



## DEPARTMENT FINANCE AND INTERNAL SERVICES

### Council Budget and Finance Committee Meeting

Date: October 24, 2007

Time: 5:00pm – 6:00pm

Room: 4B, City Hall

777 B Street

Hayward CA 94541

### AGENDA

Public Comments: (Note: For matters not otherwise listed on the agenda. The Committee welcomes your comments under this section, but is prohibited by state law from discussing items not listed on this agenda. Your item will be taken under consideration and referred to staff.)

1. Review of City's General Fund Reserve Policies
2. General Fund Financial Report – September 2007
3. Next Meeting Date: November 28, 2007

#### Distribution:

Mayor and City Council  
City Manager  
City Attorney  
City Clerk  
Assistant City Manager  
Finance Director

CED Director  
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Human Resources Director  
Library Director  
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Public Works Director

Budget Administrator  
Daily Review  
Interested Parties  
Post

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**DATE:** October 24, 2007  
**TO:** Council Budget and Finance Committee  
**FROM:** Director of Finance and Internal Services  
**SUBJECT:** Review of City's General Fund Reserve Policy

### **RECOMMENDATION**

That the Committee reviews and comments on this report.

### **BACKGROUND**

Staff is in the process of reviewing the City's fiscal policies. One element of this comprehensive review is the General Fund reserve policy. Staff would like to discuss the current policy with the Committee in order to prepare recommendations to be presented during the budget process. During the budget process, staff will present several fiscal policy recommendations to Council. Examples of these policies including: long range financial planning, capital replacement programs, risk management reserves, etc.

The City Council adopted a policy for establishing, maintaining, and using General Fund reserves for economic uncertainty and liquidity in June 1989. A copy of this Resolution 89-180 is provided at Attachment A.

### **DISCUSSION**

It is essential that governments maintain adequate levels of fund balance (net available assets) to mitigate current and future risks, such as revenue short falls and unanticipated expenditures. Fund balance levels are a crucial consideration in long-term financial planning.

The City's reserve policy outlines the intent to earmark two categories of reserves in the General Fund, *to the extent practical and feasible*, and the guidelines for use of the financial reserves. The two categories are described below.

1. Economic Uncertainty Reserve – To provide for continuation of essential services to the public during periods of economic decline. When presenting proposed budgets to the City Council, the City Manager shall include a recommendation for the amount which is the greater of:

- a. \$5,000,000, or
  - b. 10% of the annual appropriations.
2. Liquidity Reserve – To provide for cash liquidity during periods of seasonal imbalance between receipts and disbursements. When presenting proposed budgets to the City Council, the City Manager shall include a recommendation for the amount which is the greater of:
- a. \$2,500,000, or
  - b. 5% of the annual appropriations.

When the policy was first adopted the City Manager recommended an economic uncertainty reserve of \$4 million and a liquidity reserve of \$2.5 million. These are currently maintained at \$7 million and \$3.5 million, both of which are less than defined by the policy.

Current General Fund Balances

The General Fund total projected fund balance, for June 30, 2008, is \$19.6 million. The total fund balance is broken down into the following categories:

Reserved Fund Balance	\$ 925,000
Fund Balance Designated for:	
Economic Uncertainty	7,000,000
Liquidity	3,500,000
Redevelopment Agency Loan	1,336,000
Hotel Conference Center	1,250,000
Police Staffing	1,000,000
Contingencies	4,585,000
<b>TOTAL FUND BALANCE</b>	<b>\$19,596,000</b>

The FY 2007-08 General Fund Budget includes an Economic Uncertainty Reserve of \$7 million and a Liquidity Reserve of \$3.5 million. The City has carried these reserve limits for over 10 years. However, the City currently has annual General Fund appropriations of \$108 million; therefore, the reserve amounts fall short of the recommended amounts by \$5.7 million, as follows:

- Economic Uncertainty Reserve – 10% of the \$108 million annual appropriations equals a recommended reserve of \$10,800,000, currently \$7 million.
- Liquidity Reserve – 5% of the \$108 million annual appropriations equals a recommended reserve of \$5,400,000, currently \$3.5 million.

### Governmental Finance Officers Association (GFOA) Recommended Practices

GFOA recommends that governments establish a formal policy on the level of unreserved fund balance that should be maintained in the general fund. The adequacy of the reserve should be assessed based upon a government's own specific circumstances.

GFOA recommends, at a minimum, that governments maintain no less than five to fifteen percent of regular general fund revenues, or no less than one to two months of regular general fund operating expenditures.

The City of Hayward FY 2007-08 General Fund revenue is estimated at \$105 million. Applying the GFOA reserve recommendation, based on revenue level, a reserve of \$5.25 - \$15.75 million is recommended.

The City of Hayward averages \$9.4 million in monthly general fund expenditures. Applying the GFOA reserve recommendation, based on general fund monthly operating expenditures, a reserve of \$9.4 - \$18.8 million is recommended.

Such measures should be applied within the context of long-term forecasting, thereby avoiding the risk of placing too much emphasis upon the level of reserves in the general fund at any one time.

In establishing a policy governing the level of unreserved fund balance in the general fund, a government should consider a variety of factors, including:

- The predictability of its revenues and the volatility of its expenditures (i.e., higher levels of unreserved fund balance may be needed if significant revenue sources are subject to unpredictable fluctuations or if operating expenditures are highly volatile).
- The availability of resources in other funds as well as the potential drain upon general fund resources from other funds (i.e., the availability of resources in other funds may reduce the amount of unreserved fund balance needed in the general fund, just as deficits in other funds may require that a higher level of unreserved fund balance be maintained in the general fund).
- Liquidity (i.e., disparity between when financial resources actually become available to make payments and the average maturity of related liabilities may require that a higher level of resources be maintained).
- Designations (i.e., governments may wish to maintain higher levels of unreserved fund balance to compensate for any portion of unreserved fund balance already designated for a specific purpose).

### Effects on the City's Credit Rating

Credit rating agencies carefully monitor levels of fund balance and unreserved fund balance in a government's general fund to evaluate a government's continued creditworthiness. Likewise, laws

Those interested primarily in a government's creditworthiness or economic condition (e.g., rating agencies) are likely to favor increased levels of fund balance. Recently the City refinanced general fund debt (Certificate of Participations). As part of the refinancing process, staff worked with the rating agencies, Standard & Poor's, and Fitch. One of the reasons the City received a strong rating from these agencies was because of our general fund reserve policy. They made positive comments regarding the City's financial policies, especially the levels established in our current reserve policy.

