

STAFF REPORT

TO: HONORABLE MAYOR AND CITY COUNCIL  
FROM: JIM COPSEY, INTERIM CITY MANAGER *JC*  
SUBJECT: DISCUSSION REGARDING THE SETTING OF CITY GOALS AND WORK PROGRAM FOR FY 17

**BACKGROUND**

Setting the Goals and Work Program for the City is conceivably the most important part of the budget process. Once the program is adopted, staff will use the program as a guide in the development of the budget for the next fiscal year. Once the FY 17 Budget is adopted, the Council's Goals and Work Program will ultimately be implemented throughout the year. During the course of the fiscal year, progress reports on the Goals and Work Program will be forwarded to the Council as a measurement tool. Attached for your use in developing the FY 17 Budget, Council will find an updated Status Report regarding the FY 16 Work Program. *(Please see Attachment 1.)* This status report was presented to the Council during the Mid-Year Budget review conducted during the February 1st Council meeting.

Tonight's discussion is the first of a two-step process. Council should use the FY 16 Work Program as a base, review the Goal Statements and tasks outlined in the document, and then give direction as to modifications or deletions. The Council may wish to add additional goals and work tasks as appropriate. Once direction is provided to staff, the Draft FY 17 Goals and Work Program will be developed and returned to the Council for further consideration during your meeting of April 4th. The second Council review will also include a second opportunity for the public to comment on the draft program. Following public comment and final Council deliberations, the Council should be in a position to adopt the Work Program for the coming fiscal year. An opportunity for non-profit organizations and partner agencies to request funding support will be scheduled when the FY17 budget comes to Council for review in May 2016.

**DISCUSSION**

As you will note from the attached Status Report, the approved FY 16 Goals and Work Program was organized with six over-arching goal statements. Beneath each goal is a listing of a number of major tasks to be accomplished in order to meet that goal, along with estimated completion dates. The top priority goal in FY 16 was ***Economic Development/Economic Vitality***. The remaining goals were numbered 2 through 6, but do not relate to priority. The report provides status updates regarding the individual tasks. In reviewing this information, the Council will note that several of the tasks have been completed. In some cases, the completion dates were revised to reflect work in progress.

**APPROVED FOR FORWARDING**

*[Signature]*  
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JIM COPSEY  
INTERIM CITY MANAGER

**Please Review for the Possibility of a Potential Conflict of Interest:**

- None Identified by Staff
- Shoals
- Lee
- Bright
- Nicolls
- Shah

Meeting Date: March 21, 2016

Agenda Item No. 15

As the Council prepares the Goals and Work Program for FY 17, staff would request the Council keep in mind the City's resources and anticipated expenditures as outlined in the FY 16 Budget Outlook section and the Workload section as noted below:

**FY 17 Budget Outlook**

**Revenues** - In FY 17 the City will continue to see a very modest increase in revenues. Property Taxes are the City's largest General Fund revenue source at \$3.878 million and is expected to remain stable as the unwinding of the triple flip for sales tax will be complete. In FY 17 Sales Tax will include amounts that were previously shown as Property Tax due to the State's Triple Flip. Therefore Sales Taxes will show a corresponding increase in comparison to the decrease in Property Taxes. Sales Tax, including the ½ cent sales tax revenue adjustment, results in approximately \$1.5 million and will likely increase by 2% after the Triple Flip adjustment. Transient Occupancy Tax is estimated to have an increase between 1% and 2.5%. Most other line items in the General Fund are expected to remain static with no significant changes. The possible exception would be development-related revenues, which could increase by \$150,000 to \$200,000. This possible increase in one-time revenue would be largely due to the issuance of permits associated with the hotel project on El Camino Real. Once the hotel is under construction, it will take approximately a year to complete and for Transient Occupancy Tax revenues to be realized. Development-related revenues should be considered one-time revenue and most likely will be linked to an offsetting increase in expenditures to process development.

