



Council Strategic Session

**Day 1:
Operational Priorities**

January 19, 2018

DAY 1: OPERATIONAL	DAY 2: PRIORITY SETTING
<ul style="list-style-type: none"> Context Setting and State of the Organization 	<ul style="list-style-type: none"> Department Review of Operational Priorities
<ul style="list-style-type: none"> Budget Update and 10-Year Financial Plan Operational, Staffing & Workload Metrics 	<ul style="list-style-type: none"> Update on Policy Priorities from January 2017
<ul style="list-style-type: none"> Department Review of Operational Priorities 	<ul style="list-style-type: none"> Council Discussion of Aligned Priorities, Workload and Capacity, and Upcoming Priorities for 2018

MORNING SCHEDULE		AFTERNOON SCHEDULE	
8:00 am – 8:30 am	Welcome Framework for Retreat	1:05 pm – 2:10 pm	Department Operational Priority Presentations: - Library - Parks and Recreation - Water and Sewer Utilities
8:25 am – 8:45 am	Public Presentations		
8:45 am – 9:45 am	State of the Organization		
10:30 am – 12:15 pm	Department Operational Priority Presentations: - Human Resources - Finance - Information Technology - City Clerk’s Office - City Attorney’s Office	2:25 pm – 3:30 pm	Department Operational Priority Presentations: - Community Development - Department of Public Works - Silicon Valley Power
12:45 pm – 1:05 pm	Public Presentations	4:00 pm – 4:20 pm	Public Presentations
		4:20 pm – 5:00 pm	Summary of Day 1

AGENDA



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City Manager’s Message



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Council Policy Priorities

1. Promote and Enhance Economic and Housing Development
2. Enhance Community Sports and Recreational Assets
3. Deliver and Enhance High Quality Efficient Services and Infrastructure
4. Maintain Adequate Staffing Levels
5. Enhance Community Engagement and Transparency
6. Ensure Compliance with Measure J and Manage Levi's Stadium

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City Manager's Core Services

1. Support **City Council with policy development and strategic visioning**
2. Support City Council with **Fiscal Management** and 10-Year Budget Forecast
3. Stabilize the organization with respect to **operations** and key projects, initiatives, staffing resource needs, and vulnerable business operations. Oversee departments with policy development, operations, and fiscal management.
4. Supporting service improvements that achieve strategic focus, efficiencies, manage risk, and promote customer service
5. Balancing workload against Council policy – be clear about alignment, capacity, resources, etc. in a manner that is easily understood

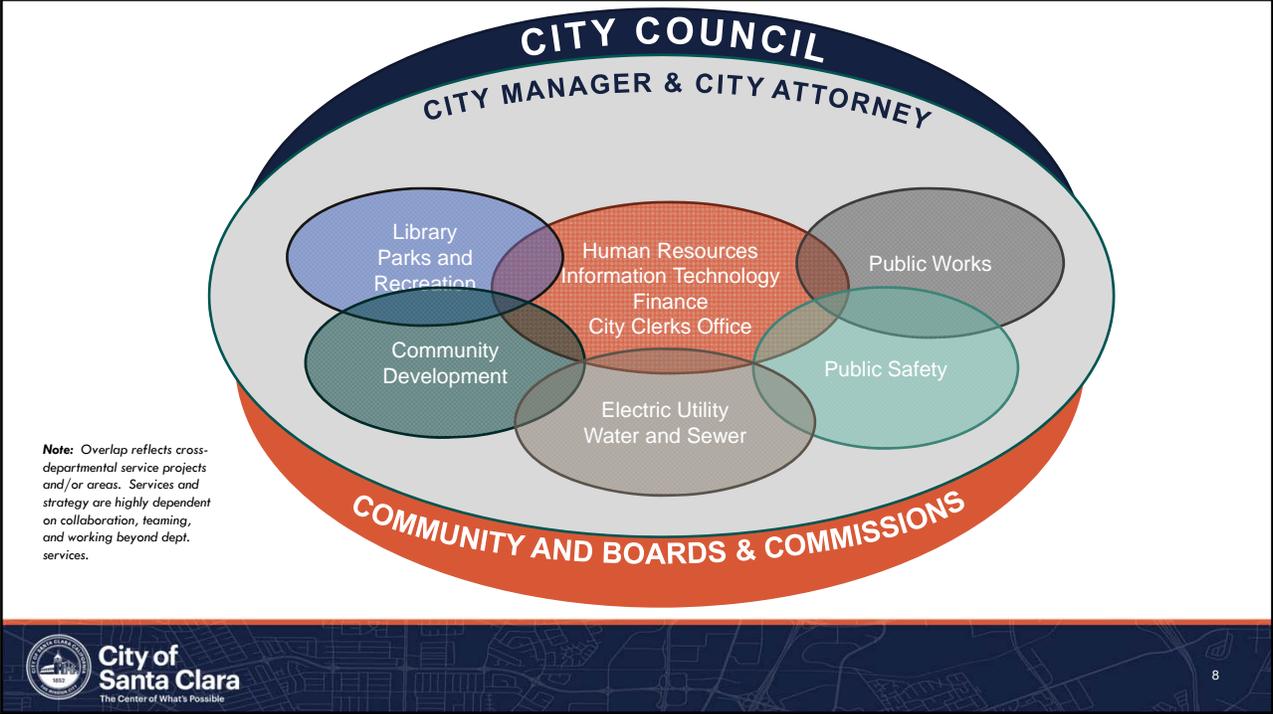
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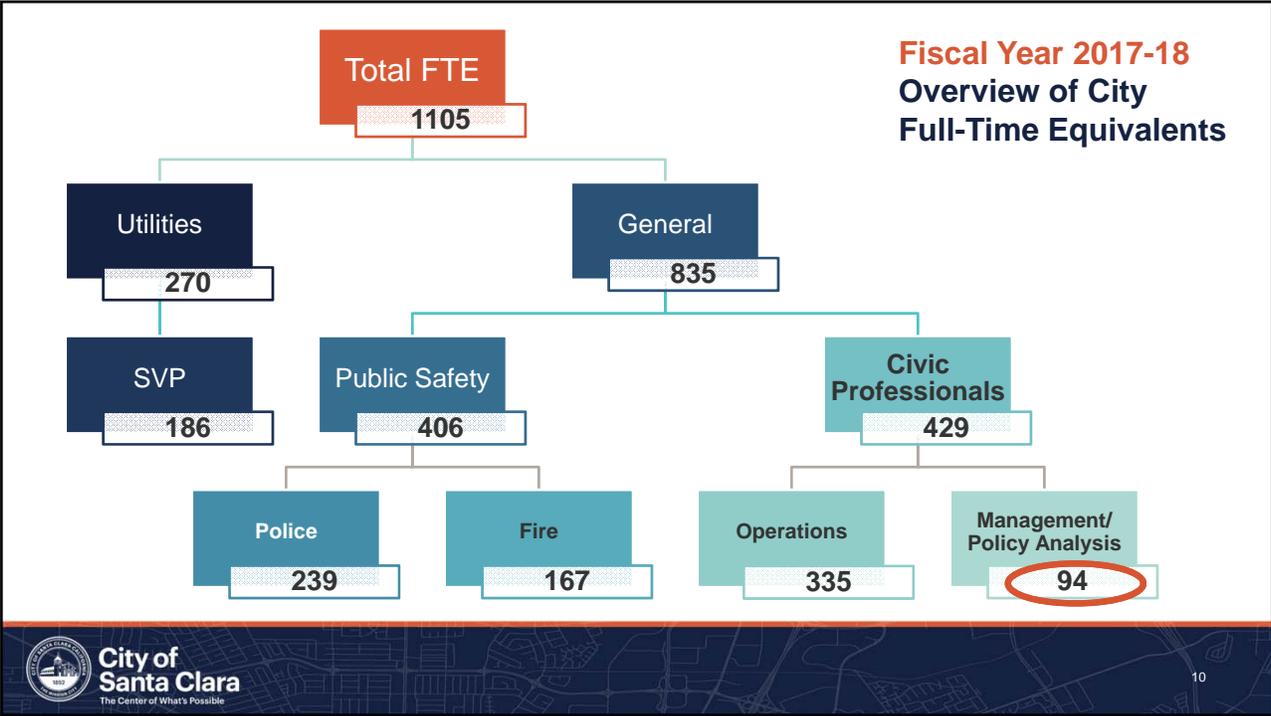
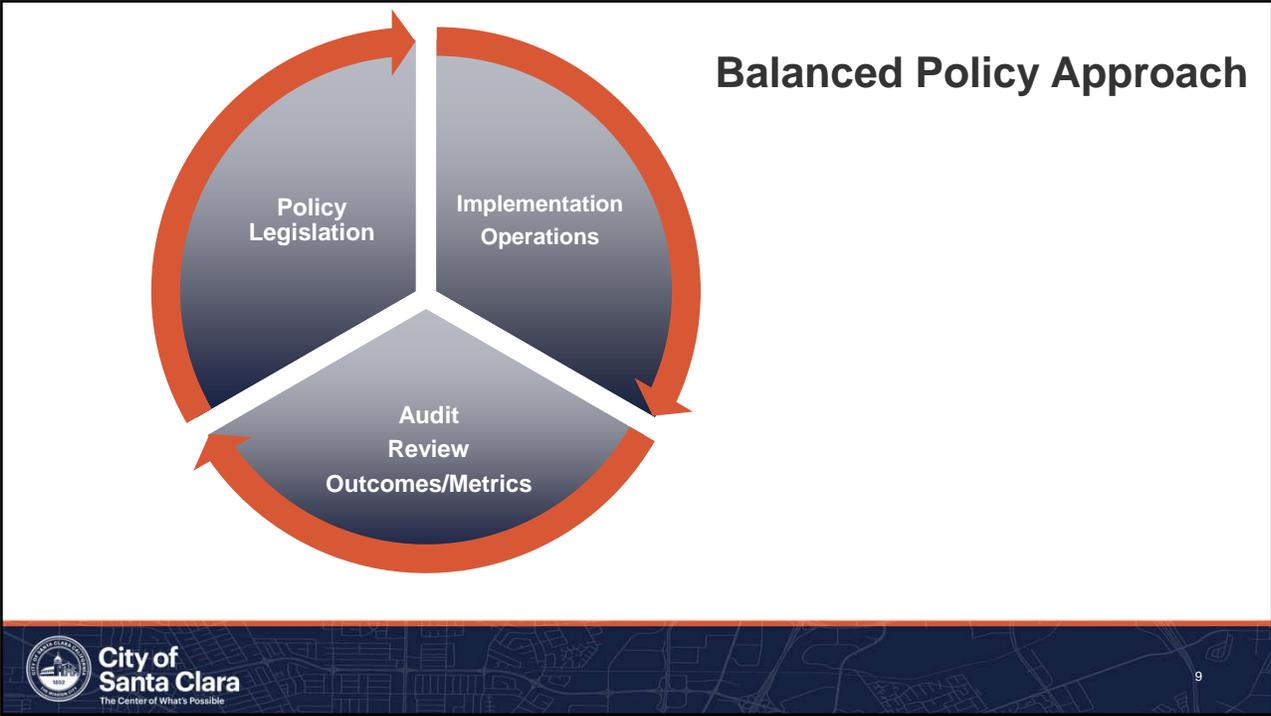
10-20% Council Policy

80-90% Day-to-Day Operations and Service Delivery

Workload Iceberg Analogy

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Major Drivers of Workload



State of Operations

1. Organization has had a lot of change and transition (e.g., economic and leadership), deferral of key initiatives that are now urgent — Staff is unequivocally **RESILIENT!** These events shape the organization.
2. Talented and committed workforce that is high performing, working under unprecedented volume of workload, manual processes, and requests for service.
3. Absence of an enterprise-wide workforce development program to promote training and continuous improvement. Absence of time to focus strategically on enterprise wide issues.
4. “Management Grip” -- Challenges with capacity, implementation, and focus of the workforce, e.g., IT implementation, capital projects, internal service initiatives, implementation resource needs (e.g., new laws, projects, contracts, Council direction), etc.



State of Operations (con't)

5. City has done well to build up its reserves and more fully understand our fiscal outlook.
6. Critical state for deferred, mission-critical projects (administrative, capital, strategic, etc.)
7. Tradition of effectiveness and being a model city in providing services to the community and Council
8. Strong desire to focus on quality service delivery, modernizing services, and increase customer service.

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State of Operations (con't)

10. Unanticipated initiatives are reoccurring and frequent, often without the needed resources -- impacts ability to fully implement and maintain "management grip"
11. Some key enterprise-wide functions are over de-centralized or not present (e.g., procurement, prevailing wage compliance, risk management, training & certifications, performance auditing or management reviews, contracts management, intergovernmental relations, real estate/asset management, process improvement, and some administrative processes are extremely weak)
12. Additional workload should continue to be evaluated against:
 - a) Policy and operation priorities,
 - b) Budget forecast
 - c) Timing (capacity stretched)
 - d) Allowance for predictable unanticipated initiatives

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City Council Support & Relations

- Committed to the City with deep interest to work in a strategic manner
- Significant increase in legislative meetings, e.g., City Council, Stadium Authority Meetings, Committees, Ad Hoc, etc.
- Council's work has been impacted by deferral or delay of several initiatives that were placed "on hold" during transition
- Administrative failures cause confusion and adverse impacts to Councilmembers, e.g., travel, contract management, PRAs, audit function, minutes, policy implementation, etc.
- No formal workload review process to manage capacity and focus, with routine reporting to the City Council for updates and management
- Open to pacing the organization on legislative priorities and unanticipated work
- Strong desire for higher level of improved trust and relations, staff strongly wants to meet the Council's needs and share barriers to success

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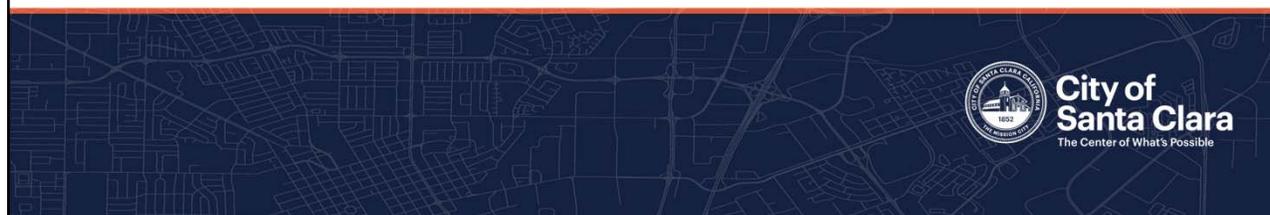
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Long – Term Strategic Planning

- 10 Year Fiscal Outlook provides context for revenue and expenditure planning– From a strong fiscal management, all else is possible!
- Strategic land-use plans underway - strong policy development for balanced growth
- Business operations require same level of strategic diligence, some significant services are absent and adversely impact trust, risk, and operations
- Outdated systems and processes require modernizing in the short-term and will support modernizing the organization
- Strategic vision and innovation – RESILIENCE very present

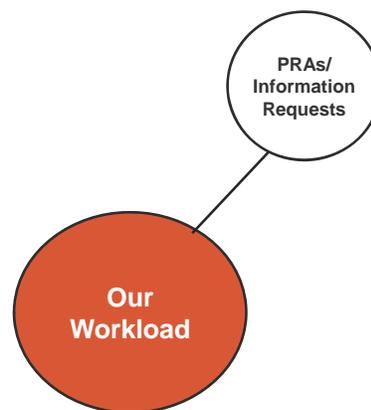
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Operational, Staffing & Workload Metrics