### **FISCAL IMPACT**

As noted above, the General Fund has a total projected fund balance of \$19.6 million. Currently, \$7 million is designated for economic uncertainty and \$3.5 million is designated for liquidity. The current policy suggests that the City increase these reserves by a total of \$5.7 million. The current financial picture can not accommodate these higher reserves; however staff will assess the amounts available during the coming two year budget process and recommend increasing reserves to the maximum amounts possible.

### **PUBLIC CONTACT**

In June 1989, the City Council adopted this reserve policy. During the preparation of each budget, the City Manager makes recommendations to Council related to reserves.

### **SCHEDULE**

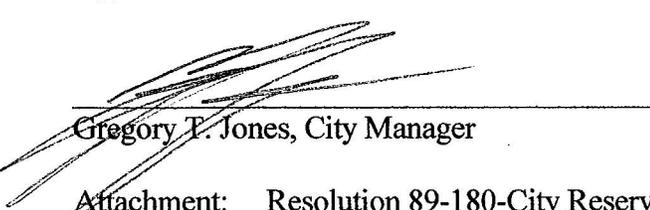
This report is scheduled for the City Council November 6<sup>th</sup> work session. Staff will utilize Committee and Council comments to develop recommendations for the FY 2008-10 Budget.

Prepared by:

*for Debra C. Auker*  
*for Denise Blakely*

Debra C. Auker, Director of Finance and Internal Services

Approved by:

  
Gregory T. Jones, City Manager

Attachment: Resolution 89-180-City Reserve Policy



**DATE:** October 24, 2007  
**TO:** Council Budget and Finance Committee  
**FROM:** Director of Finance and Internal Services  
**SUBJECT:** General Fund Financial Report - September 2007

### **RECOMMENDATION**

That the Committee reviews and comments on this report.

### **DISCUSSION**

This report provides an overview of the FY 2007-08 General Fund revenues and expenditures through September 30, 2007.

#### ***FY 2007-08 General Fund Summary (Attachment A)***

**Current year revenue and expenditures are as expected when compared to the revised budget prorate and the prior year.**

During the first quarter of the fiscal year, expenditures usually exceed revenue because many first quarter revenues are reported in the prior year and other major revenue sources, such as property tax, are not received until mid-year. So it is not unexpected that expenditures exceed revenue as of September.

#### ***September 2007 Revenue (Attachment B)***

**Revenue received in the current year is about 81% of the amount received in the same period for the prior year, mainly due to a \$1.46 million receipt of State mandated reimburses received early in FY 2006-07. Otherwise revenues are as expected.**

In order to provide adequate analysis of revenue, the attached reports compare the current year revenue received to date with the prior year's revenue. Analyzing the City's major revenues by comparing variances from the prior year has provided useful information in determining if revenues are on target.

Sales Tax – Sales tax revenue has two components: monthly receipts collected by the State based on taxable retail sales, and the .25% sales tax back fill portion of property taxes forwarded semi-annually from the County per the requirements of the State Fiscal Recovery Act. Since a significant

portion of the sales tax revenue is received semi-annually the prorated budget comparison does not confirm whether revenue is on target. Therefore, comparing the current year sales tax receipts to the prior year receipts provides a better analysis.

Property Tax – A significant portion of the property tax revenue is received semi-annually, therefore, the prorated budget comparison does not confirm whether revenue is on target. Property tax revenue appears to be lower at this point in the year, as compared to the same period last year. However, this is due to a timing difference. Last year we received an unsecured property tax payment in September, as opposed to this year, where we have not received the revenue yet.

Vehicle License Fee (VLF) – Similar to sales tax, the vehicle license fee has two components: monthly receipts collected by the State based on Hayward's per capita share of the State-wide license fees, and the property tax back fill portion forwarded semi-annually from the County, per the requirements of the Triple Flip. This semi-annual payment is now considered to be "Property Tax," however, to be consistent in our year-over-year comparison; we are showing it as VLF revenue.

The current year vehicle license fee revenue is at 60% of the prior year receipts, which appears to be far below target for two reasons: 1) By this September, only two months of licenses fees have been received, as compared to the three months recorded in the prior year; and 2) The majority of the budgeted increase is related to the semi-annual backfill revenue. Also, in general, new vehicle sales have been slipping for the past year due to increased gas prices and overall constrained consumer spending. With less new car sales, the fees paid to the State do not show significant growth.

Real Property Transfer Tax – The original FY 2007-08 budget projected \$8 million in annual revenue, however only \$7.1 million was received in the prior year. It is unlikely that the current year transfer tax revenue will exceed the prior year revenue due to the downturn in the housing market. Therefore, it will be very important to keep a close watch on these revenue projections and make mid-year adjustments as necessary. The September revenue appears promising; however, four months of tax have been received as of this September, whereas three months were received in the prior year during the same period.

Franchise Tax – The majority of franchise taxes are due to the City quarterly. Franchise tax appears to be on target when comparing revenue to prior year receipts of the same period.

State Mandated Reimbursements – Last year, within the first two months of the fiscal year the City received over \$1.46 million in State reimbursements for animal control services and other required services that were performed in prior years. Reimbursement of State mandated reimbursements are controlled by the State and the Governor. The City has no control over the timing of the receipts. We received \$64,432 in Sept 2007 and are expected to receive an additional \$9,848 by June 30, 2008.

Building Permits – The FY 2007-08 budget projected \$1.9 million in annual revenue. The current quarter shows a 45% decline in Building Permit revenue, as compared to the same period last year. Therefore, it will be very important to keep a close watch on this revenue projection and make mid-year adjustments as necessary.

Operating Transfers In – Operating transfers are usually recorded quarterly. The increase in transfers from the same period last year is from (1) A timing difference for the Street Lighting Fund transfer. (2) An increase in the debt service payment for the 97 Refund Capital Improvement Project. (3) An increase in the debt service for City Hall.

***September 2007 Expenditures (Attachment C)***

**Total expenditures and transfers as of September 2007 are at 100% of the revised budget prorate and 121% of prior year expenditures.**

In general, expenditure levels by department are in line or below the budget, which is typical during the first quarter. In reviewing expenditures, all departments are within the previously identified parameter of a 10% variance as compared to the revised budget.

It is important to note that the five City unions are currently in contract negotiations (Hayward Association of Management Employees, Local 21, Unrepresented, Fire Management, and Police Management). The Fire and Police union contracts have recently been approved, with most of the retroactive increases being included in the “actual” expenditures. However, a 2.73% police union salary adjustment will be made in October 2007; with the salary increase being retroactive from July 1, 2007, along with all SEIU 1021 adjustments, which are retroactive to May 1, 2007.

