



CITY COUNCIL STAFF REPORT

TO: Honorable Mayor and City Council **DATE:** April 15, 2019

FROM: Matthew Bronson, City Manager

PREPARED BY: Matthew Bronson, City Manager
Deanne Purcell, Administrative Services Director

SUBJECT: 2019-21 Major City Goals Work Programs and 2019-20 Budget Update

RECOMMENDATION

Receive draft work programs for 2019-21 Major City Goals and an update on the 2019-20 budget development including preliminary recommendations and provide input and direction to staff.

BACKGROUND

2019-21 Major City Goals Work Programs

On February 22, 2019, the Council conducted a goal-setting workshop to determine Council Goals for the next 2-3 years. Prior to the February 22nd workshop, the Council received an updated 10-year General Fund Fiscal Forecast on February 4 along with an update on the status of implementing existing Council Goals and approved a process for determining goals for the next 2-3 years. The process engaged the community through a City Priorities Community Forum attended by 18 community members and an online survey with 41 responses. Information from the forum and survey was provided to the Council for consideration in identifying potential priorities. Each Council Member was asked to submit up to seven goal suggestions responding to the following question: *What are the most important, highest priority things for the City of Grover Beach to achieve or advance over the next 2-3 years?*

These suggestions formed the foundation for the February 22nd goal-setting workshop where individual goal proposals that were similar in nature were captured in synthesized language and stated as one goal while others were revised for clarity. A total of 11 candidate goals were ultimately drafted for consideration. After reviewing, rating and ranking the candidate goals, the Council identified a highly focused set of collective goals organized into three priority categories shown below that was formally adopted by the Council on March 4, 2019:

- *Major City Goals.* These represent the most important, highest priority goals for the City to accomplish over the next 2-3 years, and as such, resources to begin achieving them should be included in the 2019-20 budget.
 - Economic Development
 - Environmental Sustainability
 - Public Safety
 - Street and Other Capital Improvements

- *Other Important Goals.* Goals in this category are important for the City to accomplish, and resources to begin achieving them should be made available in the 2019-20 budget where feasible.
 - City Beautification
 - Code Enforcement
 - Homelessness
 - Pedestrian and Bicycle Safety
- *Address As Resources Permit.* While it is desirable to achieve these goals over the next 2-3 years, doing so is subject to current resource availability.
 - Community Engagement
 - Housing Affordability
 - Recreation and Community Programs

Attachment 1 shows a listing of these three categories of goals along with a descriptive statement for each goal. Similar to previous years, the next step in the goal-setting process is development of work programs for each Major City Goal to identify what staff will focus next fiscal year. The purpose of the work programs are to define and scope the adopted goal and ensure that staff has a clear understanding of the goal so that appropriate resources are allocated and progress can be measured in achieving it. This is particularly important for goals where full achievement will extend beyond 2019-20.

Attachment 2 contains the draft 2019-20 work programs for the four Major City Goals as developed by staff. Each work program includes the goal statement, action plan with tasks and due dates; and financial resources that will be required to accomplish these tasks. Financial resources in these draft work programs reflect a combination of funding resources and include both existing funding and recommended changes for next year's budget as shown below along with the applicable goal:

- Economic and business development financial support (Economic Development)
- Central Coast Blue engineering and final design contribution (Environmental Sustainability)
- Five Cities Fire Authority Year Two Strategic Plan implementation including transition of Reserve Firefighters at Grover Beach station to Permanent Firefighters (Public Safety)
- New 1.0 FTE Police Sergeant position effective January 2020 funded 50% by cannabis permit fees to provide greater field supervisory capacity consistent with 2018 Police Department audit (Public Safety)
- Increase 0.75 FTE Cannabis Detective to 1.0 FTE position funded by cannabis permit fees with current and anticipated workload in regulating cannabis industry (Public Safety)
- Increase 0.5 FTE Property/Records Technician to 1.0 FTE position given records volume consistent with 2018 Police Department audit (Public Safety)
- Measure K-14 street improvement funding for various street projects (Street and Other Capital Improvements)
- Capital project funding for parks, facilities, sidewalks, and water and sewer utilities (Street and Other Capital Improvements)