Information Requests

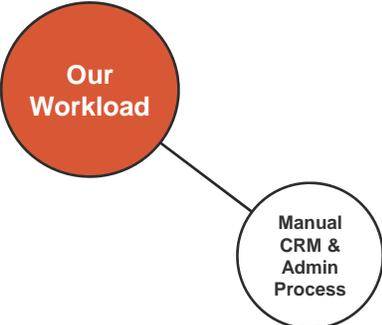
- Unprecedented number of Public Records requests with significant number of responsive records requiring review by City Attorney's Office and City Manager's Office (e.g., common to work on near a dozen PRAs at once in CMO, with a single PRA resulting in over 1,000 records requiring review of each email by staff)
- Numerous information requests from Council to departments, including City Manager's Office
- Numerous information requests made from public at Committee and Council meetings
- Decentralized and manual PRA system, Records Management System, and lack of e-discovery software and staff training to properly review PRAs





Manual Processes - Drain on Organization

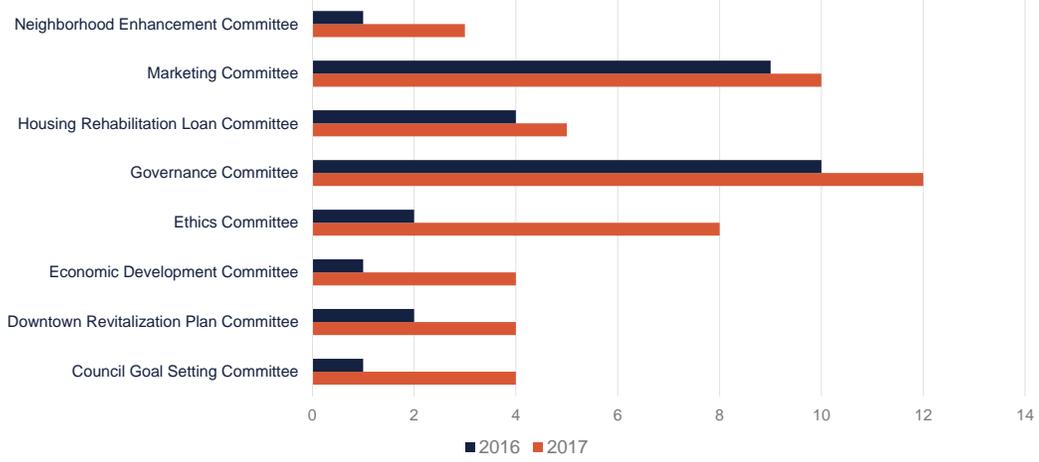
- Administrative processes are paper intensive – absorbs staff capacity and efficiency opportunities
- Lack of Customer Relationship Management (CRM) system – Improvised tracking logs that are cumbersome, have issues with version control, and do not produce service trend analytics
- Decentralized functions: records management, CRM coordination, procurement, asset management, etc.
- Labor intensive processes due to lack of modernized technology tools, busy sustaining these time consuming manual processes and stretched to concurrently implement new automated processes



Council Meetings -- 39% increase

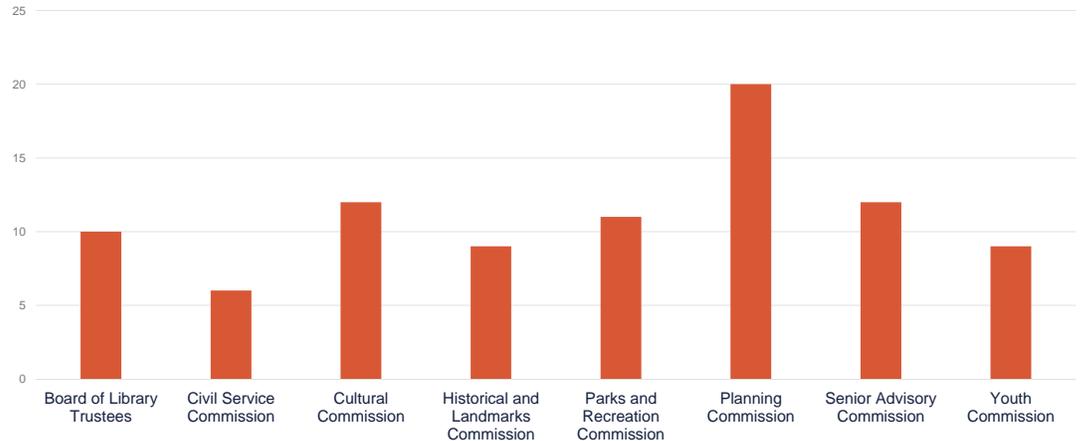


Sample Committee Meetings - 60% Increase



Board, Commission and Committees

Meetings in 2017





Policy Issues/Initiatives

- Living Wage Policy
- Downtown Build Out & Revitalization
- Affordably Housing Policy (e.g., HATS)
- Minimum Wage
- Worker Retention
- Noise Monitoring
- Collaboration with NOVA
- Cannabis Ordinance
- Method of Election for Council Members – District Elections
- Massage Ordinance
- Historic Preservation Inventory
- Affordable Housing vis a vis Prevailing Wage
- Safe Routes to School Program
- Civic Center Space Needs (SVP-Surplus Land)
- Campaign Fund Raising Ordinance (e.g., Dark Money)
- Convention Center Strategy
- Parks-Pool Ballot Measure
- Cannabis Tax Ballot Measure
- Council District Boundary Measure
- AND MORE!

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Upcoming Potential Ballot Initiatives

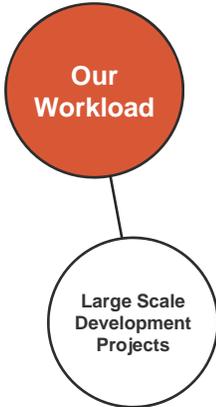
- **June 2018**
 - District Elections
 - Mission Community College Bond (Potential)
- **November 2018**
 - Cannabis tax
 - International Swim Center & Community Recreation Center Project
 - Mayoral and 1 District Election (2 Council Members)
 - School District Bond
 - Other potential ballot measures TBD

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Large Scale Development Projects

- City Place
- Westfield Valley Fair Mall Expansion
- Specific plans for El Camino, East Tasman, Lawrence, Patrick Henry and Freedom Circle
- Next phase of Santa Clara Square
- Downtown Revitalization

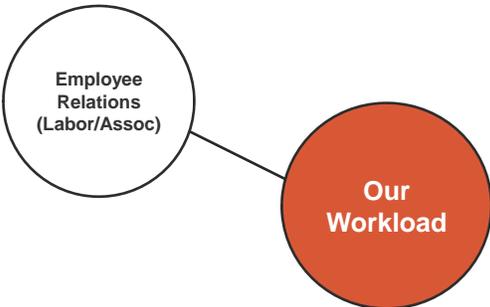


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Employee Relations

- Active negotiation with 5 Bargaining Units
 - Unit 2, IAFF
 - Unit 5, 7 & 8, Employees Association
 - Unit 6, AFSCME
 - Unit 9, Miscellaneous Management
 - Unit 9B, Fire Management

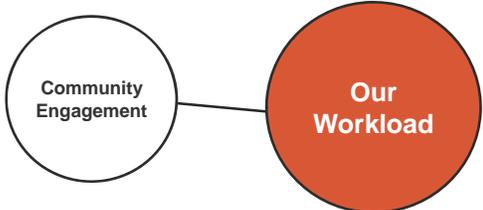


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Community Engagement

- Marked increase in community meetings and community engagement
- Significant increase in social media posts and engagement
- Revised Written Petition policy
- Conducted 7 Open City Hall surveys in 2017
- Robust Community Engagement process in early 2018 re Levi's Stadium underway



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Summary

- Much activity on multiple fronts that has increased significantly within the past year
- Need to examine the value-add of some efforts and determine if we are using our resources strategically
- Capacity is an issue – balancing City Council Policy Priorities, new initiatives, required operational improvements, and other duties is a challenge for the organization

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Fiscal Outlook



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Fiscal Outlook

- City Council has been wise to build up reserves and adopt strong budget principles
- Significant progress with 10 Year Fiscal Plan and Corrective Forecast Adjustments
- Predictable Rising Pension Costs
- Revenue - Tax volatility (e.g., 47% of General Fund dependent significantly on Sales Tax and Transient Occupancy Tax which are highly volatile revenue sources)
- Liabilities for Other Post Employment Benefits (OPEB)
- Unfunded Infrastructure and increasing demands for service
- Need for Strategic Plan on revenue opportunities and expenditure management
- Tax Reform Impacts are Not Fully Understood, Impact TBD

2017-18 Citywide Annual Operating Budget = \$729.1M

Fund Type (\$ millions)	2016-17 Adopted	2017-18 Adopted	Increase or (Decrease)	% Change
General Fund	\$201.4	\$219.1	\$17.7	9%
General Fund Debt	\$2.5	\$2.5	\$0.0	0%
Special Revenue Funds	\$4.2	\$7.2	\$3.0	71%
Internal Service Funds	\$16.4	\$15.8	(\$0.6)	(4%)
Enterprise Funds	\$442.4	\$484.5	\$42.1	10%
Total	\$666.9	\$729.1	\$62.2	9%

2017-18 General Fund Appropriations by Type = \$219.1M

Expenditure Category (\$ millions)	2016-17 Adopted	2017-18 Adopted	Increase or (Decrease)	% Change	% of Total GF Budget
Salary and Benefits	\$159.9	\$170.2	\$10.3	6%	78%
Services and Supplies	\$31.5	\$38.0	\$6.5	21%	17%
Interfund Services	\$9.6	\$10.2	\$0.6	6%	5%
Capital Outlay	\$0.4	\$0.7	\$0.3	75%	0%
Total General Fund*	\$201.4	\$219.1	\$17.7	9%	100%

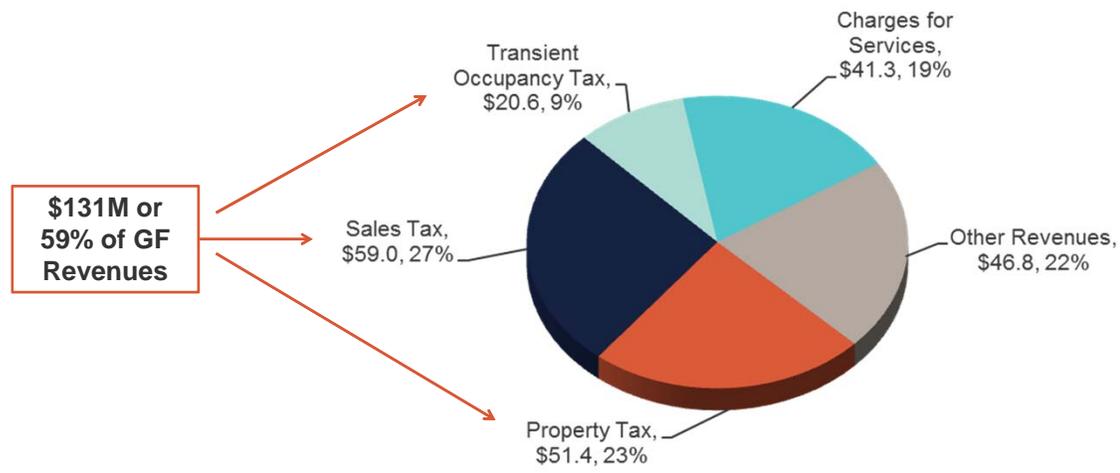


Fiscal Outlook

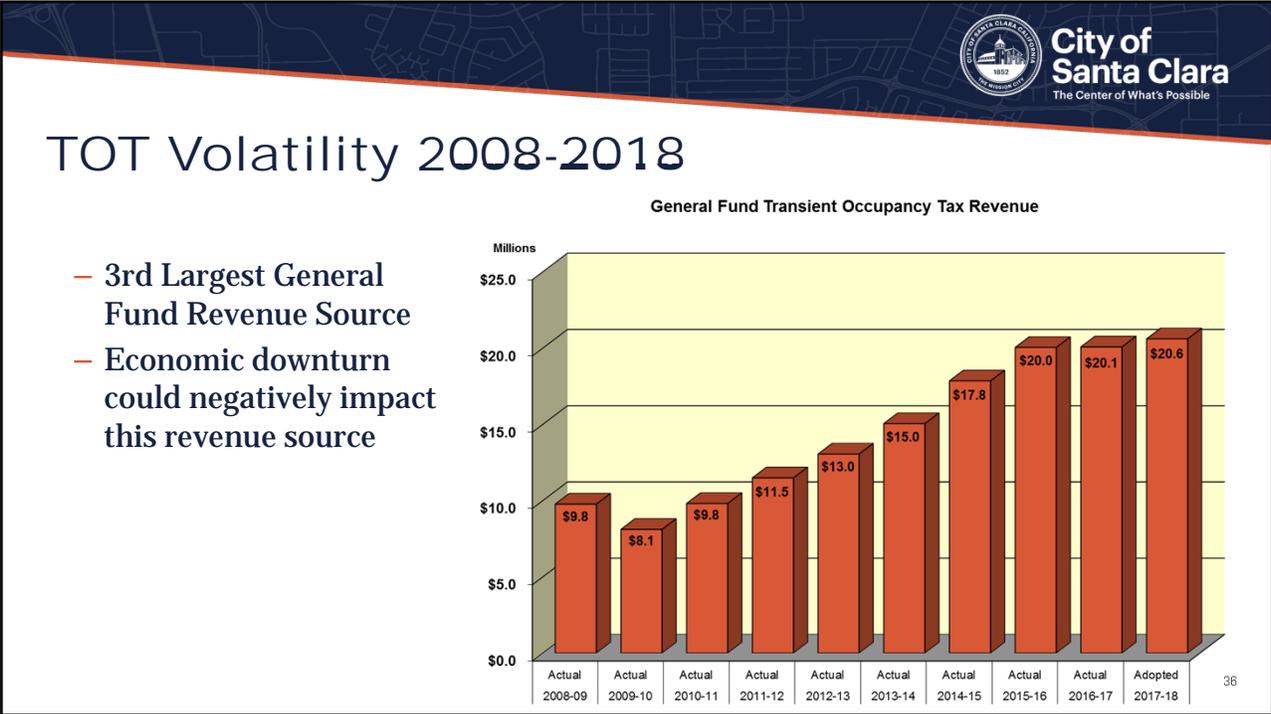
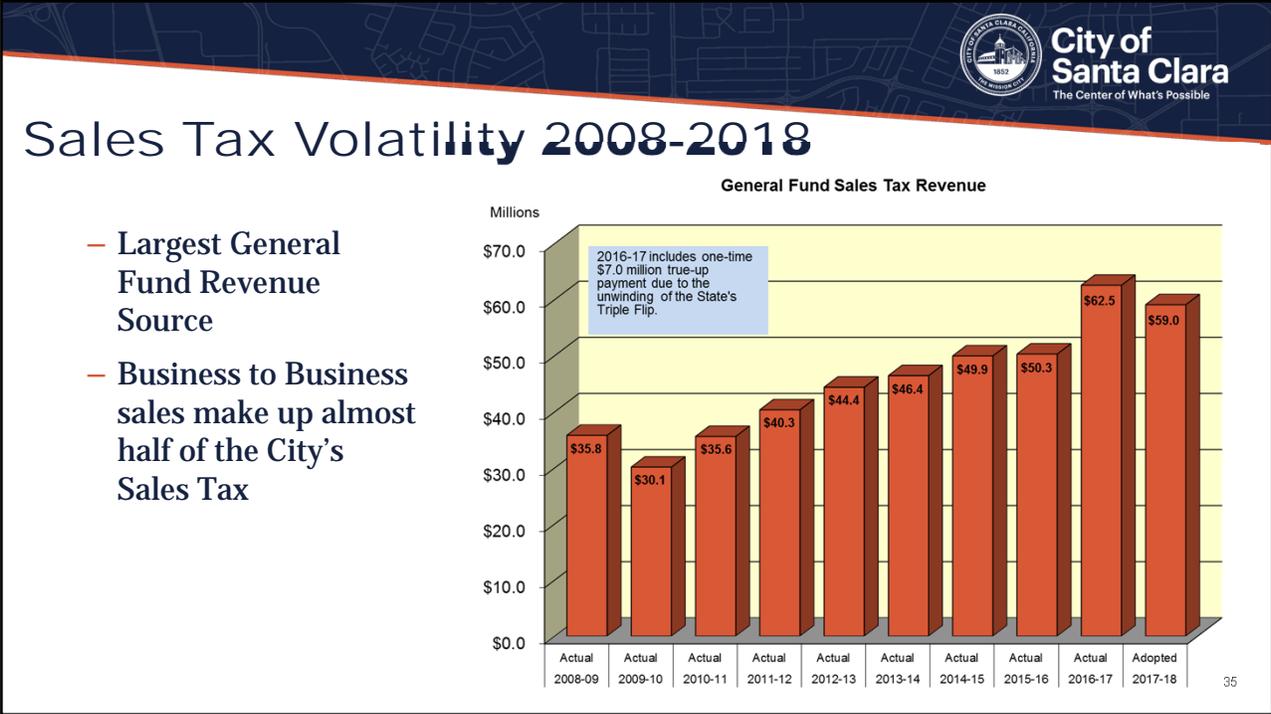
Revenue Source	Stable	Trend	% of General Fund
Sales Tax		↓	27%
Property Tax	✓	↑	23%
Transient Occupancy Tax (TOT)		↔	9%
Total			59%