**FISCAL IMPACT**

The FY 2007-08 adopted Budget authorized a \$3.8 million use of reserves.

At the beginning of this year, the prior year obligations (purchase orders and encumbrances) were added to the original budget, in the amount of \$877,000. This means that at the beginning of the year, \$877,000 was added to the revised budget, increasing the expenditure budget.

***Budget Amendments***

For September, changes to the revised budget include: (1) A Police Department \$223,378 Selective Traffic Enforcement Program Grant, to include revenue and expenditure appropriations. The grant includes \$103, 528 in overtime funds, \$102,000 for the purchase of a traffic enforcement trailer, along with \$17,850 to purchase miscellaneous traffic enforcement tools. (2) A Library Department \$2,900 grant carry-over. (3) A CED Department \$4,375 carry-over for funds received in 06/07, but spent in 07/08.

Prepared by:



Debra C. Auker, Director of Finance and Internal Services

Approved by:



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Gregory T. Jones, City Manager

Attachments:

- A – FY 2007-08 General Fund Summary- September 30, 2007
- B - FY 2007-08 General Fund Revenue- September 30, 2007
- C - FY 2007-08 General Fund Expenditures- September 30, 2007

**FY 2007-08 General Fund Summary**  
**SEPTEMBER 30, 2007 - Unaudited**  
*25% of Year Complete, 7 of 26 Pay Periods*

<b>Revenue</b>	Annual				Current Year	08 Actual vs. 08 Prorate Budget		Prior Year	08 Actual vs. 07 Actual	
	Adopted	Revised	Diff	Prorated	Actual 09/30/07	\$ Over/ (Under)	Actual as % of Prorate Budget	Actual 08/31/06	\$ More/ (Less)	08 Actual as % of Prev Yr.
	Budget	Budget	Revised	Budget						
	FY 2007-08	FY 2007-08	vs. Adopted	FY 2007-08						
Sales Tax	30,030,000	30,030,000	0	7,507,500	4,528,457	(2,979,043)	60%	4,592,177	(63,720)	99%
Property Tax	25,680,000	25,680,000	0	6,420,000	721,484	(5,698,516)	11%	1,545,303	(823,819)	47%
Vehicle License Fee	11,662,000	11,662,000	0	2,915,500	192,807	(2,722,693)	7%	323,907	(131,100)	60%
Real Prop Trsfr Tax	8,000,000	8,000,000	0	2,000,000	1,239,211	(760,789)	62%	1,104,871	134,340	112%
Franchise Tax	8,347,550	8,347,550	0	2,086,888	970,717	(1,116,171)	47%	940,339	30,378	103%
All Other	21,234,179	21,457,557	223,378	5,364,389	4,049,239	(1,315,150)	75%	6,013,360	(1,964,121)	67%
<b>Total Revenues</b>	<b>104,953,729</b>	<b>105,177,107</b>	<b>223,378</b>	<b>26,294,277</b>	<b>11,701,915</b>	<b>(14,592,362)</b>	<b>45%</b>	<b>14,519,957</b>	<b>(2,818,042)</b>	<b>81%</b>
Transfers in	5,137,766	5,137,766	0	1,284,442	1,207,671	(76,771)	94%	1,225,056	(17,385)	99%
<b>TOTAL RESOURCES</b>	<b>110,091,495</b>	<b>110,314,873</b>	<b>223,378</b>	<b>27,578,718</b>	<b>12,909,586</b>	<b>(14,669,132)</b>	<b>47%</b>	<b>15,745,013</b>	<b>(2,835,427)</b>	<b>82%</b>

<b>Expenditures</b>	Annual				Current Year	08 Actual vs. 08 Prorate Budget		Prior Year	08 Actual vs. 07 Actual	
	Adopted	Revised	Diff	Prorated	Actual 09/30/07	\$ Over/ (Under)	Actual as % of Prorate Budget	Actual 09/30/06	\$ More/ (Less)	08 Actual as % of Prev Yr.
	Budget	Budget	Revised	Budget						
	FY 2007-08	FY 2007-08	vs. Adopted	FY 2007-08						
Employee Services	96,845,133	96,949,389	104,256	26,101,759	25,548,501	(553,258)	98%	20,379,304	5,169,197	125%
Maintenance & Utilities	4,138,202	4,177,813	39,611	1,044,453	832,382	(212,071)	80%	855,188	(22,806)	97%
Supplies and Services	11,059,694	11,523,014	463,320	2,880,754	2,275,073	(605,681)	79%	2,264,601	10,472	100%
Capital Expense	225,000	726,110	501,110	181,528	144,199	(37,329)	79%	80,920	63,279	178%
Net Interdepartmental	(4,064,305)	(4,064,305)	0	(1,016,076)	(968,386)	47,690	95%	(869,088)	(99,298)	111%
<b>Total Expenditures</b>	<b>108,203,724</b>	<b>109,312,021</b>	<b>1,108,297</b>	<b>29,192,417</b>	<b>27,831,769</b>	<b>(1,360,648)</b>	<b>95%</b>	<b>22,710,925</b>	<b>5,120,844</b>	<b>123%</b>
Transfers out	5,725,461	5,725,461	0	1,431,365	2,676,791	1,245,426	187%	2,568,171	108,620	0%
<b>TOTAL OUTLAYS</b>	<b>113,929,185</b>	<b>115,037,482</b>	<b>1,108,297</b>	<b>30,623,782</b>	<b>30,508,560</b>	<b>(115,222)</b>	<b>100%</b>	<b>25,279,096</b>	<b>5,229,464</b>	<b>121%</b>
<b>Difference</b>	<b>(3,837,690)</b>	<b>(4,722,609)</b>	<b>(884,919)</b>		<b>(17,598,974)</b>					