2019-20 Budget Development Update

Staff is also finalizing its work on developing the proposed budget for 2019-20 which will be provided to the Council in May. The recommendations included in the budget are intended to

continue aligning City resources to Council priorities as defined by Council Goals as well as address key organizational needs within appropriate financial parameters including an appropriate fund balance level. In addition to the items listed above, below are examples of other preliminary budget recommendations that will be included in the 2019-20 proposed budget (funding source is the General Fund unless otherwise noted):

- Additional one-time funding for parks maintenance
- Increase of 0.5 FTE Administrative Assistant in Parks and Recreation Department to 1.0 FTE position for greater capacity for community engagement and volunteer coordination
- Citywide licensing of Microsoft Office 365 software
- One-time replacement of aging computer servers
- Low-income subsidy for utilities customers
- One-time purchase of wood chipper for maintenance tasks
- One-time consultant funding for Housing Element update
- New service agreement for community cameras
- Public art one-time funding support

The proposed budget will continue the significant level of non-General Fund capital improvement projects including the multi-year street improvements funded by Measure K-14 and key water and wastewater capital projects. A draft of the five-year Capital Improvement Program was presented to the Council on March 18, 2019 and input and direction from the Council will be incorporated into a final version presented with the proposed budget.

Overall, staff has been reviewing revenue estimates along with projected expenditures to close a projected gap between revenues and expenditures in 2019-20 which was estimated at \$503,000 in the long-term forecast presented in February. Stronger-than-expected revenues estimated for the current fiscal year as well as for next year have enabled staff to reduce the projected gap next year to approximately \$200,000 while proposing key investments to implement Council Goals and address community needs. While the proposed operating budget for 2019-20 will still include a temporary use of reserves, the budget is anticipated to produce ending reserves of approximately 25% of operating expenditures which exceeds the Council's goal of 20% as well as the policy minimum of 15%. Anticipated budget surpluses in future years are projected to add to these reserves. Following the release of the proposed budget in May, the Council will have an opportunity at the budget hearing on June 3, 2019 to provide direction on the status of the City's reserves and whether any additional one-time investments may be warranted for items such as infrastructure or facility needs or pension liability payments.

Lastly, staff is proposing an approach for funding select community-based service organizations for 2019-20. The Council has annually considered such requests for inclusion in the following year budget and funded the following groups in this year's budget:

• 5Cities Homeless Coalition	\$ 5,000
• HomeShare SLO	\$ 5,000
• Housing Trust Fund	\$ 5,000
• SLO NOOR Foundation	\$10,000
• SCORE of SLO County	\$ 2,500
• Five Cities Diversity Coalition	<u>\$ 2,000</u>
	\$29,500

Of this \$29,500 total, \$15,000 was funded through the Successor Agency Housing Fund for 5Cities Homeless Coalition, HomeShare SLO and the Housing Trust Fund with the balance (\$14,500) funded in the General Fund. This year's budget also included funding to support the Chamber of Commerce and Economic Vitality Corporation.

For the upcoming fiscal year, staff is proposing to fund these groups at predominantly similar levels at the discretion of the City Manager to minimize efforts this year in soliciting and reviewing requests as part of the budget development process. These funds will be grouped by General Fund and Successor Agency Housing Funds with \$15,000 total spent from each fund. Staff has not had the capacity this year given competing priorities to develop a formal policy for funding outside organizations or solicit requests from existing or prospective organizations, but staff would develop such a policy in preparation for the 2020-21 budget development process. Staff would contact the groups recommended for funding in 2019-20 to notify them of the June 3, 2019 budget hearing if they wished to provide further information to the Council following the release of the proposed budget.

Summary

Staff is seeking Council's input on these draft work programs and preliminary budget recommendations to finalize the work programs and the 2019-20 proposed budget. This input will be used in finalizing the proposed budget for 2019-20 which will be presented to the Council at the June 3, 2019 budget hearing. The Council's adoption of the final budget in June will serve as the final approval for these work programs for the Major City Goals. Staff will then begin implementing these work programs in the new fiscal year and report back to Council on progress throughout the year.