**Expenditures** - On the expenditure side, the City can expect to see expenses associated with the City's retirement system CalPERS continue to rise. Cities across the state are being told to expect increases for CalPERS to average between 8% and 10% per year for the next four years, depending on the city and the city's individual actuarial. In Grover Beach, increases should be somewhat lower due to the size of the organization. Below is a table showing the anticipated increases to CalPERS for FY 17.

Plan	Employer Normal Cost Rate % Increase	Employer Payment of Unfunded Liability - \$ Increase
PEPRA Safety	0.2920%	\$ 33
PEPRA Miscellaneous	0.0305%	\$ 20
Classic Safety Police	1.1660%	\$18,012
Classic Miscellaneous	0.3980%	\$23,880
Fire	0.0000%	\$ 2,129
<b>Total \$ Increase</b>	<b>Estimated at \$40,000</b>	<b>\$44,074</b>

The known dollar increase which is the increase in this year's Employer Payment of unfunded Liability is \$44,074. There will also be increases based on the percent Increase in the Employer Normal Cost Rate. It is estimated that this increase will be at least \$66,936 for a total CalPERS Increase of \$111,010.

Staff will be presenting the Council with additional information regarding CalPERS costs once employee budgeting is calculated for FY 17. In addition to CalPERS rates, employee health care costs, fuel, equipment costs, and personnel costs in general are likely to increase. Costs associated with the Five Cities Fire Authority will likely increase as well. Permanent solutions to personnel vehicles and equipment replacement will need to be addressed in the future.

Staff is in the beginning stages for the FY17 budget year which includes the review the essential needs of the organization. After reviewing the needs, it is apparent that there have been many organizational and infrastructure needs that have not been addressed for many years and these issues, or some of these items, need to be looked at for possible inclusion into the FY 17 budget. The first preliminary outlay of the budget including some of the identified needs indicates a budget deficit of over \$900,000. Staff has reviewed additional needs not included in the preliminary budget for FY17 that total approximately \$750,000. Staff will be working to prioritize these needs after the goals and work programs are adopted and prior to presentation of the FY17 budget to the City Council. It is recommended that organizational and infrastructure needs be considered in the Council's goals. Some of those items include, overall facility repairs and maintenance, failing equipment, technology needs, and lack of staffing needed for completion of identified Council goals.

**Capital Improvement Program** - The City is expecting a significant increase in work activity related to the implementation of the Street Rehabilitation and Repair Program, the reconstruction of Oak Park Boulevard, the Community Development Block Grant (CDBG) Water Line Project, Train Station Expansion Project, and implementation of the public infrastructure associated with the Grover Beach Lodge Project. All of these efforts are bond- or grant-funded and will have little impact on the City's general resources initially, but will add stress to the City's overall delivery system. I will be recommending the retention of additional consultant/staff to assist with the coordination and implementation of the Capital Improvement Program. While this augmentation may have little impact over the short-term on the General Fund, it may impact the fund in future years.

I would add that the Street Rehabilitation and Repair Program has water infrastructure needs associated with streets that are planned to be rehabilitated in the near future. With the Water Fund reserves nearly depleted, a plan needs to be developed to address the water infrastructure improvements as part of the Street Rehabilitation and Repair Program. Funds need to be available in order to continue the City's progress on street repairs.

**Water Enterprise Fund** - The health of this fund is of major concern to the City. As noted in the Mid-Year Report, strong water conservation efforts by the City's customers is to be applauded, but the result has been a significant drop in water sales revenues. It is anticipated that there will be insufficient cash balance to make payments to the County of San Luis Obispo for the first installment of payments due to Lopez Zone 3 in July 2016. Other payments due at this time are the Water Funds share of Worker's Compensation Insurance, Liability Insurance and CALPERS Employer Payment of Unfunded Liability. It is estimated that the cash outlay in July 2016 will be approximately \$715,000.