**FY 2007-08 General Fund - Revenue**  
**SEPTEMBER 30, 2007 - Unaudited**  
*25% of Year Complete*

**Revenue  
By Category**

Revenue By Category	%	Annual		Diff Revised vs. Adopted	Prorated Budget FY 2007-08	Current Year	08 Actual vs. 08 Prorate Budget		Prior Year	08 Actual vs. 07 Actual	
		Adopted	Revised			Actual 09/30/07	\$ Over/ (Under)	Actual as % of Prorated Budget	Actual 09/30/06	\$ More/ (Less)	08 Actual as % of Prev Yr.
		Budget FY 2007-08	Budget FY 2007-08								
<b>Top Revenues</b>											
Sales Tax	29%	30,030,000	30,030,000	0	7,507,500	4,528,457	(2,979,043)	60%	4,592,177	(63,720)	99%
Property Tax	24%	25,680,000	25,680,000	0	6,420,000	721,484	(5,698,516)	11%	1,545,303	(823,819)	47%
Vehicle License Fee	11%	11,662,000	11,662,000	0	2,915,500	192,807	(2,722,693)	7%	323,907	(131,100)	60%
Real Prop Trsfr Tax	8%	8,000,000	8,000,000	0	2,000,000	1,239,211	(760,789)	62%	1,104,871	134,340	112%
<b>Total</b>	<b>72%</b>	<b>75,372,000</b>	<b>75,372,000</b>	<b>0</b>	<b>18,843,000</b>	<b>6,681,959</b>	<b>(12,161,041)</b>	<b>35%</b>	<b>7,566,258</b>	<b>(884,299)</b>	<b>88%</b>
<b>Other Taxes</b>											
Business Tax	2%	2,250,000	2,250,000	0	562,500	119,720	(442,780)	21%	126,873	(7,153)	94%
Emerg Fac Tax	2%	1,880,000	1,880,000	0	470,000	448,292	(21,708)	95%	473,208	(24,916)	95%
Transient Occ Tax	1%	1,400,000	1,400,000	0	350,000	379,923	29,923	109%	349,875	30,048	109%
Supp Improv Tax	1%	1,000,000	1,000,000	0	250,000	206,817	(43,183)	83%	236,887	(30,070)	87%
<b>Total</b>	<b>6%</b>	<b>6,530,000</b>	<b>6,530,000</b>	<b>0</b>	<b>1,632,500</b>	<b>1,154,752</b>	<b>(477,748)</b>	<b>71%</b>	<b>1,186,843</b>	<b>(32,091)</b>	<b>97%</b>
<b>Franchises</b>											
Waste Mgmt	4%	3,700,000	3,700,000	0	925,000	527,894	(397,106)	57%	496,008	31,886	106%
Water & Sewer	3%	2,707,500	2,707,500	0	676,875	442,823	(234,052)	65%	444,331	(1,508)	100%
Cable TV	1%	940,000	940,000	0	235,000	0	(235,000)	0%	0	0	0%
PG & E	1%	1,000,050	1,000,050	0	250,013	0	(250,013)	0%	0	0	0%
<b>Total</b>	<b>8%</b>	<b>8,347,550</b>	<b>8,347,550</b>	<b>0</b>	<b>2,086,888</b>	<b>970,717</b>	<b>(1,116,171)</b>	<b>47%</b>	<b>940,339</b>	<b>30,378</b>	<b>103%</b>

**FY 2007-08 General Fund - Revenue**  
**SEPTEMBER 30, 2007 - Unaudited**  
*25% of Year Complete*

Revenue By Category	%	Annual		Diff	Prorated	Current Year	08 Actual vs. 08 Prorate Budget		Prior Year	08 Actual vs. 07 Actual	
		Adopted	Revised			Actual	\$ Over/ (Under)	Actual as % of Prorated Budget	Actual	\$ More/ (Less)	08 Actual as % of Prev Yr.
		Budget	Budget								
		FY 2007-08	FY 2007-08	vs. Adopted	FY 2007-08		09/30/07	09/30/06			
<b>License &amp; Permits</b>											
Construction Permits	3%	2,646,000	2,646,000	0	661,500	453,074	(208,426)	68%	804,878	(351,804)	56%
Hazardous Permits	0%	410,000	410,000	0	102,500	385,886	283,386	376%	389,217	(3,331)	99%
Other	1%	696,150	696,150	0	174,038	254,230	80,193	146%	269,208	(14,978)	94%
<b>Total</b>	<b>4%</b>	<b>3,752,150</b>	<b>3,752,150</b>	<b>0</b>	<b>938,038</b>	<b>1,093,190</b>	<b>155,153</b>	<b>117%</b>	<b>1,463,303</b>	<b>(370,113)</b>	<b>75%</b>
<b>Fines and Forfeitures</b>											
Vehicle Fines	0%	438,000	438,000	0	109,500	81,840	(27,660)	75%	103,986	(22,146)	79%
Parking Citations	0%	300,000	300,000	0	75,000	0	(75,000)	0%	0	0	0%
Criminal Fines	0%	110,000	110,000	0	27,500	32,676	5,176	119%	21,228	11,448	154%
Library Fines	0%	99,828	99,828	0	24,957	19,441	(5,516)	78%	15,932	3,509	122%
<b>Total</b>	<b>1%</b>	<b>947,828</b>	<b>947,828</b>	<b>0</b>	<b>236,957</b>	<b>133,957</b>	<b>(103,000)</b>	<b>57%</b>	<b>141,146</b>	<b>(7,189)</b>	<b>95%</b>
<b>Interest &amp; Rents</b>											
Interest Earned	1%	700,000	700,000	0	175,000	(29,660)	(204,660)	-17%	22,655	(52,315)	-131%
Bldg & Parking Rental	0%	56,950	56,950	0	14,238	39,570	25,333	278%	17,652	21,918	224%
<b>Total</b>	<b>1%</b>	<b>756,950</b>	<b>756,950</b>	<b>0</b>	<b>189,238</b>	<b>9,910</b>	<b>(179,328)</b>	<b>5%</b>	<b>40,307</b>	<b>(30,397)</b>	<b>25%</b>