FISCAL IMPACT

No fiscal impact from this agenda item.

ALTERNATIVES

The City Council has the following alternatives to consider:

1. Receive draft work programs for 2019-21 Major City Goals and an update on the 2019-20 budget development including preliminary recommendations and provide input and direction to staff; or
2. Provide alternate direction to staff.

PUBLIC NOTIFICATION

The agenda was posted in accordance with the Brown Act.

ATTACHMENTS

1. 2019-21 City Council Goals
2. Draft Work Programs for Major City Goals

MAJOR CITY GOALS

ECONOMIC DEVELOPMENT. Develop and implement economic development strategies that support business retention and attraction, tourism including hotel development, revenue generation and effective permit processing.

ENVIRONMENTAL SUSTAINABILITY. Integrate environmentally sustainable principles and practices into City operations and new development plans and standards; increase resource conservation and reduce carbon emissions through initiatives such as Central Coast Blue, Community Choice Energy and electric vehicle charging stations.

PUBLIC SAFETY. Ensure quality, contemporary public safety services (police, fire, emergency medical) by providing adequate resources to meet existing demands; and by engaging businesses and the community in addressing public safety challenges, such as vagrancy problems near commercial areas, neighborhoods and parks.

STREET AND OTHER CAPITAL IMPROVEMENTS. Continue improvements to major and local streets using Measure K-14 funds, SB1 funds and other resources, incorporating where feasible other desirable capital improvements (e.g. upgrade/maintenance of water, sewer, storm water and curb, gutter and sidewalk); and improve other infrastructure such as City parks, recreation facilities and other public buildings.

OTHER IMPORTANT GOALS

CITY BEAUTIFICATION. Enhance the appearance of the community through tree maintenance and landscaping, utility undergrounding, public art and signage, especially along the Grand Avenue corridor.

CODE ENFORCEMENT. Strengthen the code enforcement program to be more proactive in inspecting and addressing such issues as overgrown landscaping, short term rental violations, illegal advertising/business signage, conflicting right-of-way encroachments and continued monitoring of the cannabis industry.

HOMELESSNESS. Partner with regional agencies and organizations to address homelessness challenges, potentially through joint efforts to provide daytime services, warming stations, transitional housing, shelter, and mental health support.

PEDESTRIAN AND BICYCLE SAFETY. Make Grover Beach a more pedestrian and bicycle friendly community by adding and/or enhancing bicycle lanes, sidewalks, street lights, street and crosswalk striping and enhancements, and other traffic calming measures.

ADDRESS AS RESOURCES PERMIT

COMMUNITY ENGAGEMENT. Provide opportunities for community members to engage and be involved with their community through programs, initiatives and events.

HOUSING AFFORDABILITY. Collaborate with developers and non-profits in efforts to increase affordable housing availability, and pursue other strategies such as State housing density incentives, added accessory dwellings units, and grants that support affordable housing programs/projects.

RECREATION AND COMMUNITY PROGRAMS. Provide viable recreation, youth, and special event programs designed to meet current and emerging needs, while avoiding duplication of programs offered by other providers.



MAJOR CITY GOAL DRAFT 2019-20 WORK PROGRAM

ECONOMIC DEVELOPMENT

GOAL STATEMENT

Develop and implement economic development strategies that support business retention and attraction, tourism including hotel development, revenue generation and effective permit processing.

STAFF LEAD: Matthew Bronson, City Manager; Bruce Buckingham, Community Development Director

TASK	DATE
Business Retention and Attraction	
1. Work with Chamber to meeting periodically with local businesses on key issues facing business community	Ongoing
2. Work with Chamber to promote use of new Grover Beach co-working space as business development strategy	Ongoing
3. Collaborate with partner agencies to identify economic development strategies to support regional economy	Ongoing
4. Work with Digital West on marketing efforts to promote broadband use by businesses as initial service begins	Ongoing
Tourism Development	
1. Begin oversight and construction management for Urban Commons hotel on El Camino Real	July 2019
2. Process development application for 1598 El Camino Real hotel project for Council consideration and entitlement	August 2019
3. Finalize plans and issue City permits for Grover Beach Lodge in conjunction with State Parks plan checking and permit issuance	January 2020
4. Initiate discussions regarding formation of a Tourism Business Improvement District to promote tourism to Grover Beach	Spring 2020
Commercial Cannabis Activities	
1. Continue compliance activities and revenue collection for commercial cannabis businesses	Ongoing
2. Process additional development applications for commercial cannabis businesses	Ongoing
3. Review current ordinances, regulatory costs and fees, and tax structure and engage the Council on potential changes	April 2020
4. Revise ordinances as directed by Council and present revised ordinances for adoption	June 2020