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2017-18 General Fund Resources = \$219.1M



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Fiscal Challenges

- **Rising Pension Costs**
 - Managing three impacted categories: retirees, classic members, & PEPPRA
 - CalPERS actions lowering the Discount Rate projected to have a significant cost impact -- 7.5% to 7% over three years
 - New 10-Year Financial Plan using the City's actuary (Bartel & Associates) projected PERS rates provides structure for fiscal management
 - Rising Pension Costs absorb projected revenue growth

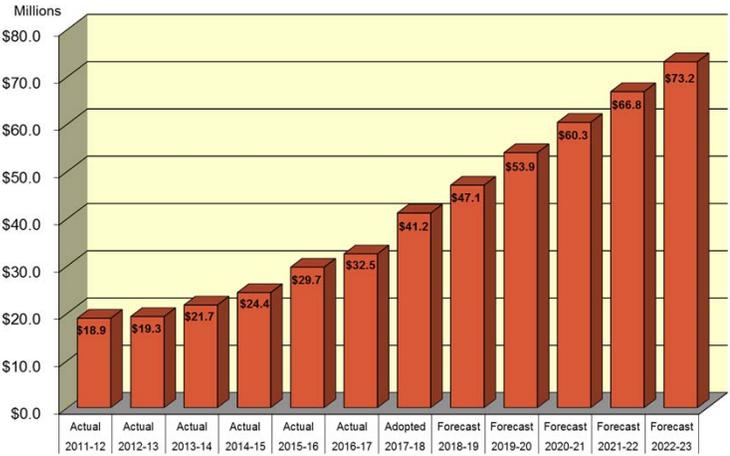
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Fiscal Challenges

General Fund PERS Expenditures

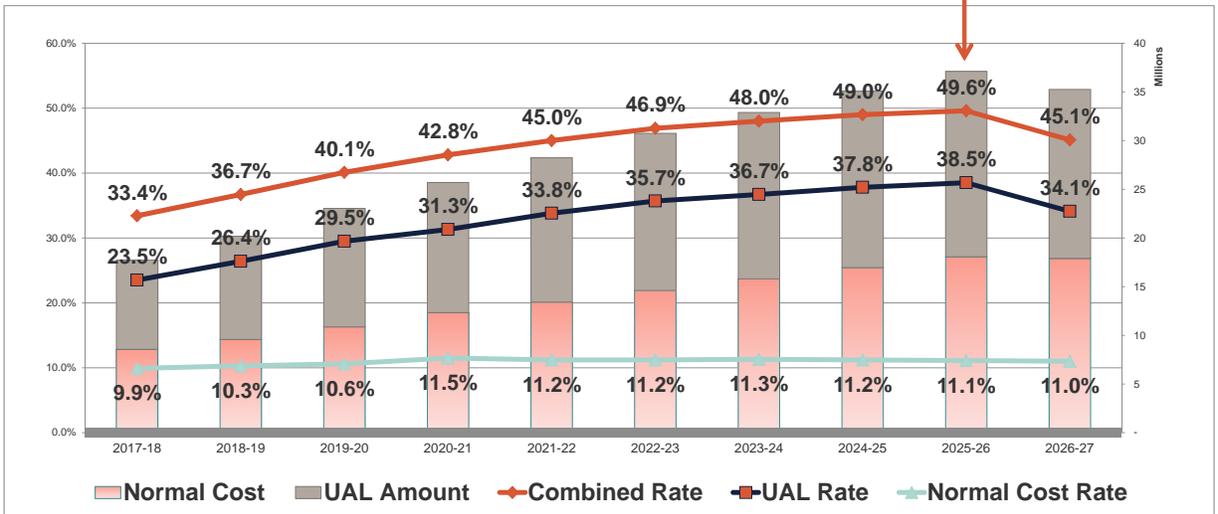


Year	Expenditure (Millions)	Type
2011-12	\$18.9	Actual
2012-13	\$19.3	Actual
2013-14	\$21.7	Actual
2014-15	\$24.4	Actual
2015-16	\$29.7	Actual
2016-17	\$32.5	Actual
2017-18	\$41.2	Adopted
2018-19	\$47.1	Forecast
2019-20	\$53.9	Forecast
2020-21	\$60.3	Forecast
2021-22	\$66.8	Forecast
2022-23	\$73.2	Forecast

- **Rising Pension Costs**
 - Predicted to increase \$32 million by 2022-23
 - Rates will peak at 49.6% in FY 2025-26 for Miscellaneous and 76.5% in FY 2030-31 for Safety

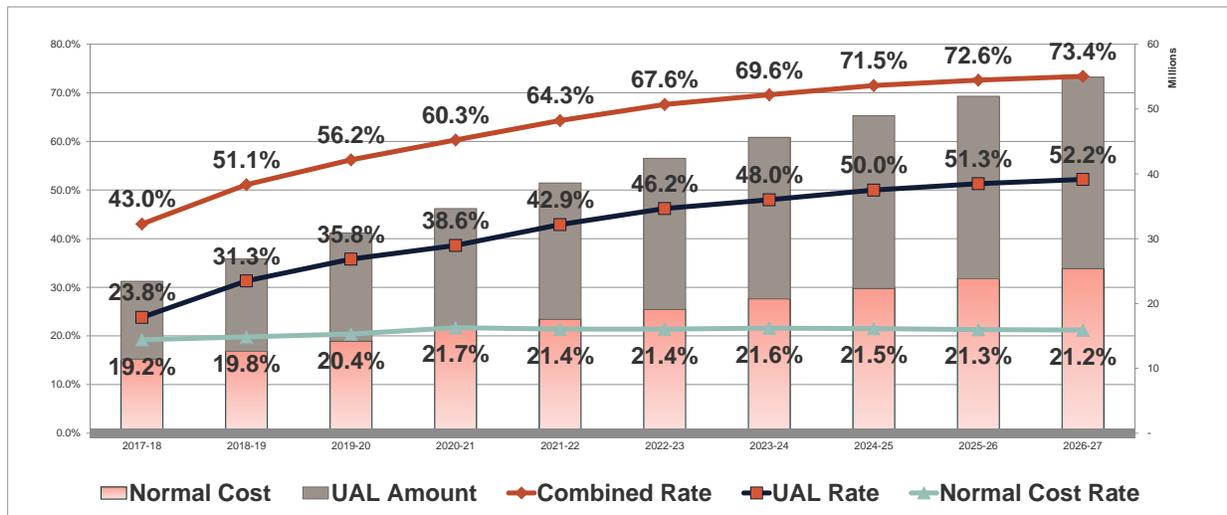
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Employer Rates - Miscellaneous



Employer Rates - Safety

Peak of 76.5% in 2030-31





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- **Rising Pension Costs (cont.)**
 - Pension Trust Funding for all Funds in 2018-19
 - Distribute contributions amongst enterprise funds going forward

FUND	UAL as of June 30, 2017 (\$ millions)	YTD Pension Trust Contribution (\$ millions)	% of Fund UAL
General Fund	\$346.6	\$12.0	4%
Electric	\$86.2	\$3.5	4%
Water	\$18.5	-	-
Sewer	\$7.3	-	-
Water Recycling	\$0.9	-	-
Solid Waste	\$4.0	-	-
Cemetery	\$1.2	-	-
Total	\$464.7	\$15.5	3%

Source: CalPERS GASB 68 Report 41



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Fiscal Challenges

- **Liabilities for Other Post Employment Benefits (OPEB)**
 - Unfunded Accrued Liability (UAL) equals \$45.2 million
 - Currently 25.9% funded
 - Funding strategy to pay off over 22 years
 - City is paying Actuarially Determined Contribution (ADC)
 - Government Accounting Standards Board (GASB) Statement 75 requires governments to report a liability on the financial statements and more extensive note disclosures

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General Fund Reserves as of Sept 2017

FUND TYPE	CURRENT BALANCE	REQUIREMENTS
Working Capital Reserve	\$55,541,210	90-day or 25% of budgeted appropriations or \$51 million
Capital Projects Reserve	\$32,657,599	\$5 million min. reserve target
Building Inspection Reserve	\$ 8,795,481	Development fees restricted to fund Building Division costs
Land Sale Reserve	\$39,296,008	Net proceeds from sale of City owned land, unrestricted
Total	\$136,290,298	

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Fiscal Challenges - Unfunded Projects and Infrastructure

Absence of a Capital Fund strategy to address short- and long-term needs for:

- Public Facilities and Other Infrastructure
- Streets and Other Infrastructure
- Parks and Recreation

***Note:** City would be well-served to establish an “order of magnitude” estimate of capital funding needs to work towards and drive strategy and policy development to address*

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Fiscal Challenges - Unfunded Projects and Infrastructure

- **Public Facilities and Other Infrastructure**
 - Civic Center Repair / Rehabilitation
 - Corporation Yard Repair / Rehabilitation
 - Fire Station Repair / Rehabilitation
 - Convention Center Repair / Rehabilitation
 - Cemetery Repair / Rehabilitation

Note – the Unfunded Projects and Infrastructure list will be updated during the 2018-19 Budget Process

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Fiscal Challenges - Unfunded Projects and Infrastructure

- **Streets and Other Infrastructure**
 - Pump Station Repair / Rehabilitation
 - Storm Drain / Rehabilitation
 - Annual Streets Maintenance
 - Major Streets Improvements
 - Trails and Bike Lanes Improvements
- **Parks and Recreation**
 - International Swim Center
 - Sports Facilities, Fields, and Land Acquisition

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Preliminary Ten-Year Financial Plan

- Established Ten-Year Financial Plan
- Projected Deficits/Surpluses if solved with ongoing dollars (concept of Net Operating Margin)



2018-2019 through 2022-2023 Five-Year Financial Plan

General Fund Operating Surplus/(Deficits)

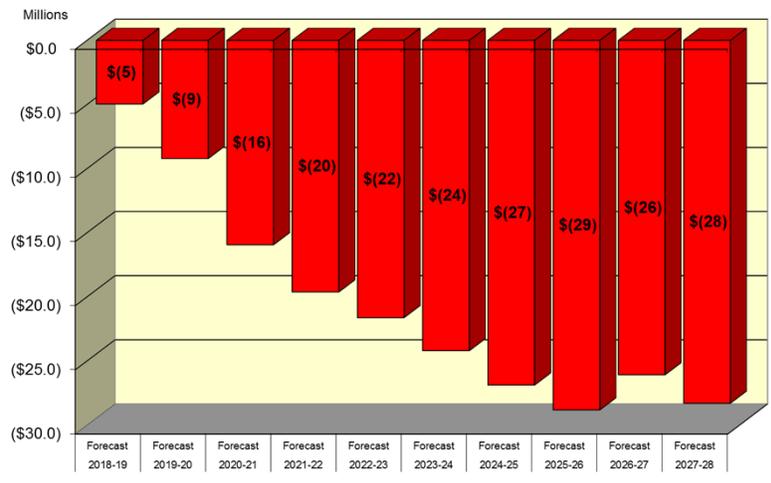


Updated to include 2016-17 Budget Surplus



Preliminary Ten-Year Financial Plan 1.0

General Fund Operating Deficits

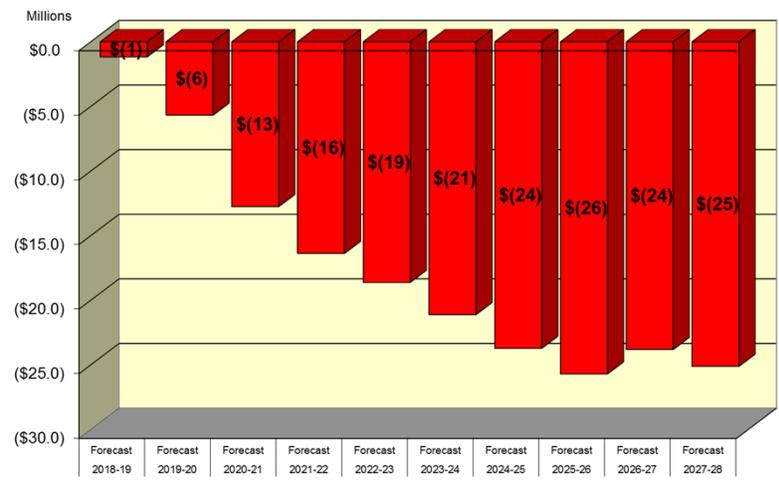


Assumptions include:

- Actual PERS rates for 2018-19
- Includes revised revenue projections & salary projections that stay within growth rates

Preliminary Ten-Year Financial Plan 2.0

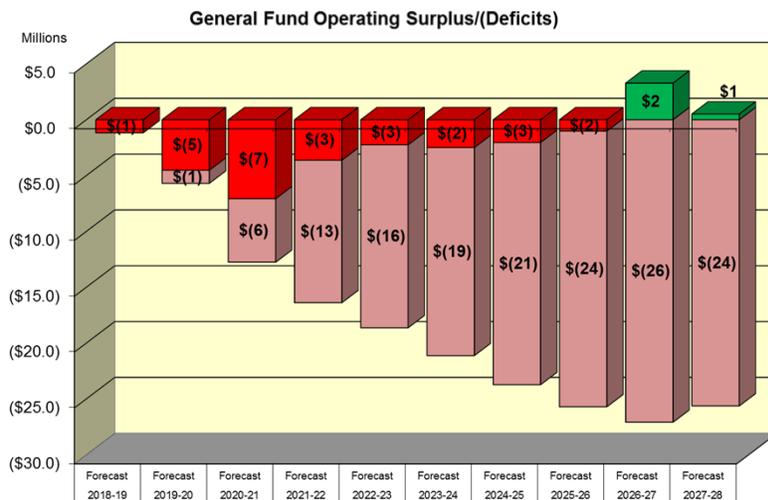
General Fund Operating Deficits



Assumptions include:

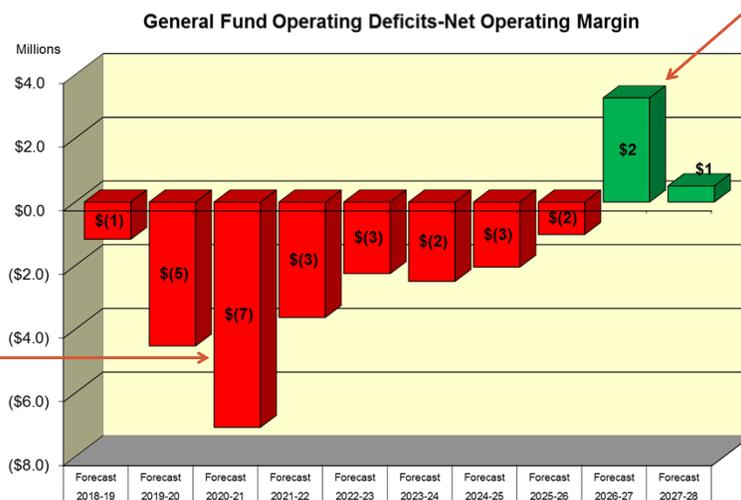
- Actual PERS rates for 2018-19
- Includes revised revenue estimates & salary projections that stay within growth rates
- Funding of Working Capital Reserve Fund with one-time sources versus ongoing funds

Preliminary Ten-Year Financial Plan



- Assumptions include:
- Actual PERS rates for 2018-19
 - Includes revised revenue estimates & salary projections that stay within growth rates
 - Funding of Working Capital Reserve Fund with one-time sources
 - Ongoing deficits Solved with Ongoing Solutions

Preliminary Ten-Year Financial Plan



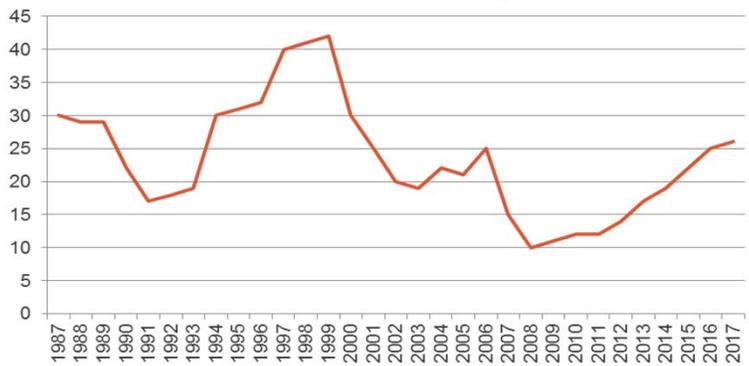
Full Impact of PERS changes

Decrease in Amortization base

- Assumptions include:
- Actual PERS rates for 2018-19
 - Includes revised revenue projections & salary projections
 - Funding of Working Capital Reserve Fund with ongoing funds/one-time sources
 - Ongoing deficits Solved with Ongoing Solutions

Potential Impacts to Forecast

U.S. Business Cycles



Economic expansion is the third-longest in U.S. History

- June 2009 to current
- 102 + months

Potential Impacts to Forecast

- Labor negotiations and expenditures beyond assumptions
- CalPERS actuarial changes
- Infrastructure Operating Budget impacts
- Regional and State economy – Tax Reform TBD
- Further refinement of major tax revenue projections
- Development Projects:
 - Revenue Impact
 - Staffing



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Budget Work Plan for FY 2018-19

- FY 2018-19 Budget Approach
- Capital Improvement Plan (CIP)
- Annual Operating Budget
- Stadium Authority Operating, Debt Service, and Capital Budget

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FY 2018-19 Budget Approach

- **Overall budget approach**
 - Positioning City for potential economic slow down through prudent management of reserves
 - Manage project cost escalations by holding some projects for a more favorable bidding climate
 - Revenue projections will be reflective of historical trends
 - Managing changes in total compensation, specifically salary and pension
- **New Revenue Sources**
 - Community benefits programs
 - Review of current taxes including TOT and Business License Tax
 - Review of fees and charges for adjustment to full cost where appropriate
 - Consideration of potential new or modernization of impact fees
 - Other revenue generating opportunities

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FY 2018-19 & 19-20 Capital Improvement Plan (CIP)

- Adopt a two-year CIP Budget (rotating Operating in FY 2019-20)
- Second year of the CIP Budget must be as accurate as possible
- Incorporate City Council Priorities to illustrate fiscal investment and alignment
- Review existing projects for funding level and priority (close projects with little or no activity)
- Focus on completing projects approved in prior Capital Budgets
- Address any health and safety issues and serious deferred maintenance needs
- Budget decisions will be made with long-term implications taken into account using data from the Ten-Year Financial Plan
- Align staff capacity to complete projects with funding requests
- Second year of the CIP Budget must be as accurate as possible

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FY 2018-19 & 19-20 Capital Improvement Plan (CIP)

- Limited amount of General Fund Capital Reserves are available (look for alternate funding sources)
- Projects that Department's are "saving" for over several years should change the funding source to show it is coming from Reserves (these projects will no longer be reflected in the budget total until the project becomes active)
- Departments are to provide unfunded and deferred projects
- CIP Budget to be revised to move towards budgeting by project and away from budgeting by funding source
- Project descriptions should be accurate and funds should match to the actual work being performed

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FY 2018-19 Annual Operating Budget

- Incorporate City Council Priorities
- Budget decisions will be made with long-term implications taken into account using data from the Ten-Year Financial Plan (Self-solve budget requests)
- Address gaps in staffing (risk management, contracts, sustainability, real estate management, etc.)
- Continue community engagement and transparency efforts
- Limited number of personnel/new vehicle requests will be considered
- Improve business processes (may require use of one-time funds)

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FY 2018-19 Annual Operating Budget

- No longer beginning with a status quo budget for the base year – Finance will review expenditure trends
- Requests should only be made for items that can be completed or be well underway in 2018-19 (consider the department's current workload)
- Use of other funds before use of the General Fund – Finance will be shifting expenditures from the General Fund to other funds where appropriate
- All budgets will be scrutinized regardless of funding source

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FY 2018-19 Stadium Authority Budget

- Budget process to begin in January 2018
- Work with StadCo/ManCo to receive all required documents
- Incorporate audit recommendations from the Harvey Rose Associations Measure J audit
- Budget adoption in March 2018

Date	Preliminary Meeting Schedule
February 27, 2018	Study Session to review Proposed Stadium Authority Budget
March 13, 2018	Tentative adoption of Stadium Authority Budget
March 27, 2018	Adoption of the Stadium Authority Budget



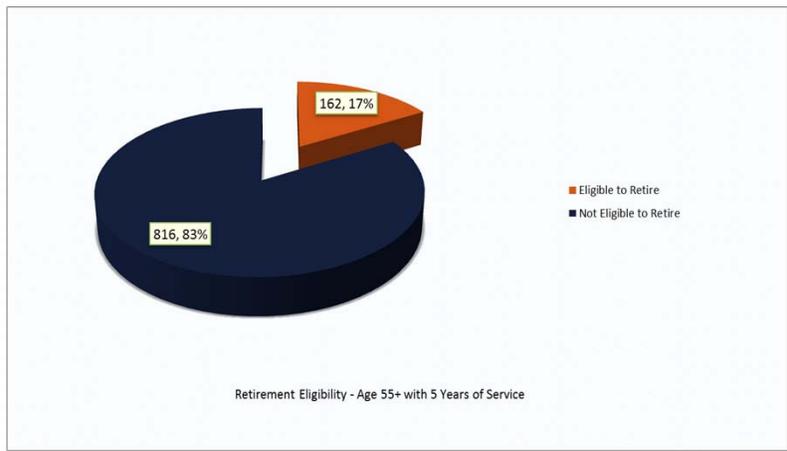
FY 2018-19 Preliminary Budget Calendar

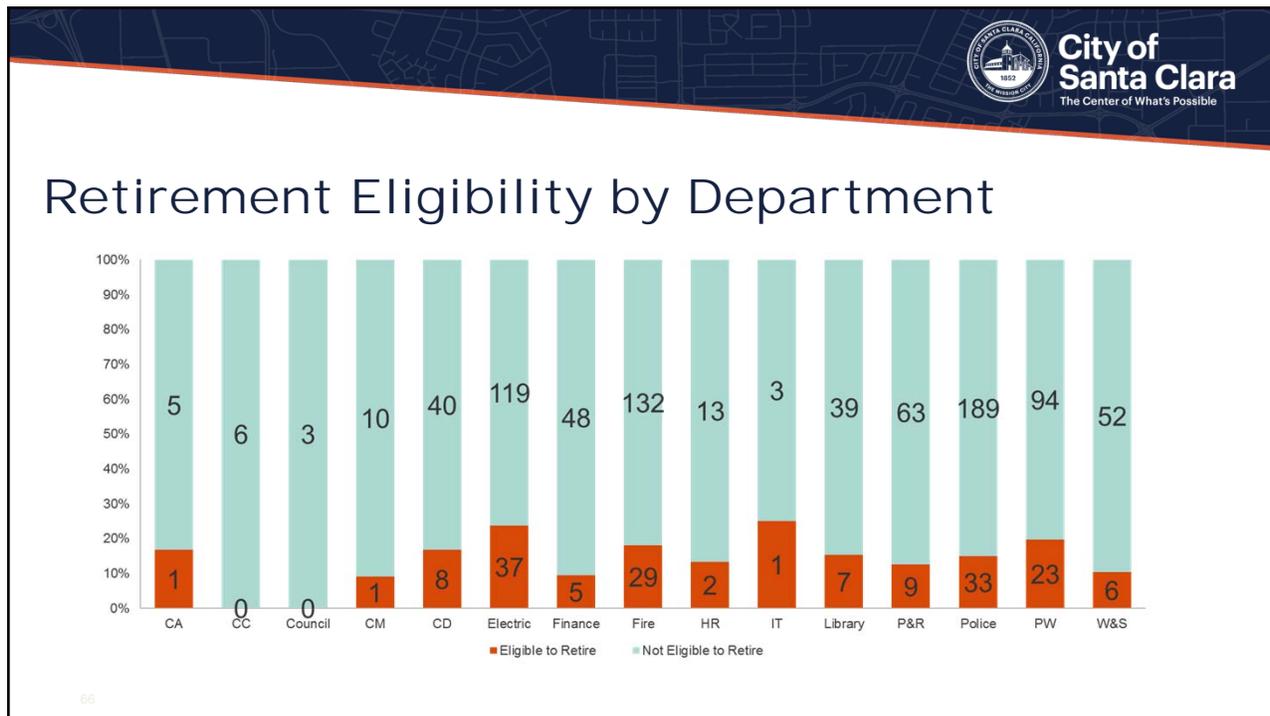
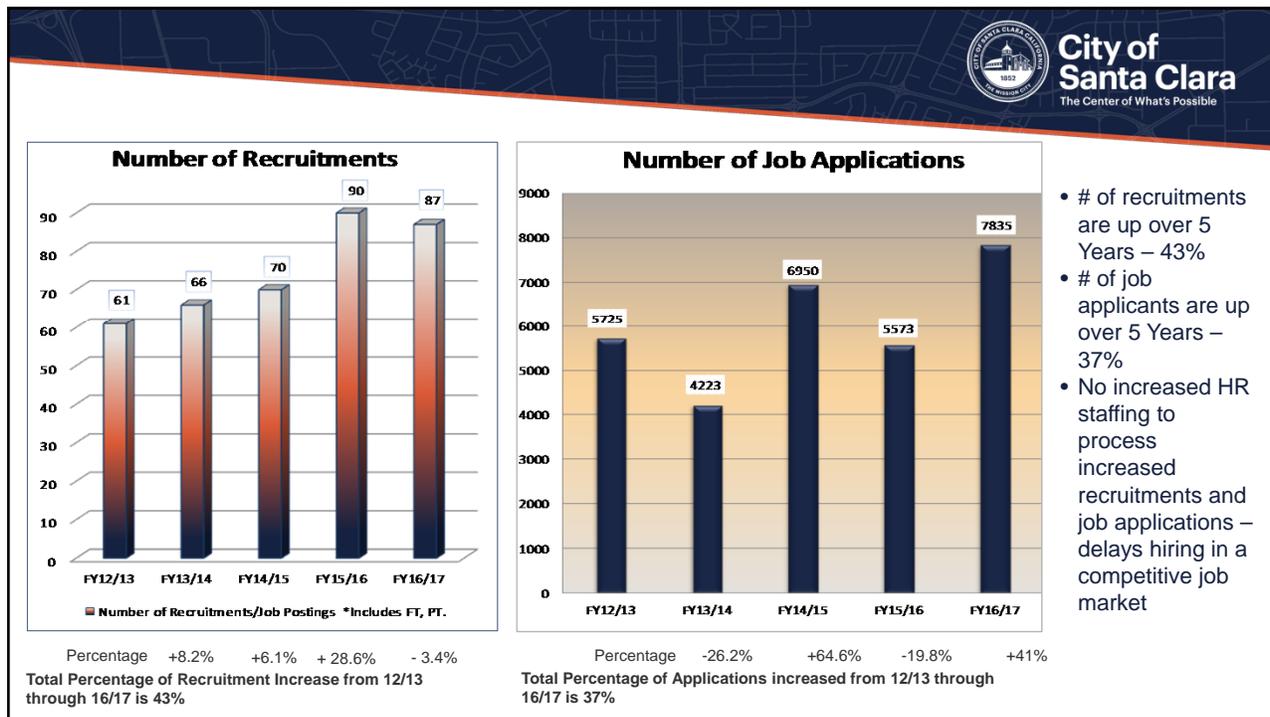
Date	Preliminary Meeting Schedule
January 20, 2018	Adoption of Budget Principles
April 17, 2018	Public Hearing and Adoption of Proposed Municipal Fee Schedule
May 8, 2018	Joint Study Session to review Proposed CIP Budget
May 22, 2018	Joint Study Session to review Annual Operating Budget and Ten-Year Financial Plan
June 12, 2018	Public Hearing on Proposed Annual Operating Budget, Ten-Year Financial Plan, and CIP Budget
June 26, 2018	Public Hearing and Adoption of Proposed Annual Operating Budget, Ten-Year Financial Plan, and CIP Budget

Human Resources Metrics



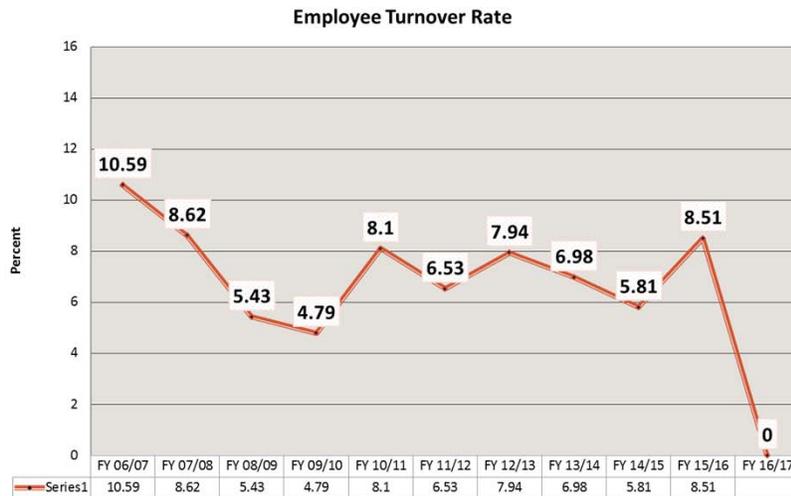
Retirement Eligibility – Citywide Staffing