**FY 2007-08 General Fund - Revenue**  
**SEPTEMBER 30, 2007 - Unaudited**  
*25% of Year Complete*

Revenue By Category	%	Annual		Diff	Prorated	Current Year	08 Actual vs. 08 Prorate Budget		Prior Year	08 Actual vs. 07 Actual	
		Adopted	Revised			Actual	\$ Over/ (Under)	Actual as % of Prorated Budget	Actual	08 Actual vs. 07 Actual	
		Budget	Budget	vs. Adopted	FY 2007-08					FY 2007-08	\$ More/ (Less)
		FY 2007-08	FY 2007-08				09/30/07				
<b>From Other Agencies</b>											
Police Grants/Reimb	1%	1,251,209	1,474,587	223,378	368,647	280,209	(88,437)	76%	207,707	72,502	135%
Pub Safety ST Allocati	1%	750,000	750,000	0	187,500	70,422	(117,078)	38%	132,889	(62,467)	53%
Fire Grants/Reimb	0%	443,000	443,000	0	110,750	0	(110,750)	0%	107,142	(107,142)	0%
State Mandate Reimb	0%	0	0	0	0	64,432	64,432	N/A	1,455,322	(1,390,890)	4%
Other Fees/Chgs	0%	139,133	139,133	0	34,783	5,508	(29,276)	16%	11,627	(6,119)	47%
<b>Total</b>	<b>2%</b>	<b>2,583,342</b>	<b>2,806,720</b>	<b>223,378</b>	<b>701,680</b>	<b>420,571</b>	<b>(281,109)</b>	<b>60%</b>	<b>1,914,687</b>	<b>(1,494,116)</b>	<b>22%</b>
<b>Fees &amp; Service Charges</b>											
Plan Ckg Fees	1%	1,358,000	1,358,000	0	339,500	320,984	(18,516)	95%	411,189	(90,205)	78%
Police Services	1%	1,014,600	1,014,600	0	253,650	226,589	(27,061)	89%	135,853	90,736	167%
Res Rental Inspec	0%	325,000	310,000	(15,000)	77,500	212,789	135,289	275%	199,823	12,966	100%
Other Fees/Charges	0%	482,209	497,209	15,000	124,302	202,255	77,953	163%	353,621	(151,366)	57%
<b>Total</b>	<b>3%</b>	<b>3,179,809</b>	<b>3,179,809</b>	<b>0</b>	<b>794,952</b>	<b>962,617</b>	<b>167,665</b>	<b>121%</b>	<b>1,100,486</b>	<b>(137,869)</b>	<b>87%</b>
<b>Other Revenue</b>											
Fairview Fire Prot Dist.	2%	2,000,000	2,000,000	0	500,000	1,982	(498,018)	0%	10	1,972	19820%
WC Salary Reimb	1%	1,200,000	1,200,000	0	300,000	209,459	(90,541)	70%	105,116	104,343	199%
Other	0%	284,100	284,100	0	71,025	62,801	(8,224)	88%	61,462	1,339	102%
<b>Total</b>	<b>3%</b>	<b>3,484,100</b>	<b>3,484,100</b>	<b>0</b>	<b>871,025</b>	<b>274,242</b>	<b>(596,783)</b>	<b>31%</b>	<b>166,588</b>	<b>107,654</b>	<b>165%</b>
<b>Grand Total</b>		<b>104,953,729</b>	<b>105,177,107</b>	<b>223,378</b>	<b>26,294,277</b>	<b>11,701,915</b>	<b>(14,592,362)</b>	<b>45%</b>	<b>14,519,957</b>	<b>(2,818,042)</b>	<b>81%</b>

## FY 2007-08 General Fund - Expenditures

Attachment C

SEPTEMBER 30, 2007 - Unaudited

25% of Year Complete, 7 of 26 Pay Periods

<b>Expenditure By Category</b>	Annual				Current Year			Prior Year		
	Adopted	Revised	Diff	Prorated	Actual	08 Actual vs. Prorate		Actual	08 Actual vs. 07 Actual	
	Budget	Budget	Revised	Budget		\$ Over/	Actual as %		\$ More/	Actual as %
	FY 2007-08	FY 2007-08	vs. Adopted	FY 2007-08		09/30/07	(Under)	of Prorated Budget	09/30/06	(Less)
Employee Services	96,845,133	96,949,389	104,256	26,101,759	25,548,501	(553,258)	98%	20,379,304	5,169,197	125%
Maintenance & Utilities	4,138,202	4,177,813	39,611	1,044,453	832,382	(212,071)	80%	855,188	(22,806)	97%
Supplies and Services	11,059,694	11,523,014	463,320	2,880,754	2,275,073	(605,681)	79%	2,264,601	10,472	100%
Capital Expense	225,000	726,110	501,110	181,528	144,199	(37,329)	79%	80,920	63,279	178%
Net Interdepartmental	(4,064,305)	(4,064,305)	0	(1,094,236)	(968,386)	125,850	88%	(869,088)	(99,298)	111%
<b>Total Expenditures</b>	<b>108,203,724</b>	<b>109,312,021</b>	<b>1,108,297</b>	<b>29,114,257</b>	<b>27,831,769</b>	<b>(1,282,488)</b>	<b>96%</b>	<b>22,710,925</b>	<b>5,120,844</b>	<b>123%</b>
Transfers	5,725,461	5,725,461	0	1,431,365	2,676,791	1,245,426	187%	2,568,171	108,620	104%
<b>TOTAL OUTLAYS</b>	<b>113,929,185</b>	<b>115,037,482</b>	<b>1,108,297</b>	<b>30,545,622</b>	<b>30,508,560</b>	<b>(37,062)</b>	<b>100%</b>	<b>25,279,096</b>	<b>5,229,464</b>	<b>121%</b>

<b>Expenditure By Department</b>	Annual				Current Year			Prior Year		
	Adopted	Revised	Diff	Prorated	Actual	08 Actual vs. Prorate		Actual	08 Actual vs. 07 Actual	
	Budget	Budget	Revised	Budget		\$ Over/	Actual as %		\$ More/	Actual as %
	FY 2007-08	FY 2007-08	vs. Adopted	FY 2007-08		09/30/07	(Under)	of Prorated Budget	09/30/06	(Less)
City Attorney	1,070,997	1,070,997	0	285,832	249,065	(36,767)	87%	244,330	4,735	102%
City Clerk	516,449	517,284	835	137,384	110,853	(26,531)	81%	95,169	15,684	116%
City Manager	3,910,597	4,311,151	400,554	1,128,223	1,008,598	(119,625)	89%	944,173	64,425	107%
Community & Econ Dev	6,171,810	6,415,304	243,494	1,702,754	1,486,850	(215,904)	87%	1,262,261	224,589	118%
Finance & Internal Services	5,700,546	5,745,955	45,409	1,499,898	1,250,494	(249,404)	83%	1,077,366	173,128	116%
Fire	26,770,262	26,796,516	26,254	7,187,775	7,282,649	94,874	101%	5,653,935	1,628,714	129%
Human Resources	2,623,252	2,641,750	18,498	675,454	563,268	(112,186)	83%	611,406	(48,138)	92%
Library	3,781,133	3,863,629	82,496	1,024,702	915,167	(109,535)	89%	880,949	34,218	104%
Mayor and Council	486,733	486,733	0	129,803	118,219	(11,584)	91%	102,344	15,875	116%
Non-Departmental	939,292	939,864	572	234,966	159,891	(75,075)	68%	169,131	(9,240)	95%
Police	48,420,754	48,696,142	275,388	13,045,442	12,996,221	(49,221)	100%	10,344,332	2,651,889	126%
Public Works	7,811,899	7,826,696	14,797	2,062,025	1,690,494	(371,531)	82%	1,325,529	364,965	128%
<b>Total Expenditures</b>	<b>108,203,724</b>	<b>109,312,021</b>	<b>1,108,297</b>	<b>29,114,257</b>	<b>27,831,769</b>	<b>(1,282,488)</b>	<b>96%</b>	<b>22,710,925</b>	<b>5,120,844</b>	<b>123%</b>
Transfers	5,725,461	5,725,461	0	1,431,365	2,676,791	1,245,426	187%	2,568,171	108,620	104%
<b>TOTAL OUTLAYS</b>	<b>113,929,185</b>	<b>115,037,482</b>	<b>1,108,297</b>	<b>30,545,622</b>	<b>30,508,560</b>	<b>(37,062)</b>	<b>100%</b>	<b>25,279,096</b>	<b>5,229,464</b>	<b>121%</b>