MAJOR CITY GOAL DRAFT 2019-20 WORK PROGRAM

ECONOMIC DEVELOPMENT

Permit Processing	
1. Begin update of Engineering City Standards and Specifications	July 2019
2. Work with Arroyo Grande to explore opportunities for shared building inspection and plan check resources	July 2019
3. Complete sign ordinance update with amended ordinance for Council adoption	September 2019
4. Present additional development code updates to Council for consideration	November 2019
5. Complete Engineering City Standards and Specifications	January 2020
6. Continue to implement other recommendations from 2018 development review study to streamline development review process	Ongoing

KEY POLICY/OPERATIONAL ISSUES

- Continued need for focus on hotel development projects given additional tax revenues and development opportunities
- Continued high level of staff time and focus on commercial cannabis industry given its complexity and additional tax revenues
- Importance of maximizing potential of broadband network for business attraction and retention
- City's involvement in regional economic development strategies to ensure community economic vitality in the future
- Resources primarily comprised of staff time for economic development activities though SB 1090 allocation for Grover Beach would provide new one-time source of economic development funding

FINANCIAL RESOURCES REQUIRED

2019-20 Cost Summary	
Economic and business development assistance	\$20,000
Total	\$20,000

2019-20 Funding Sources	
General Fund funding	\$20,000
Total	\$20,000



MAJOR CITY GOAL DRAFT 2019-20 WORK PROGRAM

ENVIRONMENTAL SUSTAINABILITY

GOAL STATEMENT

Integrate environmentally sustainable principles and practices into City operations and new development plans and standards; increase resource conservation and reduce carbon emissions through initiatives such as Central Coast Blue, Community Choice Energy and electric vehicle charging stations.

STAFF LEAD: **Matthew Bronson, City Manager; Greg Ray, Public Works Director**

TASK	DATE
Central Coast Blue	
1. Finalize benefit sharing framework including agency participation, SSLOCS participation, and funding strategies	July 2019
2. Complete preliminary engineering necessary to complete Environmental Impact Report (EIR)	July 2019
3. Release EIR Notice of Preparation and Initial Study	July 2019
4. Continue working on governance model	Ongoing
5. Finalize local groundwater model to identify sea water intrusion threats, benefits of injecting recycled water, and basin management needs	January 2020
6. Develop final groundwater management strategy	June 2020
Community Choice Energy	
1. Consider approving participation in Monterey Bay Community Power (MBCP) beginning in January 2021	July 2019
2. Begin working with MBCP on community notification efforts about CCE including opt-out provisions pending Council action on participation	January 2020
3. Work with other cities in the county to begin involvement with MBCP policy-making and operational processes	June 2020
Environmentally Sustainable Principles and Practices	
1. Begin working on opportunities to purchase greener City vehicles and equipment	July 2019
2. Review existing Climate Action Plan to determine needed updates to plan	January 2020
3. Work with MBCP on environmental sustainability programs for the City such as electric vehicle charging stations pending Council action on participation	June 2020



MAJOR CITY GOAL DRAFT 2019-20 WORK PROGRAM

ENVIRONMENTAL SUSTAINABILITY

KEY POLICY/OPERATIONAL ISSUES

- Relatively limited work program initially for new Major City Goal given early nature of this new goal for the City and staff resource limitations
- Primary focus on potential participation in a Community Choice Energy program and formalizing the City's costs and governance role with Central Coast Blue
- Climate Action Plan needs to be updated with an initial staff review this next year with formal update anticipated in the following year

FINANCIAL RESOURCES REQUIRED

2019-20 Cost Summary	
Central Coast Blue engineering design	\$487,000
Total	\$487,000

2019-20 Funding Sources	
Water Fund	\$487,000
Total	\$487,000



MAJOR CITY GOAL DRAFT 2019-20 WORK PROGRAM

PUBLIC SAFETY

GOAL STATEMENT

Ensure quality, contemporary public safety services (police, fire, emergency medical) by providing adequate resources to meet existing demands; and by engaging businesses and the community in addressing public safety challenges, such as vagrancy problems near commercial areas, neighborhoods and parks.