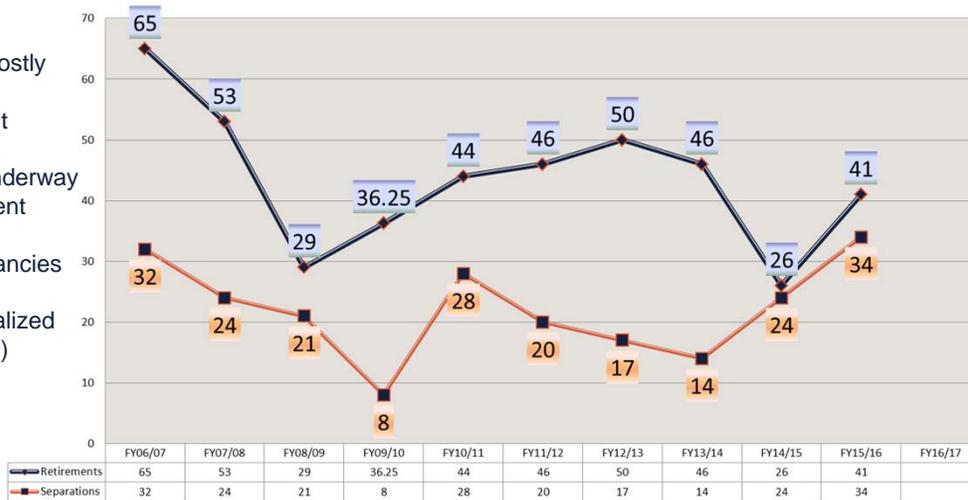
Employee Turnover Rate by Percent

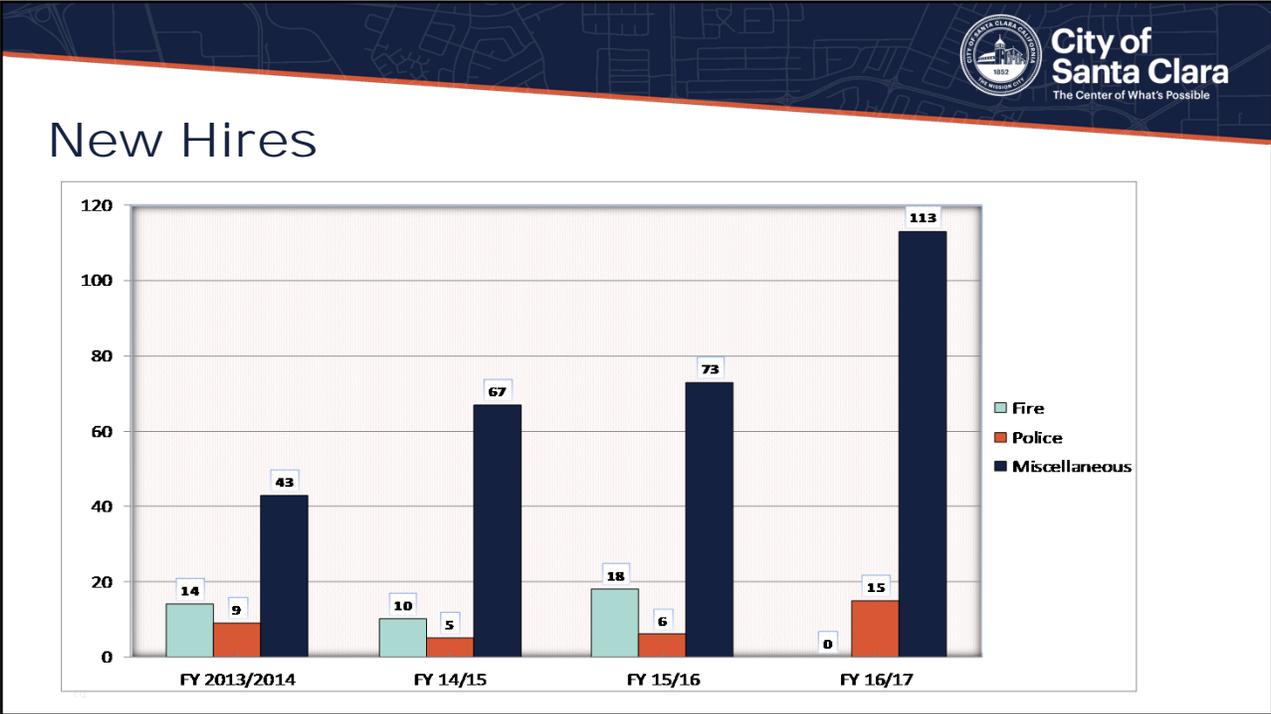
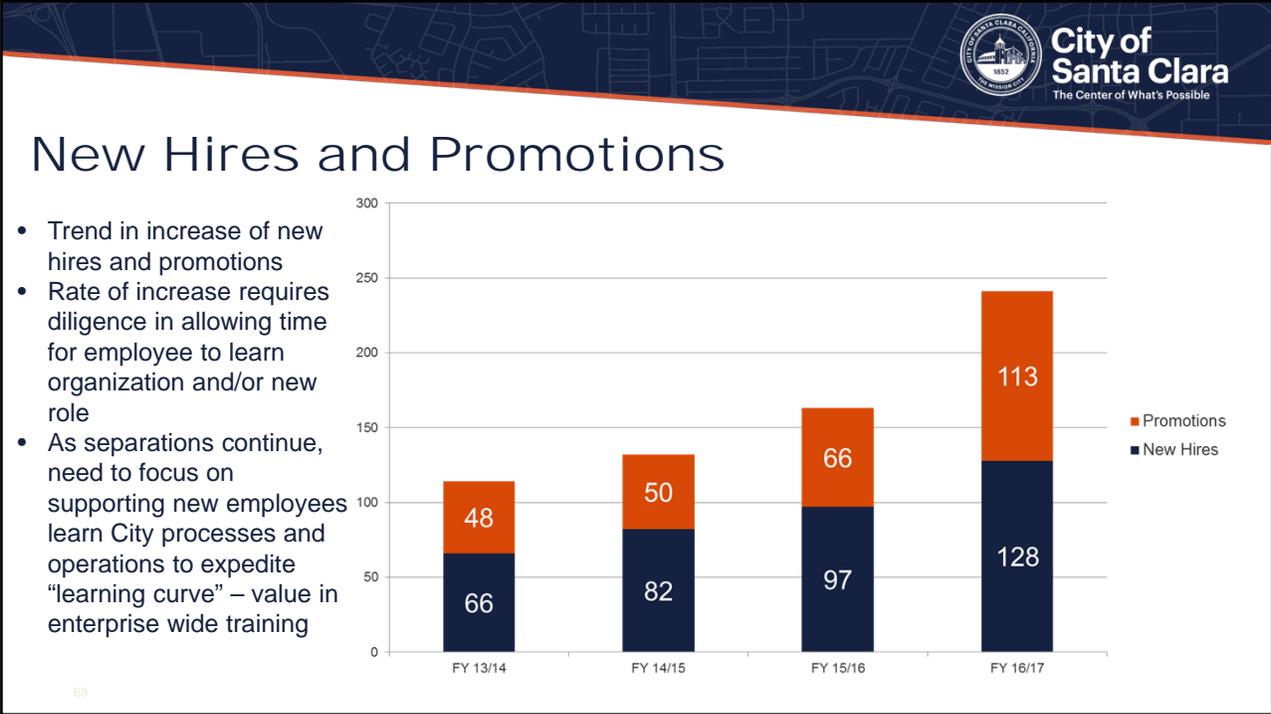
- Top Reasons for Turnover: Majority is Retirement, job opportunities elsewhere or relocation
- Turnover rate has been relatively stable
- FY 16-17 #s are TBD

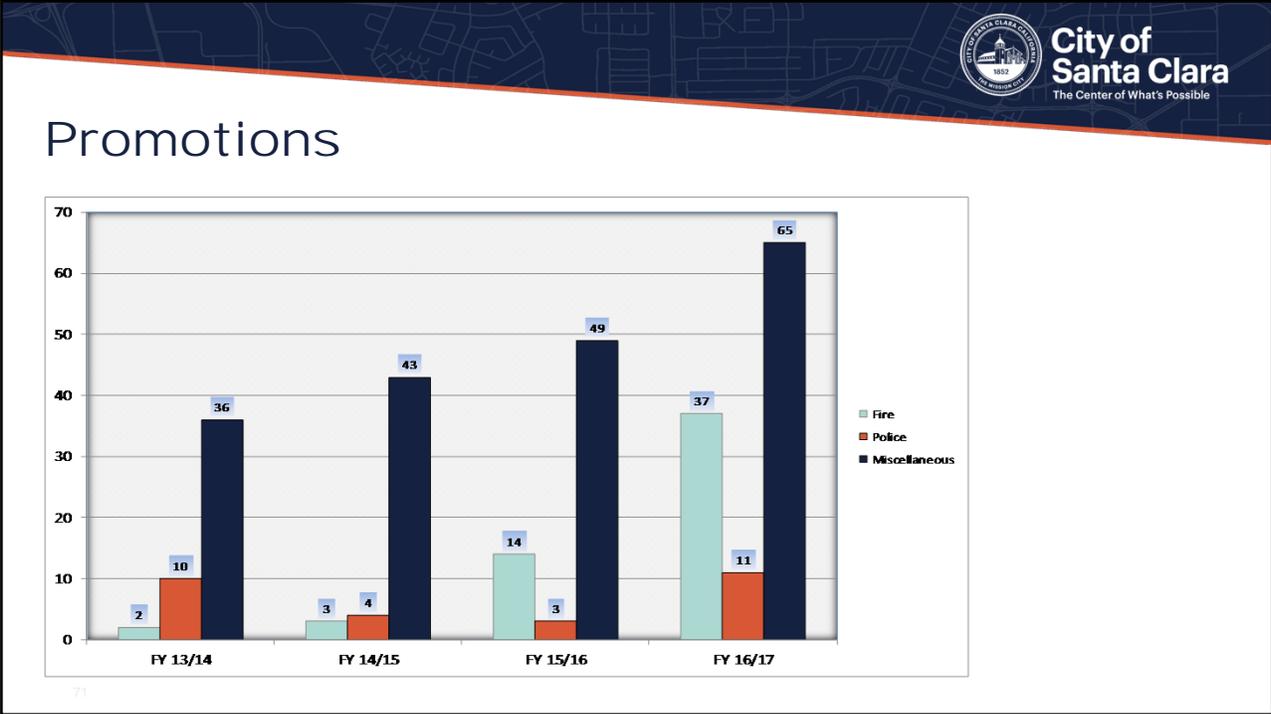


Employee Separations

- Separations driven mostly by retirements
- Some fluctuations, but relatively stable
- Additional analysis underway to determine recruitment strategies for hard to recruit for vacancies or delay in being fully-functional (e.g., specialized training or certification)







Operational Priorities

Human Resources Department



Existing Resources – Human Resources

Division	FTE	Budget
Employee Benefits and Records	8	\$1,524,686
Recruitment and Selection	7	\$1,955,290
Total:	15	\$3,479,976

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Service Delivery to Customers Highlights

Human Resources has a legal obligation to provide certain services. The City currently has budgeted 1,105.25 Full Time Employees and approximately 800 “As Needed” employees. Human Resources (HR) continues to maintain a staff of 15 FTE and while HR staffing levels have not kept pace with the City’s increased workload, HR continues to provide the following services:

- Recruitment and Selection
- Classification and Compensation
- Benefits Administration
- Employees Relations
- Labor Relations
- Equal Employment Opportunity
- Employee Risk Management
- Employee Recognition and Wellness
- Employee Development

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Service Delivery to Customers Highlights

- HR Services the City's 14 Departments and the Community including but not limited to providing the following services
- Benefits Administration for over 1000 employees include: New Hire Orientations; Open Enrollment; Retirement Counseling; Management of the Affordable Care Act, Administer protected leaves including FMLA and CFRA as well as the ADA, Americans with Disabilities Act,
- Labor Relations: Negotiate Memorandum of Understandings (MOU) with ten (10) bargaining units; interpret contracts, Meet and Confer; review Grievances
- Employee Relations: Assist employees by interpreting policies and procedures; career coaching and development; listen to employee concerns; mediate and facilitate employee conflict resolution

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Service Delivery to Customers Highlights

- Coordinate Annual Employee Events such as “Employee Service Awards” and “Take Your Child to Work Day”
- Employee Wellness Events include an Annual Health and Benefits Fair Blood Drives, Flu Shots and 12 Days of Wellness
- Coordinate/Organize and/or Train employees on the following topics:
 - Coordinate: Heat Illness Prevention; Sergeant Supervisor Training; Netfile training (Conflict of Interest, Form 700 Filers);
 - Provide Training: Sexual Harassment Prevention; Resume and Interview Skills; Eight Week Customer Service Training; Retirement Workshops; Coordinate training for Supervisors and Manager’s on Employment Practices such as Performance Evaluations, Discipline; Grievances etc...

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Service Delivery to Customers Highlights

- Recruitment, Testing and Selection for all City Employees
 - 2016/2017 HR conducted 87 Recruitments
 - Over the past five years recruitments increased in total by 43%
 - Processed 241 new hires and promotions
 - Over the past five years the number of applications to process has increased by 37%
- Conduct and oversee Classification and Compensations studies
- Staff to the City’s Civil Service Commission (CSC): The CSC reviews tests, job descriptions and sits as our Board of Review at Personnel Hearings

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Service Delivery to Customers Highlights

- Manage Workers Compensation Claims, Ergonomic Assessments, Coordinate The Department of Transportation Drug and Alcohol Random Drug Testing and Personal Protective Equipment tests and fittings
- Equal Employment Opportunity Office provides Mandated Sexual Harassment Prevention Training per the law; Conduct Employee Investigations, Receive Complaints and Mediates conflict

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Accomplishments

- HR hired over 128 new employees and promoted 113 employees in fiscal year 2016/2017
- Assisted the Mayor and City Council with the hiring of the City Manager in October 2017
- Met and Conferred with the employees of the City on Constructive Receipt to bring the City current with IRS law (Vacation Cash Out)
- We worked with Finance and IT and implemented the Affordable Care Act mandates. We are working on the finalization of this mandate with one group.
- In coordination with IT and Finance HR went live with the Human Resources/Payroll PeopleSoft upgrade 9.2 on November 13, 2017

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Accomplishments

- HR with Finance's assistance Aligned the As-Needed Employees pay scale to the City's Minimum Wage Ordinance to \$13.00 per hour
- Negotiated four (4) successful MOU's in 2016-2017 (POA, Police Management, AFSCME and Public Safety Non Sworn)
- Hosted another successful year of "Take Your Child to Work Day" and "Annual Employee Recognition Event"

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Upcoming Policy Issues

- Workforce Development Programs, look at Training from an Enterprise perspective, providing development opportunities to all employees
- Police and Fire Staffing Reviews
- Open Bargaining Tables include:
 - International Association of Firefighters
 - Employees Association
 - AFSCME
 - Miscellaneous Management
 - Fire Management

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Operational Constraints

- **Staff Resources** –HR staffing levels have not kept pace with the increase work growth demands of the City, including the need to do the following: fill positions sooner; create a formal Employee Development Program and a Centralized Risk Management Program
- **We would like to be able to accelerate our hiring practices, however we run into constraints:**
 - Our own staffing limitations in HR
 - Automation will streamline processes
 - The regions competitive job market influences our ability to recruit within a limited pool of candidates. Our competition is not only with other Public Sector employers but also with the Private Sector and
 - It's expensive to move here

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Areas of Opportunity

- **Absence of a formal Risk Manager** this is an opportunity for us to create a centralized Risk Management program that would include: Managing the City's liability claims and activities and managing and monitoring contracts
- **Evaluate mechanisms to lessen recruitment time** to support the departments need to fill vacant positions sooner
- **Improve and streamline Business Practices** by implementing more automation
- **Create Enterprise Wide Training opportunities**

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Areas of Opportunity

- Conduct a City Wide Employee Satisfaction Survey (determine if there is an opportunity to create an employee engagement program; implement this by the second half of the year)
- Create a method in PeopleSoft to track FLSA Overtime Hours
- Conduct more Classification and Compensation Studies

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Human Resources Department Summary

- Balancing City Wide Service demands with the current staffing levels in Human Resources
- We need to be more automated and have more streamlined systems such as Position Control and other specific systems
- In this current job market, we need to find ways to be competitive within this region to attract applicants for City Jobs.