*NOTE: Revised budget includes: encumbrance carry forwards, grant carry forwards, transfer of budget from one place to another, new appropriations.*

**FY 2007-08 General Fund - Expenditures**

Attachment C

SEPTEMBER 30, 2007 - Unaudited

25% of Year Complete, 7 of 26 Pay Periods

Expenditure By Category	Annual				Current Year	08 Actual vs. Prorate		Prior Year	08 Actual vs. 07 Actual	
	Adopted	Revised	Diff	Prorated	Actual 09/30/07	\$ Over/ (Under)	Actual as % of Prorated Budget	Actual 09/30/06	08 Actual vs. 07 Actual	
	Budget	Budget	Revised	Budget					\$ More/ (Less)	Actual as % of Prev Yr.
	FY 2007-08	FY 2007-08	vs. Adopted	FY 2007-08						
<b>CITY ATTORNEY</b>										
Employee Services	940,298	940,298	0	253,157	232,736	(20,421)	92%	203,413	29,323	114%
Maintenance & Utilities	942	942	0	236	282	47	120%	399	(117)	71%
Supplies and Services	129,757	129,757	0	32,439	16,047	(16,392)	49%	40,518	(24,471)	40%
Capital Expense	0	0	0	0	0	0	N/A	0	0	N/A
Net Interdepartmental	0	0	0	0	0	0	N/A	0	0	N/A
<b>Total</b>	<b>1,070,997</b>	<b>1,070,997</b>	<b>0</b>	<b>285,832</b>	<b>249,065</b>	<b>(36,767)</b>	<b>87%</b>	<b>244,330</b>	<b>4,735</b>	<b>102%</b>
<b>CITY CLERK</b>										
Employee Services	419,266	419,266	0	112,879	104,172	(8,707)	92%	90,402	13,770	115%
Maintenance & Utilities	1,613	1,613	0	403	56	(347)	14%	401	(345)	14%
Supplies and Services	95,570	96,405	835	24,101	6,625	(17,476)	27%	4,366	2,259	152%
Capital Expense	0	0	0	0	0	0	N/A	0	0	N/A
Net Interdepartmental	0	0	0	0	0	0	N/A	0	0	N/A
<b>Total</b>	<b>516,449</b>	<b>517,284</b>	<b>835</b>	<b>137,384</b>	<b>110,853</b>	<b>(26,531)</b>	<b>81%</b>	<b>95,169</b>	<b>15,684</b>	<b>116%</b>
<b>CITY MANAGER</b>										
Employee Services	2,622,607	2,622,607	0	706,087	722,220	16,134	102%	585,381	136,839	123%
Maintenance & Utilities	541,041	558,709	17,668	139,677	141,333	1,656	101%	232,602	(91,269)	61%
Supplies and Services	746,949	804,820	57,871	201,205	67,719	(133,486)	34%	97,938	(30,219)	69%
Capital Expense	0	325,015	325,015	81,254	87,276	6,022	107%	34,874	52,402	250%
Net Interdepartmental	0	0	0	0	(9,950)	(9,950)	N/A	(6,622)	(3,328)	150%
<b>Total</b>	<b>3,910,597</b>	<b>4,311,151</b>	<b>400,554</b>	<b>1,128,223</b>	<b>1,008,598</b>	<b>(119,625)</b>	<b>89%</b>	<b>944,173</b>	<b>64,425</b>	<b>107%</b>

## FY 2007-08 General Fund - Expenditures

Attachment C

SEPTEMBER 30, 2007 - Unaudited

25% of Year Complete, 7 of 26 Pay Periods

Expenditure By Category	Annual				Current Year	08 Actual vs. Prorate		Prior Year	08 Actual vs. 07 Actual	
	Adopted	Revised	Diff	Prorated	Actual	\$ Over/ (Under)	Actual as % of Prorated Budget	Actual	08 Actual vs. 07 Actual \$ More/ (Less) of Prev Yr.	
	Budget	Budget	Revised	Budget						
	FY 2007-08	FY 2007-08	vs. Adopted	FY 2007-08						
					09/30/07			09/30/06		
<b>COMMUNITY &amp; ECON. DEV.</b>										
Employee Services	6,177,920	6,177,920	0	1,663,286	1,475,248	(188,038)	89%	1,207,018	268,230	122%
Maintenance & Utilities	13,725	13,725	0	3,431	1,213	(2,218)	35%	3,117	(1,904)	39%
Supplies and Services	1,013,833	1,255,581	241,748	313,895	160,635	(153,260)	51%	161,924	(1,289)	99%
Capital Expense	0	1,746	1,746	437	0	(437)	N/A	0	0	N/A
Net Interdepartmental	(1,033,668)	(1,033,668)	0	(278,295)	(150,246)	128,049	54%	(109,798)	(40,448)	137%
<b>Total</b>	<b>6,171,810</b>	<b>6,415,304</b>	<b>243,494</b>	<b>1,702,754</b>	<b>1,486,850</b>	<b>(215,904)</b>	<b>87%</b>	<b>1,262,261</b>	<b>224,589</b>	<b>118%</b>
<b>FINANCE</b>										
Employee Services	3,316,677	3,316,677	0	892,952	807,354	(85,598)	90%	692,624	114,730	117%
Maintenance & Utilities	1,601,299	1,624,778	23,479	406,195	311,736	(94,459)	77%	271,449	40,287	115%
Supplies and Services	801,964	823,894	21,930	205,974	147,401	(58,573)	72%	124,133	23,268	119%
Capital Expense	0	0	0	0	2,056	2,056	N/A	0	2,056	N/A
Net Interdepartmental	(19,394)	(19,394)	0	(5,221)	(18,053)	(12,832)	346%	(10,840)	(7,213)	167%
<b>Total</b>	<b>5,700,546</b>	<b>5,745,955</b>	<b>45,409</b>	<b>1,499,898</b>	<b>1,250,494</b>	<b>(249,404)</b>	<b>83%</b>	<b>1,077,366</b>	<b>173,128</b>	<b>116%</b>
<b>FIRE</b>										
Employee Services	25,378,178	25,378,178	0	6,832,586	6,920,150	87,564	101%	5,312,095	1,608,055	130%
Maintenance & Utilities	105,199	105,199	0	26,300	17,445	(8,855)	66%	22,218	(4,773)	79%
Supplies and Services	1,255,476	1,273,102	17,626	318,276	298,353	(19,923)	94%	299,740	(1,387)	100%
Capital Expense	0	8,628	8,628	2,157	30,160	28,003	1398%	(12,353)	42,513	-244%
Net Interdepartmental	31,409	31,409	0	8,456	16,541	8,085	196%	32,235	(15,694)	51%
<b>Total</b>	<b>26,770,262</b>	<b>26,796,516</b>	<b>26,254</b>	<b>7,187,775</b>	<b>7,282,649</b>	<b>94,874</b>	<b>101%</b>	<b>5,653,935</b>	<b>1,628,714</b>	<b>129%</b>