STAFF LEAD: **John Peters, Chief of Police; Steve Lieberman, Five Cities Fire Chief**

TASK	DATE
1. Transition from Reserve (part-time) Firefighters to Permanent Firefighters at Grover Beach station (3 personnel)	July 2019
2. Continue review and potential reprioritization of Five Cities Fire Authority Strategic Plan	July 2019
3. Increase Police Department staffing to convert the part-time Property/Records Technician position to permanent full-time, convert part-time Cannabis Detective position to permanent full-time and add a Sergeant position to increase supervision and oversee Detectives (January 2020)	July 2019
4. Continue FCFA JPA revisions including funding formula for member cost-sharing	October 2019
5. Implement software programs for Detective Case Management, tracking of citizen complaints, and updating use of force reviews	October 2019
6. Increase community engagement by updating the Police Department website capabilities to increase transparency and provide additional information to the community	January 2020
7. Plan for potential FCFA JPA restructuring	March 2020
8. Complete a Police Department Strategic and Succession Plan	June 2020
9. Ensure adequate resources to support commercial cannabis regulatory activities	Ongoing
10. Increase capabilities of Community Camera Program through collaborative partnerships with public/private industries and the addition of cameras to schools, parks and commercial areas	Ongoing

KEY POLICY/OPERATIONAL ISSUES

- Continued focus on providing required resources to provide consistent and effective response to increasing fire and emergency services needs
- Completion and approval of FCFA Joint Powers Agreement revisions and contingency planning for a potential change in JPA membership



MAJOR CITY GOAL DRAFT 2019-20 WORK PROGRAM

PUBLIC SAFETY

- Development of public/private partnerships to increase capabilities of Community Camera Program
- Identify funding opportunities to meet existing demands for Police Department staffing
- Efficient use of grant funds to plan, develop, implement, and report on Police Department programs

FINANCIAL RESOURCES REQUIRED

2019-20 Cost Summary	
Year two of FCFA Strategic Plan transition of Reserve Firefighters to Permanent Firefighters at Grover Beach station	\$177,000
Police staffing increases	\$142,000
Police technology and strategic planning	\$75,000
Total	\$394,000

2019-20 Funding Sources	
General Fund	\$394,000
Total	\$394,000



MAJOR CITY GOAL DRAFT 2019-20 WORK PROGRAM

STREET AND OTHER CAPITAL IMPROVEMENTS

GOAL STATEMENT

Continue improvements to major and local streets using Measure K-14 funds, SB1 funds and other resources, incorporating where feasible other desirable capital improvements (e.g. upgrade/maintenance of water, sewer, storm water and curb, gutter and sidewalk); and improve other infrastructure such as City parks, recreation facilities and other public buildings.