### **Workload**

In developing the Goals and Work Program for FY 17, the impact of the workload on staff also needs to be kept in mind. The following is a list of tasks / projects that constitute a portion of your staff's current workload. As the Council will note, some of these items are associated with the implementation of a state mandate and requirements from outside agencies, Council directive, or are more importantly related to the current Goals and Work Program. This list is not meant to identify priority.

**Workload Tasks for FY 16 to FY17 (please note: listing is not prioritized)**

**Grover Beach Lodge - Project Facilitation  
Economic Development Strategy  
Street Rehabilitation and Repair Program  
Stormwater Program  
Homeless / Vagrancy Issues  
Water Resource Management  
Oak Park Boulevard Reconstruction  
Sign Ordinance  
Increase Police Department Staffing  
Implementation of Stage III Water Shortage  
Update City Engineering Standards  
Emergency Management Training  
Development Review**

**Holiday Inn - Project Facilitation  
CDBG (grant) Administration  
Municipal Network Project  
Update to Water & Sewer Master Plans  
Train Station Expansion  
Update to City's Development Code  
Water System Upgrades  
Code Enforcement  
Finance System Upgrade  
Parks Facilities Upgrades / Maintenance  
Implement Housing Policies  
Short-term Streets and Sidewalks**

In evaluating the needs for the organization, staff identified the implementation of the street projects and the facilitation of the pending hotel projects as the key workload priorities to be communicated to the Council. There is also the need to augment staff, implement community improvement projects, including projects that improved the City's aesthetics, as well as the need to focus more on code enforcement. Staff also identified a real need for an ongoing focus to improve the City's noted water supply resources and management as an ongoing priority.

**ALTERNATIVES**

The Council has the following alternatives to consider:

1. The Council could review staff provided materials and recommended approach, receive public input, and provide staff with direction to draft the Goals and Work Program for FY 17
2. The Council could identify and develop a different approach to completing the FY 17 Work Program.

**RECOMMENDED ACTION**

It is recommended that the City Council review staff provided materials and recommended approach, receive public input, and provide staff with direction.

**FISCAL IMPACT**

There is no direct fiscal impact associated with development of the Goals and Work Program for FY 17. The Goals and Work Program, once adopted, will provide direction to staff in the development and finalization of the FY 17 Budget. Specific impacts resulting from the adopted Goals and Work Program will be detailed in the FY 17 Budget.

**PUBLIC NOTIFICATION**

The agenda was posted in accordance with the Brown Act.

**Attachments**

1. Goals and Work Program FY 16 – Mid-Year Status Report, updated 3/21/2016



# City of Grover Beach

## Goals and Work Program - FY 16

Approved by the City Council on April 6, 2015

Updated March 21, 2015 Status Report

### MISSION STATEMENT

Grover Beach City Council and staff are dedicated to developing and maintaining a strong and vital municipal organization that maximizes current and future resources, and maximizes public safety for its residents and visitors to improve the City's infrastructure and ensure the delivery of quality services to our citizens.

### 1 ECONOMIC DEVELOPMENT/ ECONOMIC VITALITY

***Goal: Strengthen the City's economic base, increase revenues, sustain and improve core City services, and meet infrastructure funding requirements.***

- Grover Beach Lodge and Conference Center facilitation
- Implement the long-term Street Rehabilitation Project financed with first Bond sale
- 950 El Camino Real Hotel facilitation
- Streamline the development review process
- Complete Implementation , including construction, of Phase I of the Broadband Network
- Complete installation of financial system upgrade to operate several modules related to the recording and processing of the City's financial activities with the goal of increasing efficiency

### **Status:**

***Grover Beach Conference Center Lodge Facilitation*** – First draft of Financing Plan was submitted to Council on November 16<sup>th</sup>. Council will need to complete Financing Plan for implementation of entitled project including City construction of public improvements and standalone conference center. Tasks to be completed:

- Council Authorization to retain Engineering and Architectural Design Services for Public Improvements and Conference Center- RFP for Architectural services went out for bid in February 2016. Expect award on March 21, 2016. RFP for Engineering went out for bid on March 4, 2016, expect award on March 21, 2016
- Council adoption of Financing Plan - Needs to be revised and approved by Council
- Assignments: City JA members acting as Council Subcommittee / City Manager / Community Development Director.