**FY 2007-08 General Fund - Expenditures**

**Attachment C**

SEPTEMBER 30, 2007 - Unaudited

25% of Year Complete, 7 of 26 Pay Periods

Expenditure By Category	Annual				Current Year	08 Actual vs. Prorate		Prior Year	08 Actual vs. 07 Actual	
	Adopted	Revised	Diff	Prorated	Actual 09/30/07	\$ Over/ (Under)	Actual as % of Prorated Budget	Actual 09/30/06	08 Actual vs. 07 Actual	
	Budget	Budget	Revised	Budget					\$ More/ (Less)	Actual as % of Prev Yr.
	FY 2007-08	FY 2007-08	vs. Adopted	FY 2007-08						
<b>HUMAN RESOURCES</b>										
Employee Services	836,688	836,688	0	225,262	207,502	(17,760)	92%	181,162	26,340	115%
Maintenance & Utilities	2,985	2,985	0	746	0	(746)	0%	0	0	N/A
Supplies and Services	1,839,390	1,857,888	18,498	464,472	368,146	(96,326)	79%	443,441	(75,295)	83%
Capital Expense	0	0	0	0	0	0	N/A	0	0	N/A
Net Interdepartmental	(55,811)	(55,811)	0	(15,026)	(12,380)	2,646	82%	(13,197)	817	94%
<b>Total</b>	<b>2,623,252</b>	<b>2,641,750</b>	<b>18,498</b>	<b>675,454</b>	<b>563,268</b>	<b>(112,186)</b>	<b>83%</b>	<b>611,406</b>	<b>(48,138)</b>	<b>92%</b>
<b>LIBRARY</b>										
Employee Services	3,056,576	3,057,304	728	823,120	721,298	(101,822)	88%	649,658	71,640	111%
Maintenance & Utilities	168,718	167,026	(1,692)	41,757	84,107	42,351	201%	86,472	(2,365)	97%
Supplies and Services	555,839	636,389	80,550	159,097	108,570	(50,527)	68%	120,925	(12,355)	90%
Capital Expense	0	2,910	2,910	728	1,192	465	164%	23,894	(22,702)	5%
Net Interdepartmental	0	0	0	0	0	0	N/A	0	0	N/A
<b>Total</b>	<b>3,781,133</b>	<b>3,863,629</b>	<b>82,496</b>	<b>1,024,702</b>	<b>915,167</b>	<b>(109,535)</b>	<b>89%</b>	<b>880,949</b>	<b>34,218</b>	<b>104%</b>
<b>MAYOR AND COUNCIL</b>										
Employee Services	422,214	422,214	0	113,673	108,486	(5,187)	95%	93,395	15,091	116%
Maintenance & Utilities	2,823	2,823	0	706	124	(582)	18%	133	(9)	93%
Supplies and Services	61,696	61,696	0	15,424	8,299	(7,125)	54%	7,979	320	104%
Capital Expense	0	0	0	0	0	0	N/A	0	0	N/A
Net Interdepartmental	0	0	0	0	1,310	1,310	N/A	837	473	157%
<b>Total</b>	<b>486,733</b>	<b>486,733</b>	<b>0</b>	<b>129,803</b>	<b>118,219</b>	<b>(11,584)</b>	<b>91%</b>	<b>102,344</b>	<b>15,875</b>	<b>116%</b>

## FY 2007-08 General Fund - Expenditures

Attachment C

SEPTEMBER 30, 2007 - Unaudited

25% of Year Complete, 7 of 26 Pay Periods

Expenditure By Category	Annual				Current Year	08 Actual vs. Prorate		Prior Year	08 Actual vs. 07 Actual	
	Adopted	Revised	Diff	Prorated	Actual	\$ Over/ (Under)	Actual as % of Prorated Budget	Actual	\$ More/ (Less) of Prev Yr.	
	Budget	Budget	Revised	Budget						
	FY 2007-08	FY 2007-08	vs. Adopted	FY 2007-08						
				09/30/07			09/30/06			
<b>NON DEPARTMENTAL</b>										
Employee Services	0	0	0	0	0	0	N/A	0	0	N/A
Maintenance & Utilities	0	0	0	0	0	0	N/A	0	0	N/A
Supplies and Services	714,292	714,864	572	178,716	159,891	(18,825)	89%	165,796	(5,905)	96%
Capital Expense	225,000	225,000	0	56,250	0	(56,250)	N/A	3,335	(3,335)	N/A
Net Interdepartmental	0	0	0	0	0	0	N/A	0	0	N/A
<b>Total</b>	<b>939,292</b>	<b>939,864</b>	<b>572</b>	<b>234,966</b>	<b>159,891</b>	<b>(75,075)</b>	<b>68%</b>	<b>169,131</b>	<b>(9,240)</b>	<b>95%</b>
<b>POLICE</b>										
Employee Services	45,199,054	45,302,582	103,528	12,196,849	12,197,940	1,091	100%	9,590,822	2,607,118	127%
Maintenance & Utilities	336,147	336,303	156	84,076	92,609	8,533	110%	144,871	(52,262)	64%
Supplies and Services	2,874,998	2,898,310	23,312	724,578	700,072	(24,506)	97%	591,322	108,750	118%
Capital Expense	0	148,392	148,392	37,098	9,096	(28,002)	25%	31,170	(22,074)	29%
Net Interdepartmental	10,555	10,555	0	2,842	(3,496)	(6,338)	-123%	(13,853)	10,357	25%
<b>Total</b>	<b>48,420,754</b>	<b>48,696,142</b>	<b>275,388</b>	<b>13,045,442</b>	<b>12,996,221</b>	<b>(49,221)</b>	<b>100%</b>	<b>10,344,332</b>	<b>2,651,889</b>	<b>126%</b>
<b>PUBLIC WORKS</b>										
Employee Services	8,475,655	8,475,655	0	2,281,907	2,051,395	(230,512)	90%	1,773,334	278,061	116%
Maintenance & Utilities	1,363,710	1,363,710	0	340,928	183,477	(157,451)	54%	93,526	89,951	196%
Supplies and Services	969,930	970,308	378	242,577	233,315	(9,262)	96%	206,519	26,796	113%
Capital Expense	0	14,419	14,419	3,605	14,419	10,814	400%	0	14,419	N/A
Net Interdepartmental	(2,997,396)	(2,997,396)	0	(806,991)	(792,112)	14,879	98%	(747,850)	(44,262)	106%
<b>Total</b>	<b>7,811,899</b>	<b>7,826,696</b>	<b>14,797</b>	<b>2,062,025</b>	<b>1,690,494</b>	<b>(371,531)</b>	<b>82%</b>	<b>1,325,529</b>	<b>364,965</b>	<b>128%</b>

