



# CITY OF HAYWARD

Hayward City Hall  
777 B Street  
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## Staff Report

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**File #:** RPT 16-077

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**DATE:** July 6, 2016

**TO:** Council Budget and Finance Committee

**FROM:** Acting Director of Finance

**SUBJECT**

Measure C (District Sales Tax) Annual Report FY 2016

**RECOMMENDATION**

That the Committee reviews and provides feedback on the City's Measure C (District Sales Tax) FY 2016 annual report.

**BACKGROUND**

On June 3, 2014, the voters of the City of Hayward passed Measure C to create a District Sales Tax and increase the City's Sales and Use Tax by half a percent for twenty years. This "half-cent" increase ultimately brought the City's Sales and Use Tax rate to 10.0%. Based on actual revenues received to date, staff estimates that the District Sales Tax will initially generate approximately \$13 million annually in locally controlled revenue that can be allocated by the City Council and will remain in place until October 1, 2034.

This District Sales Tax is a general tax and is considered discretionary in nature; however these funds are intended for use in capital projects including construction of the City's new 21<sup>st</sup> Century Library and Community Learning Center, completion of fire station retrofits and improvements, rehabilitation and expansion of the existing fire training center, as well as extensive street improvements. The City intends to allocate revenues not used for capital projects to fund additional police and maintenance services within the City.

On September 30, 2015, the City issued Certificates of Participation (COPs) for \$67.5 million to fund the above mentioned capital projects. Debt Service for the COPs is secured by and will be paid using District Sales Tax revenue. Annual debt service payments for the COPs range from \$2.9 to \$5.4 million annually for twenty years.

**DISCUSSION**

The table below shows revenue and expenditure activity related to the District Sales Tax for FY 2015 and FY 2016.

	<b>FY 2015 Actual</b>	<b>FY 2016 Projected</b>
<b>Revenues</b>		
Measure C District Sales Tax	8,090,470	13,000,000
Other Revenues (Interest)	-	33,708
<b>Total Revenues</b>	<b>8,090,470</b>	<b>13,033,708</b>
<b>Expenditures</b>		
<b>Capital</b>		
Library/Learning Center	-	6,772,791
Other Capital Projects	-	1,054,769
<b>Operating</b>		
Personnel	205,969	873,869
Other Operating	-	410,863
<b>Total Expenditures</b>	<b>205,969</b>	<b>9,112,292</b>
<b>Annual Surplus/Shortfall</b>	<b>7,884,501</b>	<b>3,921,416</b>
Proceeds from Issuance of COPs*	-	65,789,797
<b>Ending Fund Balance</b>	<b>7,884,501</b>	<b>77,595,714</b>

*\*The difference between the \$67.5 million in COPs issued and the \$65.8 million shown relate to the costs of issuance for the COPs*

FY 2016 District Tax related capital expenditures totaled \$7.8 million, including design and construction of the City's 21<sup>st</sup> Century Library and Community Learning Center (\$6.8 million), design of improvements for Fire Station Nos. 1 - 6 (\$674, 227) and city-wide street infrastructure improvement projects (\$380,542). The significant ending fund balance in FY 2016 will be mostly expended over the next two fiscal years as the library and fire station improvements are completed.

Projected FY 2016 Measure C personnel expenditures of \$873,869 were for the Maintenance Services Department (\$515,603) and Police Department (\$358,266). All five Measure C Maintenance positions have been filled. The Police Department continues to work to fill the vacant positions authorized by Measure C. Other operating expenditures include utilities, supplies and services, internal staff charges, equipping dispatch stations for new call taker positions and two Maintenance Services Department vehicles.

#### **NEXT STEPS**

Finance Department staff will continue to work with the other relevant departmental staff to monitor the progress of designated capital projects and operating expenses and provide periodic reporting on activities to the Committee and City Council.

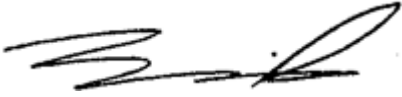
*Prepared and Recommended by:* Dustin Claussen, Acting Director of Finance

Approved by:

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A handwritten signature in black ink, appearing to read 'Fran David', written in a cursive style.

Fran David, City Manager