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Operational Priorities Finance Department



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Existing Resources – Finance Department

- FTEs - 61
- Operating \$11.5M
- Citywide Fiscal Planning and Administration
- Accounting and Financial Reporting Services
- Budget Development and Management
- Debt and Treasury Management
- Utility Billing
- Stadium Authority Financial Services
- Purchasing and Warehouse Services

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Service Delivery to Customers Highlights

- PeopleSoft Financial Management System Upgrade
- NorthStar Utility Billing System Upgrade
- Business License Software Upgrade
- Implementing Advanced Metering Infrastructure
- RFP Development for a New Utility Customer Self-Serve Portal
- Transient Occupancy Tax (TOT) Compliance audit
- Read 90,000 utility meters and invoiced approximately 62,000 utility accounts each month

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Accomplishments

- Received the CSMFO Budget Award for the 2016-17 Annual Operating and Capital Improvement Plan Budgets
- Created a Public Agencies Post-Employment Benefits Trust Program to pre-fund pension obligations
- Completed the Cost Allocation Plan and User Fee Study
- Completed the first comprehensive Stadium Authority Budget
- Improved and expanded Stadium Authority Quarterly Financial Reports
- Revised the City's Monthly Status Reports
- Completed Utility Management Information Systems (UMIS) Infrastructure upgrade project

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Upcoming Policy Issues

- Strategies for solving future budget deficits
 - Revenue initiatives
 - Cost Control Initiatives
 - Use of Reserves
 - Unanticipated Expenditures or Fiscal Impacts
- Tax on the legal sale of Marijuana (Prop 64)
- Development Impact Fee Study

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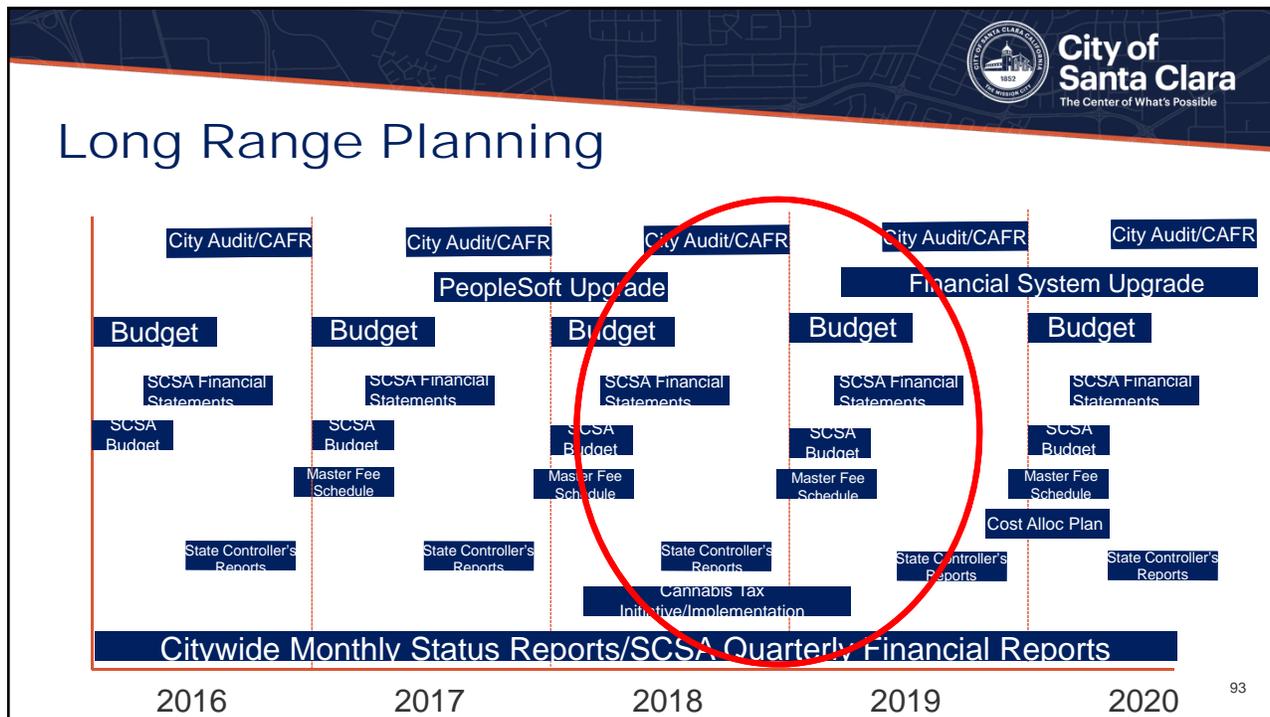


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Operational Constraints

- Existing Financial System was not designed for local government fund accounting and is costly to the City
- Purchasing function is de-centralized
- Fiscal and administrative processes are antiquated and labor intensive
- Current office space is inadequate
- Key vacancies within the department

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-
- ## Areas of Opportunity
- Improvement of Budget development practices
 - Restructuring of Purchasing Division
 - Review areas within the Department where job duties can be combined
 - Streamline processes to be more efficient
 - Move forward on analysis for new Enterprise Resource Planning (ERP) system
 - Implement an on-line budgeting software that connects stakeholders to the City's Budget
- 94



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Finance Department Summary

- Capacity Issues – current staff is stretched, but we continue to make every effort to adequately support departments
- Increasing Stadium Authority workload
- Vacancies – key positions within the department are vacant
- Budget Development – rising pension costs and deferred projects
- Department Wide System Upgrades – labor intensive

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Operational Priorities Information Technology Department



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Existing Resources Information Technology Department

- 8.5 FTEs (7 Full Time w/3 vacancies; 1.5 FTE As Needed)
 - Sr IT Services Mgr (2) – Vacant
 - IT Manager Public Safety – Vacant
- Outsourced services model
- FY 17/18 Operations budget – \$ 11,212,950
- Programs
 - Helpdesk & End User Services
 - Infrastructure & Network
 - Enterprise Applications & Web
 - Enterprise GIS
 - Telecommunications

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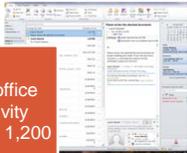


Service Delivery to Customers Highlights

The IT Department provides a full spectrum of services in support of the City’s mission & service to the public. Key highlights for 2017:



Support 180 business applications



Email & office productivity services to 1,200 staff



Responded to 6,000 requests from staff



Provided 1200 telephones & smartphones to staff

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Support 1500 user devices



Indoor Public Wi-Fi at over 40 City facilities



Conducted 65 IT training classes with 445 seats filled



1.2 million visitors to City website



42,000 eNotify recipients



Provide GIS services for staff & public

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City of Santa Clara
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Accomplishments

- Upgraded technology infrastructure for redundancy, performance and reduced carbon footprint
- Increased Wi-Fi coverage and performance in City facilities
- Assessed the city application portfolio for risk & opportunity resulting in 18 applications refreshed
- Evaluated and selected vendors via RFP for Agenda Management, Document Management, HR, Payroll, Financials, City Websites, Public Safety CAD/RMS; implementations are in progress
- Adopted City Information Security Policy, thwarted ransomware attacks, improved regulatory compliance of credit card payment systems; rolled out web based security training for staff

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Accomplishments

- Expanded GIS citywide; authoritative base-map, integrated enterprise asset management and work order tracking, GIS story maps; mapping electric easements, park assets
- Awarded competitively bid contract to Unisys for outsourced information technology services with focus on enhanced service delivery & efficiency; new IT Service Management platform - ServiceNow
- Received award for Excellence in Information Technology Practices from MISAC
- City's Development Projects GIS based story map received CAPIO Award of Merit for Excellence in Communications through eGovernment Services

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Upcoming Policy Issues

Cybersecurity mandates & regulatory compliance requirements may require new City policy (Personal information, Credit Cards, Health & Criminal Justice)



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Operational Constraints

- Key vacancies significantly constraining stakeholder outcomes – Sr IT Services Manager – 2 (Business Relationship, IT Operations & Services), IT Mgr Public Safety
- Insufficient office space for staff, contractors & cross dept project collaboration teams
- Unprecedented demand for IT services. Many inflight projects. 33 aging/end-of-life applications remain to be refreshed
- Absence of IT Governance structure for prioritization and strategic decisions; cross-departmental Citywide decision-making and prioritization
- Strong departmental sponsorship & ownership is key to accomplishing business transformation. We need enhanced focus on business operation analyses.
- True accounting & budgeting for technology project including departmental backfill, IT resources, business operation analyses, and operational costs

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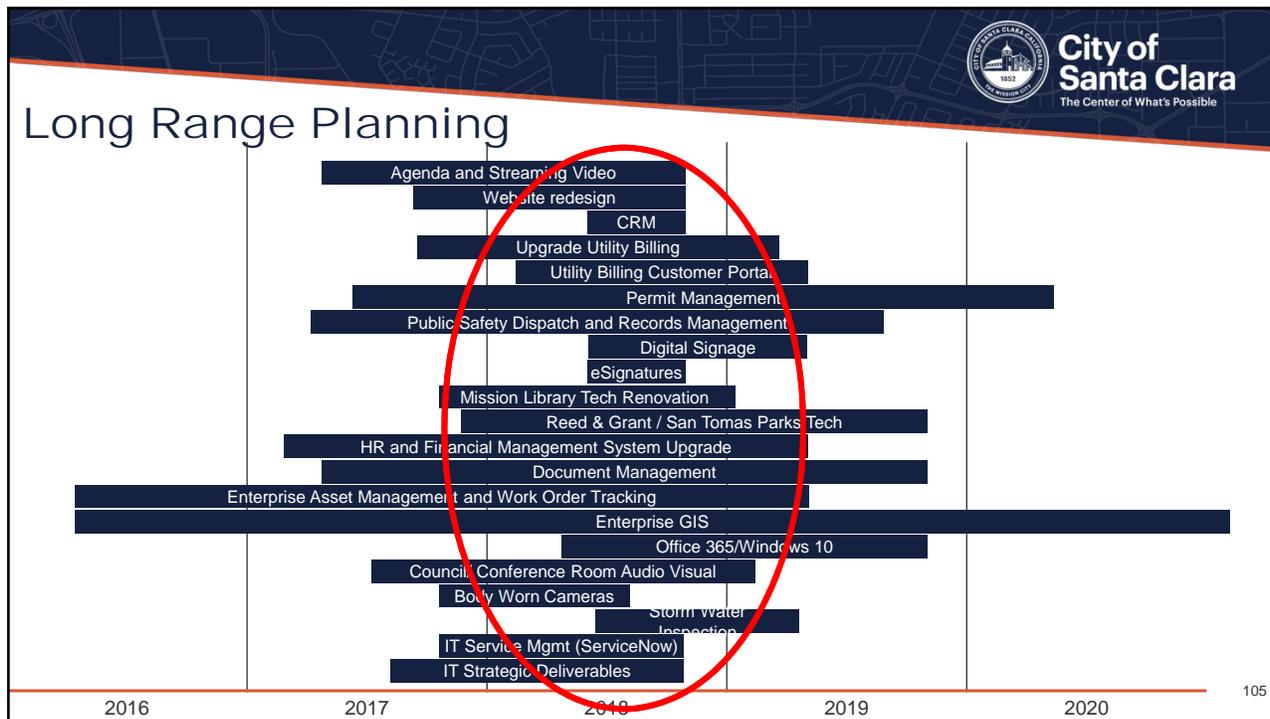


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Areas of Opportunity

- Innovative digital strategies for citizen centric outcomes; anytime, anywhere self service; Citizen Relationship Management (CRM)
- Improve data driven decision making and transparency via public portal, open data & analytics
- Smart City implementation at strategic developments (e.g., City Place Santa Clara) as a unique opportunity for strategic outcomes
- Business process reengineering, electronic processes and workflows, eliminating paper
- Opportunity for training, organizational change management and workforce development for improved employee engagement & satisfaction
- Knowledge and information repository; improved collaboration capability
- Opportunity for citywide technology consolidation and rationalization

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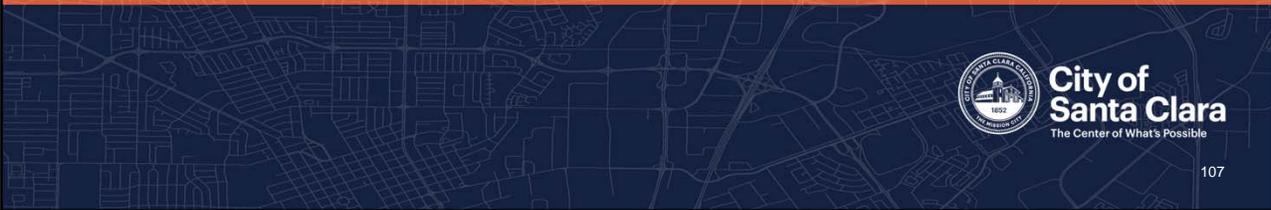
Information Technology Department Summary

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- Stable IT service delivery & accomplishments, with much more work to complete
- Unprecedented demand for IT services by city departments
- Committed staff working hard, however resource constraints and vacancies inhibiting outcomes
- Tremendous opportunity in support of Council priorities & City's mission
- Desire throughout the organization to shed paper intensive processes for enhanced use of technology

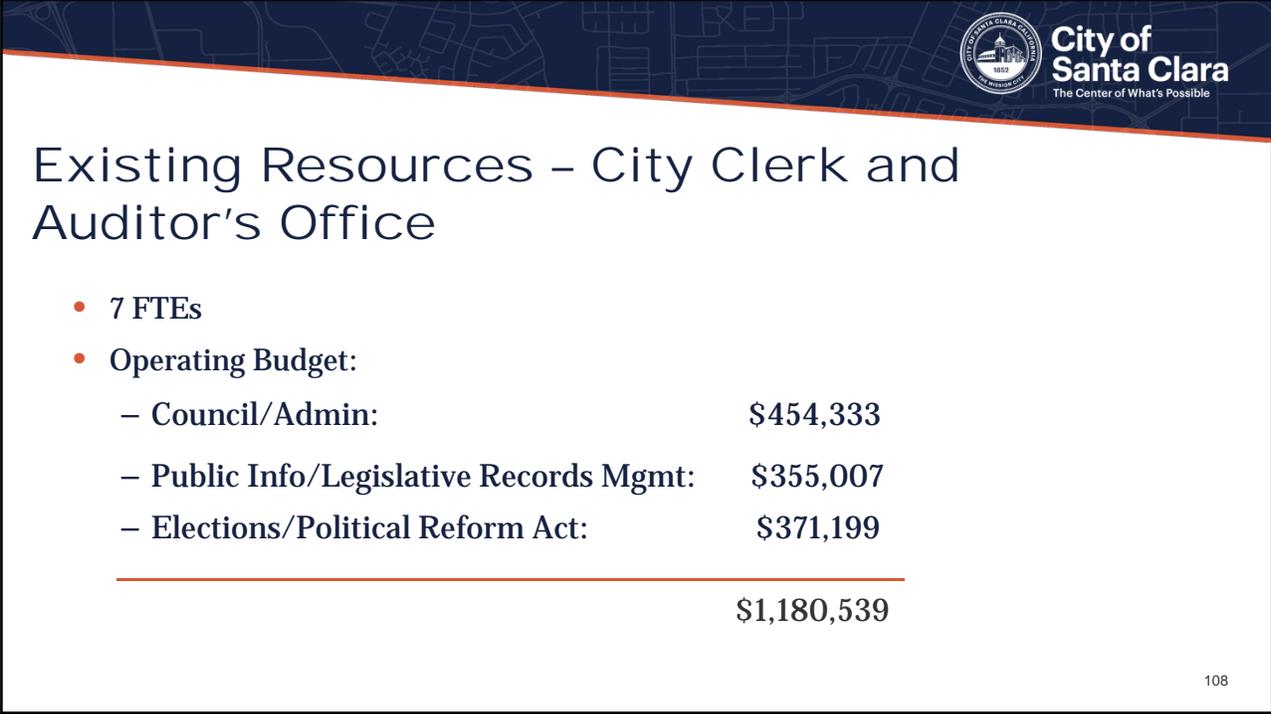
106

Operational Priorities City Clerk and Auditor’s Office



Existing Resources – City Clerk and Auditor’s Office

- 7 FTEs
 - Operating Budget:
 - Council/Admin: \$454,333
 - Public Info/Legislative Records Mgmt: \$355,007
 - Elections/Political Reform Act: \$371,199
-
- \$1,180,539