### ***Implementation of Long – term Street Rehabilitation Projects –***

- First set of Streets Project 295-1 have been completed
- Second set of Streets Project 295-2 Bid Cal Portland Construction, Construction start late February (weather dependent)
- Third set of Streets Project 295-3 Preliminary Design Initiated March
- Second series Bond Issue Closing April 30
- Assignments: Street Rehabilitation Programs Manager / Public Works Director / City Manager

### ***950 El Camino Real Hotel Facilitation –***

- All permits and authorization have been secured for physical construction of project. Developer indicates remobilization of Contractor in February
- Agreement for Deferral of Impact Fees needs to be executed

**Streamline the development review process –**

- Staff continues to work on improving development application and submittal requirements sporadically and as time permits. A completion date has not been identified.
- Assigned Staff: Community Development Director/ Public Works Director

**Broadband Network –**

- Project Design is now complete
- Authorization to proceed to bid project- 2-16-16
- Assigned Staff: City Manager/ Public Works Director

**Financial System Upgrade –**

- Testing on Community Development Modules will begin 3-16
- Testing on Financials and Cash receipts- 3-16
- Additional Work will take place in FY 17.
- Assigned Staff: Administrative Services Director

**2. STREETS, TRANSPORTATION, AND INFRASTRUCTURE**

**Goal: Develop and maintain a modern street and infrastructure system that will provide for the safe and continuous movement of traffic, and accommodate current demands for wastewater, storm water collection, and drainage while anticipating future demands.**

- Implement Street Rehabilitation Program short-term and long-term
- Implementation of Oak Park Boulevard Restoration and Rehabilitation Project
- Complete Train Station expansion
- Downtown Parking – partner with business owners of the Ramona Business Square to improve the parking lot
- Update Sewer Master Plan
- Develop a comprehensive sidewalk improvement program

**Status:**

**Implement Street Rehabilitation Program - Please see above  
Implementation of Oak Park Boulevard Restoration Program-**

- Base project is out to bid
- Bid award for Base Project tentatively scheduled for Council 3-7-16
- Staff proceeding with design of paving West Grand Avenue
- Staff will return to Council with new Capital Improvement Program for Gateway Project
- Assigned Staff: Streets Rehabilitation Programs Manager / Consultants / Public Works Director

**Complete Train Station Expansion**

- NEPA Review Completed 1-24-16
- Fencing and foliage removal 2-7-16
- Leases from Property Owners obtained 5-2-16
- Design and Soils Investigation completed 7-16
- Assigned Staff: Public Works Director/ Community Development Director

**Downtown Parking Lot Ramona –**

- Select Engineering Consultant – 6-1-16
- Identification of Project Improvement Costs and Assessment Plan 6-30-16
- Assigned Staff: Public Works Director

**Update Sewer Master Plan –**

- Selection of Engineering Consultant – 4-16
- Assigned Staff: City Manager / Public Works Director.

**Develop a Comprehensive sidewalk improvement program –**

- In Capital Improvement Program # 273-\$200,000 budgeted, a portion of funds will be used to construct sidewalks along N 13 St.