HAYWARD CITY COUNCIL

RESOLUTION NO. 89-180 C.S.

Introduced by Councilmember SWEENEY

AKG

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RESOLUTION ESTABLISHING A POLICY FOR THE  
MAINTENANCE AND USE OF THE RESERVE FOR ECONOMIC  
UNCERTAINTY AND LIQUIDITY RESERVE FUNDS

WHEREAS, since adoption of Article XIII A of the California Constitution the City of Hayward has become increasingly dependent upon revenues from sales taxes, user fees, and service charges to provide general government services including police and fire services, maintenance of public streets, buildings, and other public facilities and assets, library services, transportation and land use planning, code enforcement, community and economic development efforts, and social program support; and

WHEREAS, these sources of revenue are more sensitive to general economic cycles than previous ones, resulting in positive revenue growth during favorable economic periods and contraction of revenue during economic downturns; and

WHEREAS, the need for general governmental services is not sensitive to economic cycles and demand for services often will rise during periods of economic decline; and

WHEREAS, prudent fiscal management requires that adequate levels of financial reserves be maintained during periods of financial growth to allow for continuation of services during temporary periods of economic decline and to prevent disruption of essential services to the public; and

WHEREAS, as is the case for most local government agencies, there has historically been a variation between the relatively even pattern of City expenditures and the uneven pattern of revenue receipts to it and this variation was addressed in the past by short-term borrowing through issuance of Tax and Revenue Anticipation Notes; and

WHEREAS, the 1986 Tax Reform Act has limited the use of these traditional means of short-term cash management practices to cover the annual fluctuations in cash receipts and disbursements.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Hayward hereby adopts the following statement of policy in response to these concerns.

"It is the policy of the City of Hayward to establish and maintain adequate financial reserves in order to avoid the negative effects of economic cycles upon essential services to the public and to assure that annual fluctuations in revenue receipts do not impede the City's ability to meet its expenditure obligations. The City shall maintain a General Fund Reserve for Economic Uncertainty and a General Fund Liquidity Reserve for these purposes.

"During periods of economic sufficiency, these reserves shall be used as a source of supplemental revenue through prudent investments and earnings under policies of the City Council and for meeting short-term cash flow deficiencies. During periods of economic downturns, when revenues fail to meet the normal operating requirements of essential public services, or when need for disbursements temporarily exceeds receipts, these reserves may, upon the recommendation of the City Manager and the authorization of the City Council, be used in accordance with the standards set forth herein.

- "(a) Reserve For Economic Uncertainty. To the extent practical and feasible, the City of Hayward will maintain the Reserve for Economic Uncertainty in the amount of the greater of \$5 million or 10% of its most recent annual operating budget to provide for continuation of essential services to the public during periods of economic decline. When presenting proposed budgets to the City Council in accordance with the requirements of Section 1201 of the City Charter, the City Manager shall include a recommendation in each proposed annual budget for the amount to be appropriated to this Reserve.

"When, as the result of an economic downturn, projected or actual revenues are insufficient to meet the normal operating requirements of essential services, expenditures from the Reserve for Economic Uncertainty may be recommended by the City Manager and approved the City Council, subject to the following priorities:

- "(1) Maintenance of Staffing. The first priority for allocation of the Reserve for Economic Uncertainty shall be for the maintenance of staffing levels in those essential services provided to the public where the demand for or need for such services is not affected by the change in economic conditions. The

objective is to avoid or reduce the necessity for lay-offs in personnel in such positions.

- "(2) Job or Hiring Freezes. This policy anticipates that prudent management practices and preservation of resource during fiscally tight periods may indicate the need for freezes in the hiring or filling of designated vacant or newly established positions. This policy is not intended to limit or discontinue the use of this measure, as it is deemed appropriate, to maintain more essential services to the public.
- "(3) Fees and Charges. As permitted by law and consistent with prevailing practices among municipal agencies, those services for which user fees and service charges are collected from the beneficiaries of such services shall be supported as fully as practicable from such user fees and charges before resorting to use of the Reserve.
- "(4) Restoration of Reserves. As economic recovery occurs, and revenues return to levels considered normal for the support of essential services, balances in the Reserve for Economic Uncertainty shall be restored in a timely manner, consistent with the maintenance of essential services.
- "(5) Essential Service. For purposes of this policy, essential services and appropriate levels of such services shall be determined from time to time by the City Council upon the recommendation of the City Manager.
- "(b) Liquidity Reserve. To the extent practical and feasible, the City of Hayward will maintain a General Fund Liquidity Reserve in the amount of the greater of \$2.5 million or 5% of its most recent annual operating budget to provide for cash liquidity during periods of seasonal imbalance between receipts and disbursements. When presenting proposed budgets to the City Council in accordance with the requirements of Section 1201 of the City Charter, the City Manager shall include a recommendation in each proposed annual budget for the amount to be appropriated to this Reserve. Expenditures from the Liquidity

Reserve may, upon the recommendation of the City Manager and the authorization of the City Council, be used in accordance with the priorities established for the Reserve for Economic Uncertainty."

IN COUNCIL, HAYWARD, CALIF. June 13, 1989

ADOPTED BY THE FOLLOWING VOTE:

AYES: COUNCILMEMBERS: JIMENEZ, ARAGON, CAMPBELL, COOPER, SWEENEY, WARD

MAYOR: GIULIANI

NOES: COUNCILMEMBERS: NONE

ABSENT: COUNCILMEMBERS: NONE

ATTEST:   
City Clerk of the City of Hayward