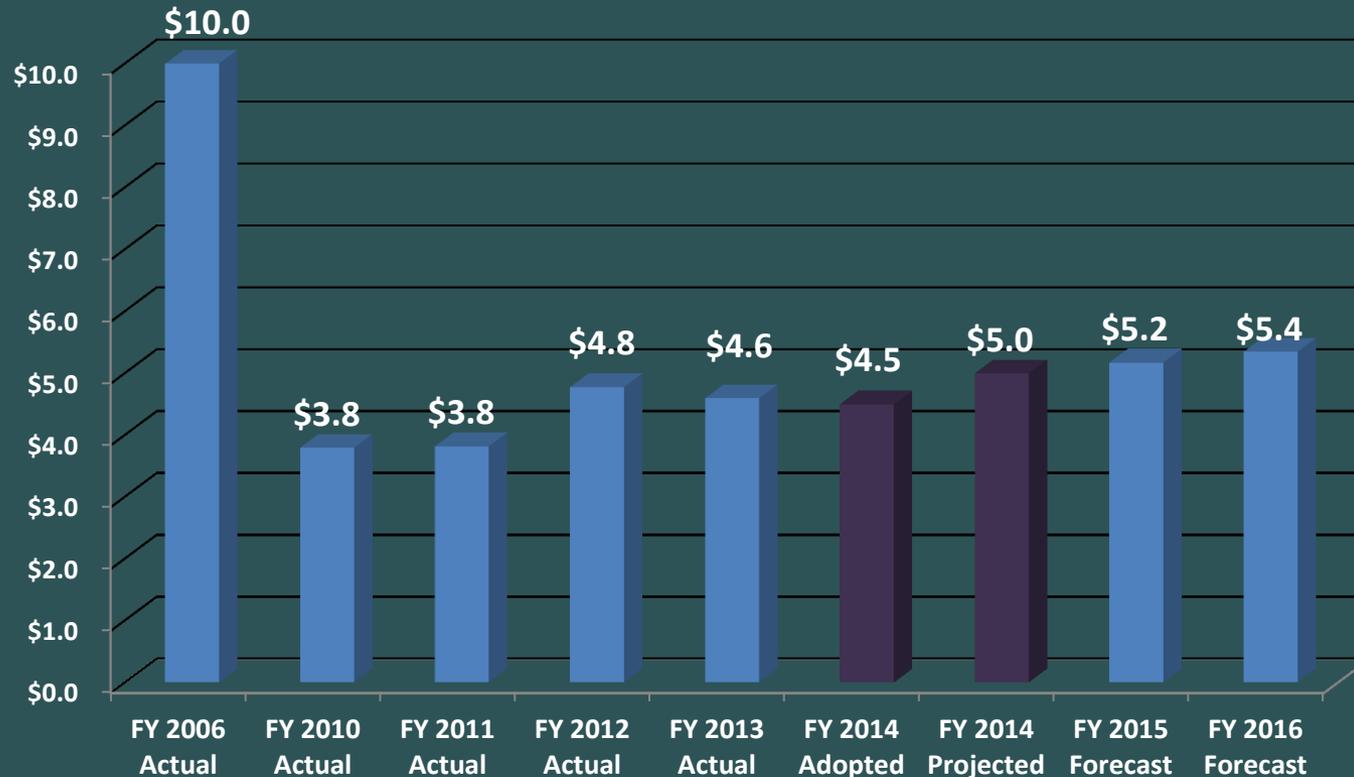
# Property Tax Projections



- FY 2014 projection increased by \$2.6M
  - Includes one-time RDA-related disbursements of \$1M
- FY 2015 (less 1-time revenues) and future years growth at 3.5%



# Property Transfer Tax Projections



- FY 2014 forecast reflects current trends and market
- Future years reflect modest 3.5% growth
- Volatile revenue tied to the real estate market
  - Establish annual base – excess revenues considered 1-time