**3. WATER - RESOURCES AND UTILITIES**

**Goal: Develop and maintain a water utility system that provides for current demand while anticipating future water needs.**

- Complete Community Development Block Grant funded Waterline Upgrade Project
- Update Water Master Plan
- Work with basin partners to identify additional sustainable water sources
- Continue to monitor drought conditions and water resources and update the long-term Water Master Plan

**Status:**

**Complete Waterline Upgrade project –**

- Complete Design - 3-16
- Construction - 5-16
- Assigned Staff- Public Works Director

**Update Water Master Plan-**

- Selection of Engineering Consultant – 4-16
- Assigned Staff- Public Works Director

**Work with Basin Partners - Ongoing**

**Continue to monitor drought conditions - Ongoing.**

**4. PUBLIC SAFETY**

**Goal: Maintain a safe community by providing well-trained and equipped public safety/ emergency medical services personnel (police and fire).**

- Increase sworn personnel to 19 full-time sworn positions
- Continue to enforce current laws regarding vagrancy issues and to protect the well-being of the Community
- Support Five Cities Fire Authority to sustain emergency response services

**Status:**

**Increase Sworn Personnel to 19 full-time sworn positions –**

- Currently 16 positions filled ( 1 out on injured status)
- Two new officers appointed - 2-1-16
- Recruitment underway to fill vacancies
- Assigned Staff- Chief of Police/ Human Resources Coordinator

**Continue to enforce laws regarding Transient Population Issues to protect the well-being of the community-**

- Implementation of Panhandling Ordinance – Ongoing
- Installation of Cameras on West Grand Avenue – Completed
- Bicycle and Foot Patrol of Downtown Area – As time and resources permit
- Closure of Encampment South of the Train Station- Completed 2-1-16
- Assigned Staff- Chief of Police and Department Personnel

**Support Five Cities Fire Authority -**

- Improved Dispatching Capability- Ongoing
- Initiated Emergency Medical Dispatch- 6-16
- Assigned Staff- Police Chief and Department Staff

**5. COMMUNITY DEVELOPMENT AND HOUSING**

**Goal: Develop and implement plans consistent with the General Plan and the community's vision for the future of the City to improve the quality of life.**

- Update Sign Ordinance
- Update Parking Standards
- Update Planned Unit Developments standards
- Continue to implement the HOME grant for First-Time Homebuyers and Home Rehabilitation
- Partner with the 5 Cities Homeless Coalition and/or other non-profit organizations to assist them in providing services for the homeless
- Partner/assist non-profit and other organizations to provide income affordable projects and affordable by design housing projects
- Explore development of a Vacation Rental Ordinance

**Status:**

**Update Sign Ordinance –**

- Staff will complete Background research – provide the Council with an update on the proposed amendments- 6-16
- Assigned Staff- Community Development Director and Department Staff

**Update Parking Standards –**

- Staff recommends delaying Update until F Y 17
- Assigned Staff: Community Development Director and Department Staff

**Update Planned Unit Development Standards –**

- Staff recommends delaying update until – FY 17

**Home Grant for First Time Homebuyers and Rehabilitation Program –**

- Consultant actively recruiting First Time Homebuyers
- Assigned Staff: Retained Consultant

**Partner with 5 Cities Homeless Coalition and/or other nonprofits to assist in providing services to the homeless –**

- Staff will review Funding Sources and Options
- Assigned Staff- Community Development Director

**Vacation Rental Ordinance –**

- Staff recommends delaying update until- FY 17

**6. PARKS, RECREATION, AND BEAUTIFICATION AND COMMUNITY VITALITY**

**Goal: Improve the quality of life for residents and visitors to Grover Beach.**

- *By maintaining and investing in existing park facilities.*
- *By developing new park facilities.*
  
- **Implement Facilities Improvement recommendations per adopted list**
- **Periodically assess existing facilities, programs, and special events, including the need for a senior center, to determine community benefit**
- **Monitor, evaluate, and support Special Events**

**Status:**

**Implement Facilities Improvement Recommendations –**

- Facility improvement recommendations have been placed in CIP; projects completed include the installation of a new shade arbor at Ramona Garden Park and the painting of the Grover Beach Train Station.

**Periodically assess existing facilities – Ongoing.**

**Monitor, evaluate and support Special Events – Ongoing.**

###