STAFF LEAD: Greg Ray, Public Works Director/City Engineer

TASK	DATE
1. Continue to identify key streets and intersections for implementation of sidewalk infill, traffic calming and safety enhancements	Ongoing
2. Complete design and begin construction of 16 th Street Park improvements (CIP 1004) including lighting, playground and restroom upgrades	October 2019
3. Complete construction of Mentone Basin Park improvements (CIP 1251)	November 2019
4. Complete Master Plan and design of Ramona Garden Park improvements (CIP 1258)	December 2019
5. Complete annual construction of Citywide Sidewalk Improvements (CIP 2273)	June 2020
6. Complete design of Major Street Maintenance (CIP 2283) including South Oak Park, West Grand Avenue and North 4 th Street	November 2019
7. Begin construction of first phase of Major Street Maintenance (CIP 2283) on North 4 th	January 2020
8. Complete construction of CIP 2295-6 (Newport Avenue)	November 2019
9. Complete construction of CIP 2295-8 (16 blocks in NW quadrant)	July 2019
10. Complete design and begin construction of CIP 2295-9 (South 16 th Street)	November 2019
11. Begin design of CIP 2295-10 (streets in the vicinity of Grover Beach Elementary)	February 2020
12. Complete design and begin construction of remaining Facility Monument and Wayfinding Signs (CIP 3001)	April 2020
13. Begin design of City Corporation Yard Improvements (CIP 3002)	January 2020
14. Begin construction of City Hall Improvements (CIP 3263)	January 2020
15. Complete construction of Train Station Expansion Project (CIP 3312)	September 2019
16. Finalize plan for Ramona Square Parking Lot project (CIP 3393) including confirmation of property owner involvement	February 2020
17. Complete CDBG water line upgrades (CIP 4267)	June 2020



MAJOR CITY GOAL DRAFT 2019-20 WORK PROGRAM

STREET AND OTHER CAPITAL IMPROVEMENTS

KEY POLICY/OPERATIONAL ISSUES

- Impacts of accelerated Measure K-14 Street Improvements on limited field maintenance staff resources
- Need for water system improvements and the scope and timing of these improvements relative to street improvements
- Funding and scope of sidewalk infill, traffic calming, and other safety enhancements to be incorporated with street improvement work
- Effective use of Pavement Condition Index (PCI) street ratings to inform future decisions on street improvements
- Need for street improvements on arterials and major streets with limited funds from Gas Tax, and Local Transportation Funds
- Continuing to improve communication to the public about the scope and timing of our street improvements
- Sharing preliminary street designs with Council for additional guidance prior to final designs



MAJOR CITY GOAL DRAFT 2019-20 WORK PROGRAM

STREET AND OTHER CAPITAL IMPROVEMENTS

FINANCIAL RESOURCES REQUIRED

2019-20 Cost Summary	
CIP 1004 Construction of 16 th Street Park Improvements	\$335,000
CIP 1251 Complete construction of Mentone Basin Park Improvements	\$40,000
CIP 1258 Complete Master Plan and design of park improvements	\$70,000
CIP 2273 Construction of Citywide Sidewalk Improvements	\$100,000
CIP 2283 Design Major Street Maintenance Program	\$387,000
CIP 2283 Construct Phase 1, Major Street Maintenance Program	\$898,846
CIP 2295-6 Street Project Construction (Newport Avenue)	\$2,298,602
CIP 2295-6 Water Improvements	\$99,000
CIP 2295-8 Street Project Construction (16 blocks in NW quadrant)	\$336,000
CIP 2295-9 Street Project Design (S. 16 th Street)	\$200,000
CIP 2295-9 Street Project Construction	\$1,100,000
CIP 2295-10 Begin Street Project Design	\$20,000
CIP 3001 Design Facility Monument and Wayfinding Signs	\$2,000
CIP 3001 Construct Facility Monument and Wayfinding Signs	\$23,000
CIP 3002 Design City Corporation Yard Improvements	\$75,000
CIP 3263 Phased Construction of City Hall Improvements	\$55,000
CIP 3312 Construct Train Station Expansion	\$700,000
CIP 4001 Central Coast Blue	\$486,373
CIP 4267 CDBG Upgrade of 2" and 4" Water Mains	\$1,666,495
CIP 5001 Sewer Systems Upgrades	\$750,000
Total	\$9,642,316



MAJOR CITY GOAL DRAFT 2019-20 WORK PROGRAM

STREET AND OTHER CAPITAL IMPROVEMENTS

2019-20 Funding Sources	
2017 Street Bond	\$3,954,000
Water Fund	\$585,375
Wastewater Fund	\$500,500
Wastewater DIF	\$303,000
Gas Tax	\$250,000
Gas Tax (RMRA)	\$501,000
Local Transportation Funds (LTF)	\$1,318,346
CDBG	\$1,666,495
General Fund	\$118,000
Parks DIF	\$191,000
Parks Construction Fund	\$14,000
Parks Trust Account	\$40,000
Parks Grant – Prop 68	\$200,000
Total	\$9,642,316