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Service Delivery to Customers Highlights

- Meeting agendas, report review, summaries of actions and minutes, Brown Act compliance and posting
- Records management and retention
- General services such as reception desk, bid openings, processing agreements, resolutions, ordinances, recorded documents and claims
- Board and commission openings recruitment, coordination and orientation
- Elections processes, voter engagement programs, FPPC compliance and open government reporting
- Outreach and administrative compliance for the Lobbyist Registry and Open Calendar Policy
- Internal-control auditing functions

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**City of
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Accomplishments

- Completed largest elections process in Santa Clara history (18 candidates and 4 measures)
- Completed launch of Lobbyist Registry and Open Calendar programs
- Assessed and identified vendors for agenda, document management, electronic signature and Public Records Act tracking systems

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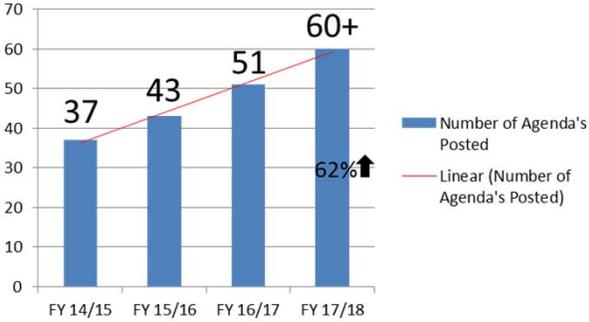


City of Santa Clara
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Accomplishments

- **Posted Agendas: Trends, including Council, Stadium Authority, Special, Study Session and Oversight Board agendas:**
 - 37 in FY 14/15
 - 43 in FY 15/16
 - 51 in FY 16/17
 - Trending toward +/-60 in FY 17/18
 - Est. 62% increase in four years

Number of Agenda's Posted



Fiscal Year	Number of Agenda's Posted
FY 14/15	37
FY 15/16	43
FY 16/17	51
FY 17/18	60+

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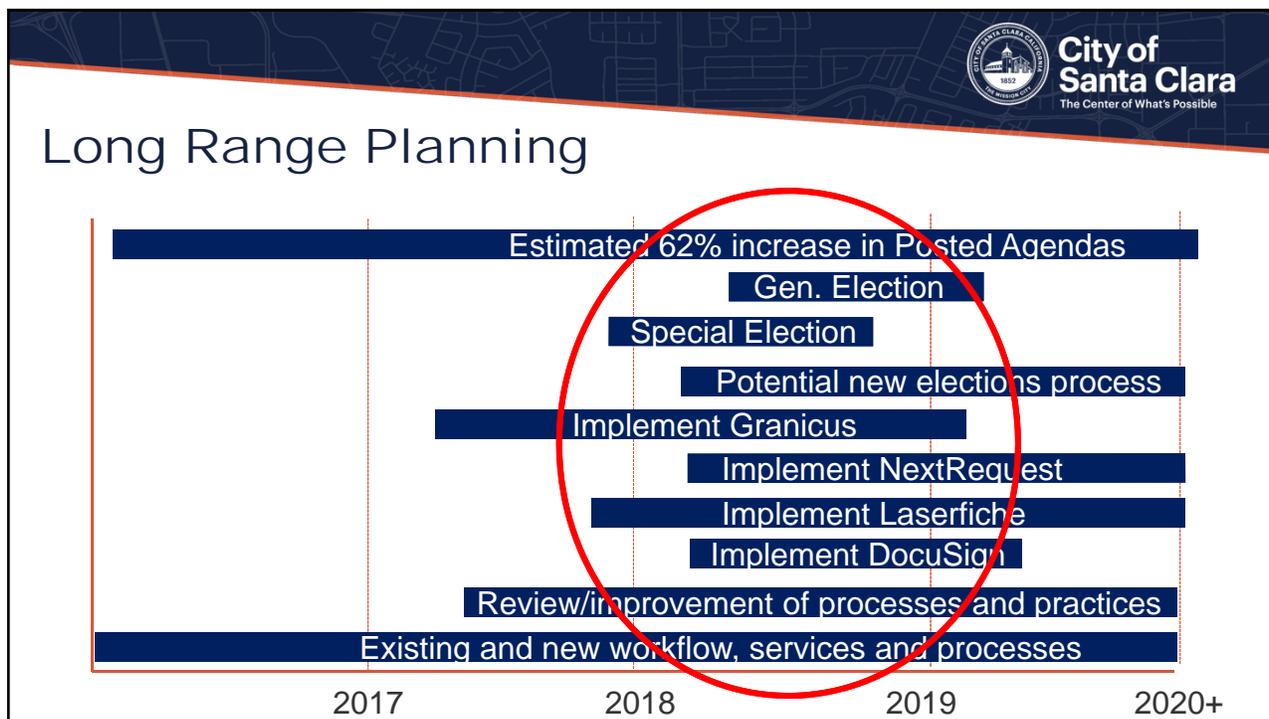


City of Santa Clara
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Upcoming Policy Issues

- Trending to likely increase to more than 60 posted agendas in FY 17/18 – workload for both the agenda process and policy development for staff
- Granicus agenda management system
- Laserfiche enterprise document management system
- NextRequest Public Records Act tracking system
- DocuSign electronic signature system
- 2018 General Municipal election and Primary Special election
- Potential implementation of district-based elections and new voting system, and assistance with Council districting process as appropriate

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-
- ## Operational Constraints
- Time to focus on major systems launches
 - Institutional effort and training regarding major systems launches
 - Current lack of some contemporary institutional processes and practices
 - Current vacancies to sustain workload during critical time with technology implementation
- 114



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Areas of Opportunity

- Opportunity to fundamentally change the way the City operates to be:
 - Less paper intensive administrative processes
 - More collaborative and efficient
 - Greater accountability and higher quality
 - More robust and scalable technology
 - Higher caliber public interface

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**City of
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City Clerk and Auditor's Office Summary

- The agenda, enterprise document management, e-signature and Public Records Act tracking systems are foundational and have the potential to fundamentally change and improve the City's operations.
- There are realities regarding the ability to roll-out multiple enterprise-wide systems in a short timeframe that will require significant attention and adaptability from staff, the Council and the public.
- These major initiatives are in addition to an already heavy workload including a significant increase in the number of meetings, the 2018 General Municipal election and Primary Special election, and the potential of implementing district-based City Council elections and a new voting system.
- Critical staff vacancies will impact the Office's ability to sustain heavy workload in an effective and timely manner.

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Operational Priorities City Attorney's Office



**City of
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Existing Resources – City Attorney's Office

- 6 FTE
- \$1.7M
- Does not include outside counsel budget



Service Delivery to Customer Highlights

- **Manage claims & litigation.** Avg. number of *active* cases managed or handled per month:

Litigation	Muni Code	Tort Claims	Pitchess
30	5	35	3

- In 2016, the City Attorney’s Office completed 1,870 legal service requests, which include legal advice, review and negotiation of contracts, leases, licenses, policies and other documents related to the day-to-day operations of the City
- Staff City Council, Planning Commission, Civil Service Commission, Council Committees and SVACA meetings

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Service Delivery to Customer Highlights

- Provide staff trainings on relevant areas of law, such as Brown Act & Public Records Act
- Provide updates on new legislation relevant to the City
- Successfully obtained 3 defense verdicts
- Defend City in *Pitchess* discovery motions
- Prosecute City Code violations
- Provide support regarding employee discipline before Board of Review
- Review numerous significant Public Records Act responses

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Service Delivery to Customer Highlights

- Successfully obtained judgment in Santa Clara's favor in CityPlace CEQA litigation
- Successfully concluded settlement in Santana West CEQA litigation
- Successfully obtained unlawful detainer judgment in Santa Clara's favor and obtained dismissal of contract litigation (David's restaurant)

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**City of
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Accomplishments

- Drafting of City ordinances
 - Food & Building Service Worker Retention Ordinance
 - Accessory Dwelling Unit Ordinance
 - Historical Preservation Ordinance
 - Affordable Housing Impact Fee Ordinance
 - Parkland Dedication Ordinance
 - Amendment of Minimum Wage Ordinance
- Stadium Authority Arbitration and Declaratory Relief litigation

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**City of
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Accomplishments

- Completed negotiations, environmental review process and development entitlements for City Place project
- Lawrence Station Area Plan specific plan, entitlements and EIR
- Environmental review for International Swim Center, Reed & Grant and San Tomas & Monroe Park Projects
- Responded to new state law related to marijuana use and cultivation (Proposition 64), including drafting of ordinance

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**City of
Santa Clara**
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Upcoming Policy Issues

- Affordable housing policies in response to subsequent Council direction regarding prevailing wage
- Stadium issues related to non-NFL events
- Stadium audit recommendations and implementation
- Specific Plans for Focus Areas (Tasman East, ECR, Downtown, etc.)
- Comprehensive Zoning Ordinance Update
- Proposed charter amendments
 - Creation and implementation of districts and change to voting methodology

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**City of
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Operational Constraints

- Understaffed
- Insufficient work space
- Lack of Risk Management resources
- Antiquated workflow – too much paper, too much manual processing

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**City of
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City Attorney's Office Summary

- The City Attorney's Office will continue to provide legal advice and support on matters initiated by the City Council, City Manager's Office and City departments
- Upgrades to the City's workflow processes, as well as the addition of a Risk Manager or other staffing modifications will improve services
- City Place, Convention Center and other developments are significant workloads
- Stadium Authority efforts are significant
- Business Process improvements will take resources

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**City of
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City Attorney's Office Summary

- **Priority of assignments from Council:**
 - 1. California Voting Rights Act Litigation
 - 2. Implementation of Charter Amendment
 - 3. Public Works/Procurement/Business Practices Revisions
 - 4. Assistance with Responses to Public Records Act Requests

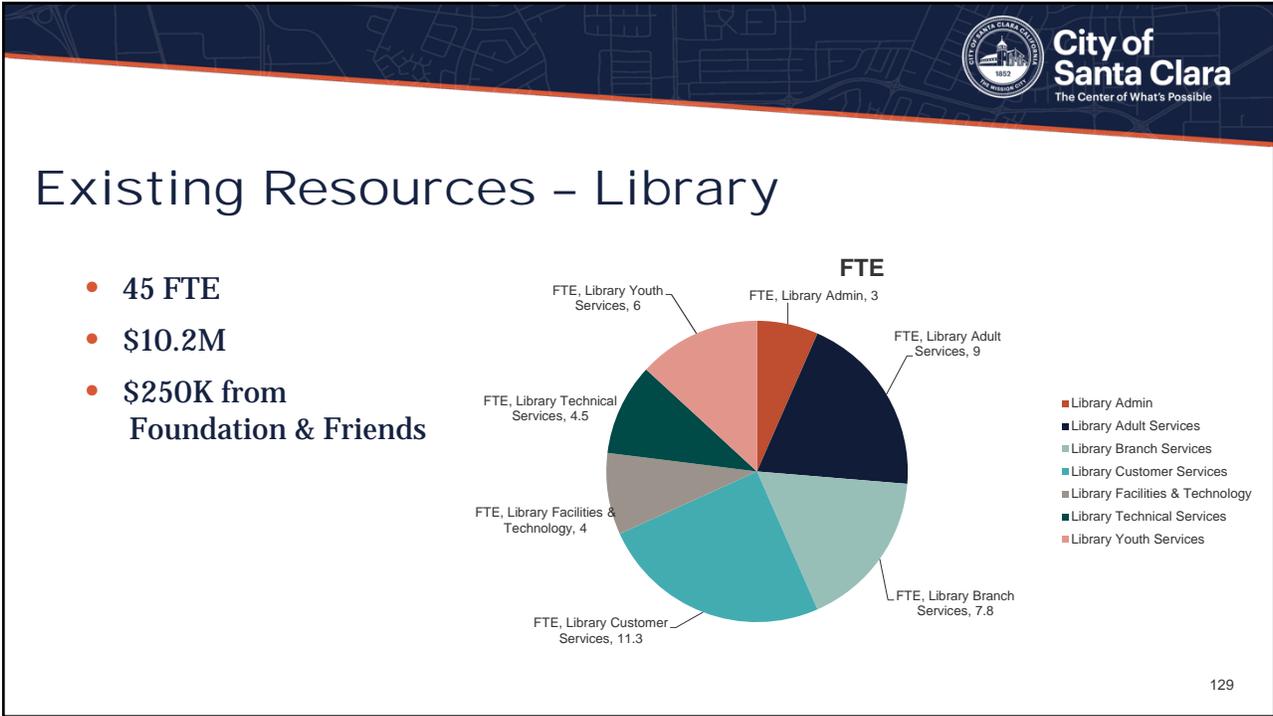
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Operational Priorities Library



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Service Delivery to Customers Highlights

- **Customer Services –**
 - Enhanced Self Service through technology
 - Replacement of automated materials handler
- **Adult Services –**
 - Current, and relevant collections of books and other materials
 - Adult Literacy
 - Service to Homebound
 - Grant Funded Retrotech & California 360 programs
- **Children & Youth Services –**
 - Storytimes & early childhood literacy initiatives,
 - STEM Central & year-long programs
 - Girls Who Code

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 **City of Santa Clara**
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Service Delivery to Customers Highlights

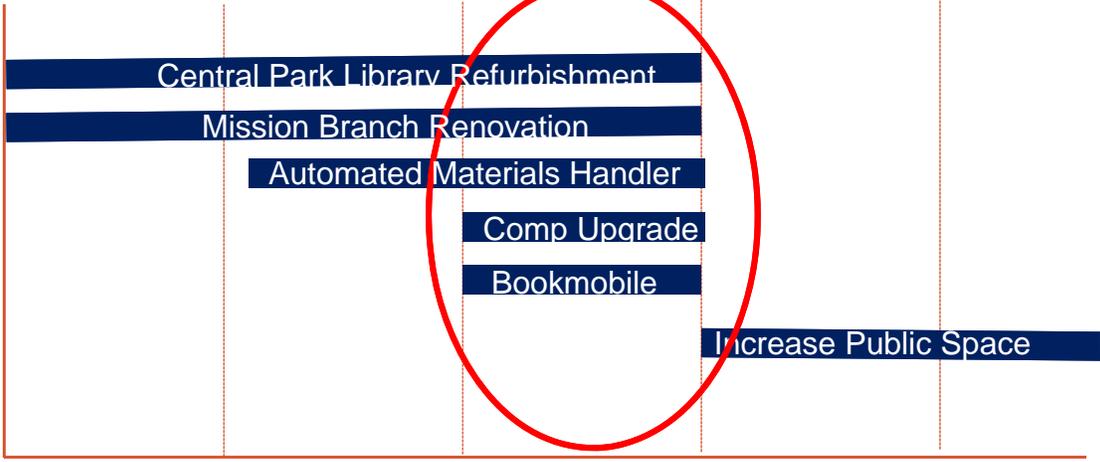
- **Branch Services** – High impact programs and collections tailored to neighborhoods and community service points
 - Northside Branch Library
 - Mission Branch Library
 - Bookmobile
- **Facilities** – Safe, attractive & welcoming buildings
- **Technology** – Access to new and established technology for community members
- **Technical Services** – Collection acquisition and streamlined delivery to customers



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 **City of Santa Clara**
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Long Range Planning