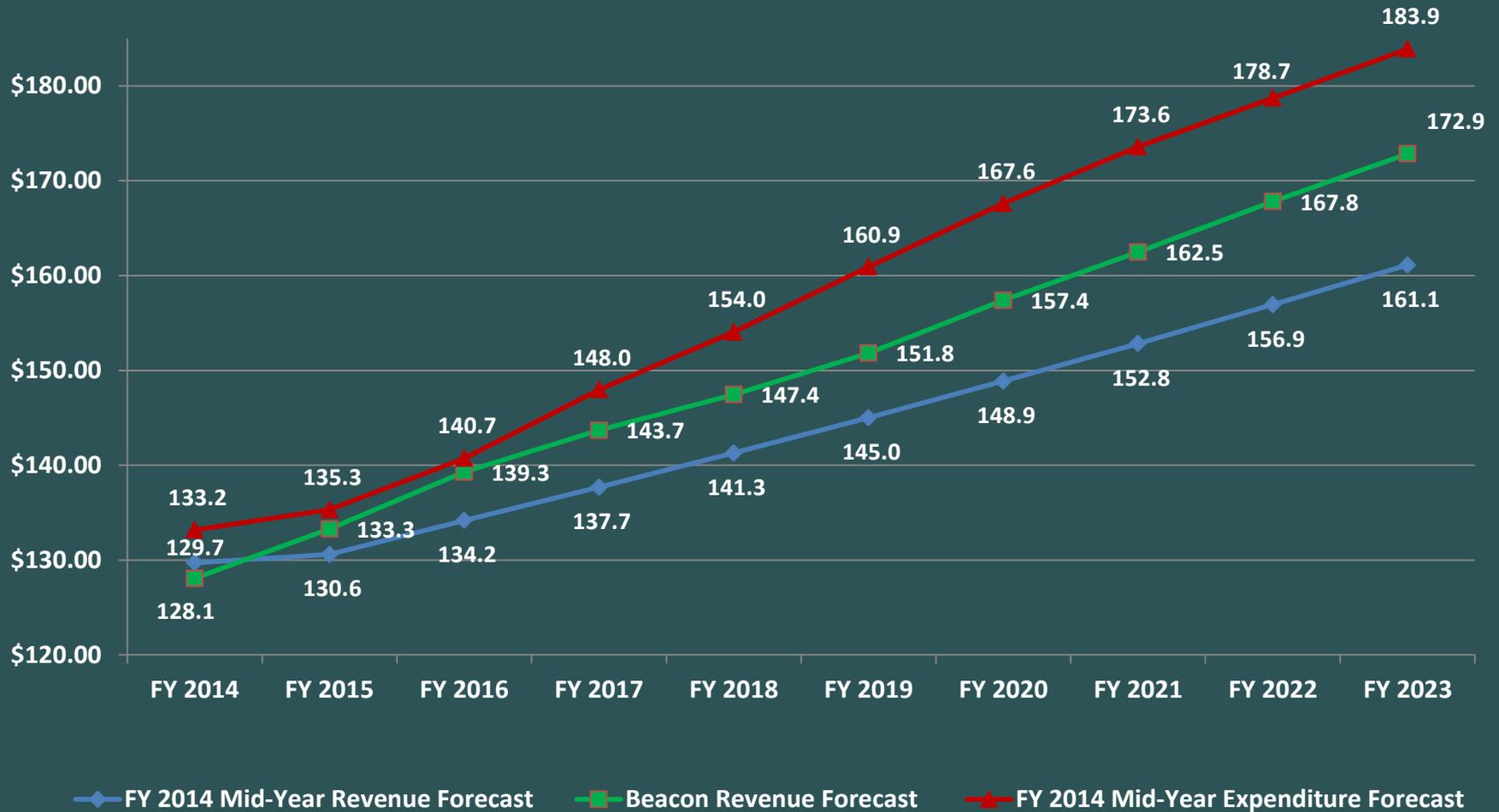
# Key FY 2014 GF Expenditure Changes

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- Total Expenditure change is \$5.7M increase
  - Projected Vacancy Savings/Overtime
  - OPEB Retiree Medical annual required contribution  
*(partial payment in FY 2014)*
  - FY 2014 Mid-Year Adjustments



# GF Forecast Compared with Optimistic Beacon Forecast



# GF Ten Year Plan Cost Drivers

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- Benefits (e.g., medical & retirement) costs growing
  - New CalPERS valuations – increase almost 60% by FY 2023
  - Retiree Medical minimum contribution (ARC) – partially funded
- Many critical costs **not** included in budget
  - \$1M cost in FY 2019 due to Affordable Care Act “Cadillac tax”
  - All unfunded liabilities
    - (e.g., Retiree Medical, Workers’ Compensation, Accrued Leave, retirement)
  - Over \$500M in unfunded capital/infrastructure needs
  - Ability to meet critical staffing & resource needs to meet increasing workload demands

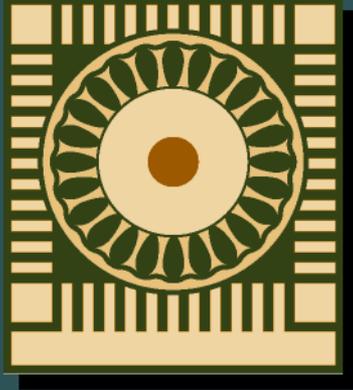


# Tentative FY 2015 Annual Budget Calendar

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- May 6, 2014: Proposed Budget
- May 13, 2014: Work Session #1
- May 20, 2014: Work Session #2
- May 27, 2014: Work Session #3
- June 10, 2014: Work Session #4
- June 17, 2014: Public hearing on operating budget
- June 24, 2014: Adopt operating & CIP budgets





# Questions/Discussion