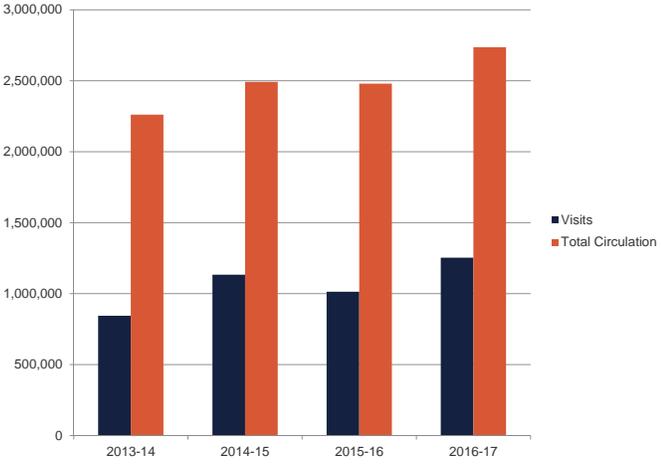
Project	Start Year	End Year
Central Park Library Refurbishment	2016	2018
Mission Branch Renovation	2016	2018
Automated Materials Handler	2017	2018
Comp Upgrade	2018	2018
Bookmobile	2018	2018
Increase Public Space	2019	2020

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City of Santa Clara
 The Center of What's Possible

Accomplishments

- Checked out 2.7 million items FY 2016-17
- 1.8 million visits
- Visits & Circulation are both up



Fiscal Year	Visits	Total Circulation
2013-14	~850,000	~2,250,000
2014-15	~1,100,000	~2,500,000
2015-16	~1,000,000	~2,450,000
2016-17	~1,250,000	~2,700,000

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City of Santa Clara
 The Center of What's Possible

Accomplishments

- Hosted two major events for Kids & Families: **STEM Central** and **Comic Con**
- PR Excellence Award Best in Show for STEM Central
- Teen Librarian of the Year to Librarian, Angela Ocana




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City of Santa Clara
The Center of What's Possible

Accomplishments

- Removed daily overdue fines on Children's materials
- Central Park Library facilities improvements
- Mission Library Renovation (in progress)
- Updated Automated handler
- New Bookmobile
- Pathways to Citizenship
- Meaningful Volunteer opportunities for teens and adults




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City of Santa Clara
The Center of What's Possible

Upcoming Policy Issues

- Free Speech Areas at Libraries
- Review Library Services in General Plan Goals & Policies
- Public Art Policy

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**City of
Santa Clara**
The Center of What's Possible

Operational Constraints

- Staffing limitations & key vacancies
- Limited Hours at Mission & Northside Branch Libraries
- Ongoing facilities upkeep & maintenance

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**City of
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The Center of What's Possible

Areas of Opportunity

- Expanded services to upcoming & newly developed regions of city using bookmobile and/or one-stop libraries
- Use widespread community support, engagement & positivity to build new partnerships & leverage external resources
- Shift as-needed budgets to fund permanent staffing solutions
- Expand ESL offerings to immigrant populations
- Streamline workflows using technology where applicable

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**City of
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The Center of What's Possible

Library Summary

- Provide innovative & engaging events and programs for the community
- Connect with ESL populations & new residents
- Promote civic engagement
- Expand access to the library space, technology, & collections
 - Open more hours
 - Improved online tools & website
- Engage staff through professional development opportunities
- Maintain and upgrade library facilities to keep them safe, attractive & welcoming

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Parks & Recreation Department



**City of
Santa Clara**
The Center of What's Possible

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City of Santa Clara
The Center of What's Possible

Existing Resources – Parks & Recreation

<ul style="list-style-type: none"> • Positions <ul style="list-style-type: none"> – Administration: 3.75 FT – Parks: 48.58 FT – Recreation: 23.42 FT – Cemetery: 5 FT – Total = 80.75 	<ul style="list-style-type: none"> • Budget <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">– Administration</td> <td style="text-align: right;">\$1,109,879</td> </tr> <tr> <td style="padding-left: 20px;">– Parks</td> <td style="text-align: right;">\$10,514,676</td> </tr> <tr> <td style="padding-left: 20px;">– Recreation</td> <td style="text-align: right;">\$6,801,592</td> </tr> <tr> <td style="padding-left: 20px;">– GF Total</td> <td style="text-align: right;">\$18,426,147</td> </tr> <tr> <td style="padding-left: 20px;">– Cemetery</td> <td style="text-align: right;">\$1,007,138</td> </tr> <tr> <td style="padding-left: 20px;">Total</td> <td style="text-align: right;">\$19,433,285</td> </tr> </table> 	– Administration	\$1,109,879	– Parks	\$10,514,676	– Recreation	\$6,801,592	– GF Total	\$18,426,147	– Cemetery	\$1,007,138	Total	\$19,433,285
– Administration	\$1,109,879												
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– GF Total	\$18,426,147												
– Cemetery	\$1,007,138												
Total	\$19,433,285												

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City of Santa Clara
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Service Delivery to Customers Highlights

- Planning and development of new Parks and Recreation facilities.
- Maintenance and rehabilitation of:
 - Central Park (45.04 acres),
 - 25 neighborhood parks (122.67 acres),
 - public open space (41.71 acres),
 - 5 mini parks (2.59 acres),
 - community recreation, aquatics (11 pools 5 sites), park buildings,
 - joint use facilities (47.52 acres).
 - Includes playgrounds, restrooms, picnic areas, turf, trees and vegetation management, athletic fields.
 - Santa Clara Golf & Tennis Center—American Golf management agreement.



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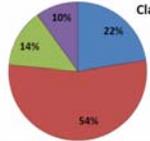
City of Santa Clara
The Center of What's Possible

Service Delivery to Customers Highlights

- Provide health, wellness, sports and recreational opportunities including therapeutic, cultural and performing arts for all ages and abilities at:
 - Community Recreation Center
 - Youth Activity Center & Teen Center
 - International Swim Center
 - Senior Center
 - Parks & buildings
 - Youth Soccer Park

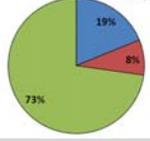


Class Attendance by Age Group (195,285 Total)



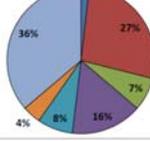
Age Group	Count
Infant/Toddler: 0-4 Years	43,973
Youth: 5-12	105,289
Teen/Adult: 13-49 Years	26,630
Senior: 50+ Years	19,393

Drop-in Attendance by Age Group (176,122 Total)



Age Group	Count
Youth: 0-12 Years	33,112
Teen/Adult: 13-49 Years	14,845
Senior: 50+ Years	128,165

Rental Attendance by Type (128,981 Total)



Rental Type	Count
Adult Sports	2,330
Meeting	35,024
Party	9,440
Picnic	20,142
Special Event- Non P&R	10,030
Theater	5,230
Youth Sports	46,785

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Service Delivery to Customers Highlights

- Produce Annual City-wide Special Events.
- Support Commissions
 - Parks & Recreation
 - Youth
 - Senior Advisory
- Cemetery customer service, operation, maintenance
 - Mission City Memorial Park
 - Agnews Historic Cemetery





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Accomplishments

- **Completed—Rehabilitation of Bracher Park and Steve Carli Park**
- **Completed—Design & award of construction for San Tomas & Monroe Neighborhood Park & Community Garden (2 acres)**
- **Completed—Design of Reed & Grant Street Sports Park (8.75 acres)**
- **Completed—Facility Condition Assessment of all park & recreation facilities**






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Accomplishments

- **Conducting—Project feasibility, funding and delivery options, testing public opinion, for new Community Recreation & Aquatic Center in Central Park**
- **Completed—Community input and design for Bowers & Machado Park Playgrounds**
- **Initiated—Community input for Montague Park Rehabilitation, and Playground renovations of Homeridge Park, Agnew Park, & sport court at Fuller Street Park**





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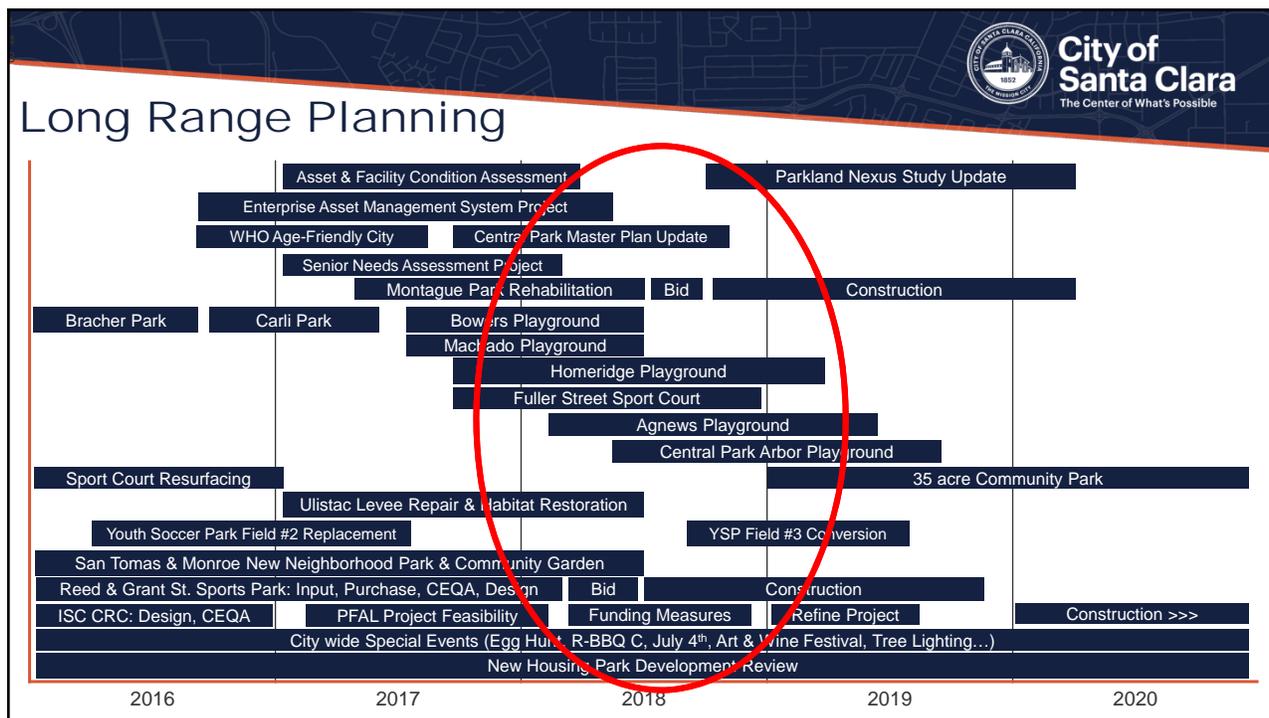


City of Santa Clara
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Accomplishments

- Designated “Age Friendly City” by World Health Organization
- Initiated Senior Needs Assessment & Gap Analysis
- Provided 37th Annual Santa Clara Art & Wine Festival raising over \$89,000 for programs, and produced annual City-wide Special events
- Ensured new residential housing development is in compliance with SCCC 17.35 Parkland Dedication provisions for acquisition and development of new public parks and recreational amenities
- Administered and awarded over \$720,000 in Project and Program Grants

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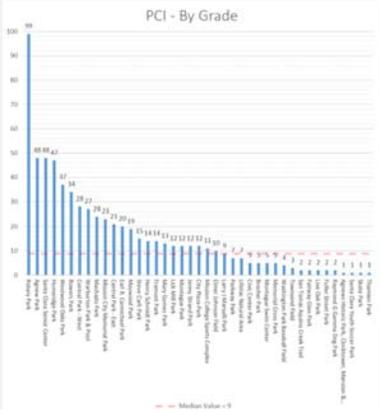




City of Santa Clara
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Upcoming Policy Issues

- **Prioritization of Parks & Recreation needs and alignment of funding**
- **Facility Condition Assessment Report (Kitchell)**
 - Existing facilities & aging infrastructure
 - Community priorities/expectations for new facilities, single use facilities, density of use, new Community park.
 - Needs exceed current sources and available funds
- **Funding Options for Community Recreation & Aquatic Center–Project Finance Advisory Ltd (PFAL)**
 - Study Session February 20 , 2018



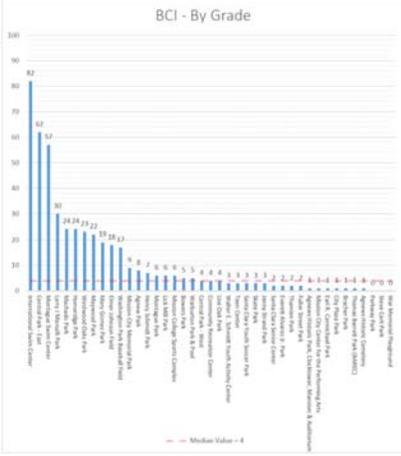
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Upcoming Policy Issues

- **Local and State Bond Measure(s)**
- **Update Central Park Master Plan**
- **Update Annual Fees due in-lieu of Parkland Dedication**
- **Update Park Inventory & Nexus Study (2018-19)**



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Operational Constraints

- No city wide Parks & Recreation Master Plan to address identified needs and assist prioritization and decision-making:
 - Existing aging facilities and life cycle costs
 - Acquisition and development policy/plan for new facilities (size, location, amenities)
 - Program/service plan to address measurable citywide outcomes/goals (health & fitness, age-friendly, sustainability/natural environment)
 - Identified funding strategies and sources to in alignment with available resources

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Operational Constraints

- Purchasing Policy and Charter provisions (1310) constrain timely and cost effective product and project delivery solutions
- Current construction market conditions and capital project cost escalation outpaces available resources and impacts ability to deliver projects
- No work order management system
- Personnel:
 - Increased workloads
 - Length of time to fill positions

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Areas of Opportunity

- Replace older facilities, equipment and technology
- Implement Parks Enterprise Asset Management (EAMS) and Electronic Work Order System (Lucity) with public interface
- Increase understanding of recreation market segments, pricing and revenue strategies to support program growth and subsidy priorities
- Explore possible foundation and endowment opportunities for new facilities
- Explore acquisition of new parkland adjacent to existing community parks and trails (examples: Reed & Grant Street, Central Park)

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Parks & Recreation Department Summary

- High resident approval rating for Parks & Recreation programs and services
- Highly motivated and experienced staff to address challenges
- Accomplishing Council goals:
 - Acquiring and developing new parkland and athletic facilities
 - Rehabilitating existing aging infrastructure, facilities, parks and playgrounds
 - Increasing community engagement and collaboration with internal and external stakeholders

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Operational Priorities Water & Sewer Utilities



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Existing Resources – Water & Sewer Utilities

- 73 FTEs – FY 2017/2018
 - Water: 47.25
 - Sewer: 22.15
 - Recycled Water: 3.60
- FY 2017/2018 Budget: \$113,383,550 (Combined Operating and Capital)
 - Water: \$45,052,389
 - Sewer: \$63,641,206
 - Recycled Water: \$4,689,955

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Service Delivery to Customers Highlights

- Dependable and Healthful Supply of Both Potable and Recycled Water
- Regulatory Compliance Including Water Quality and Sampling, Conservation, and Cross-Connection Control
- Wastewater Collection, Conveyance, and Treatment with an Emphasis on Protecting Environment
- Water, Sewer, Recycled Water Infrastructure Upgrades
- Provide Excellent Customer Service on a Timely Basis 24/7 with Emphasis on Efficiency, Reliability, Cost Effectiveness, and Sustainability




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Accomplishments

- Design and Installed 6,700 Linear Feet (LF) of Water Main
- Construction of 2 Million Gallon Water Storage Tank at Corporation Yard
- Construction of New Water Interties with the City of San Jose and Sunnyvale
- CCTV Assessment of 167,000 LF of Sanitary Sewer Main & 19 Sewer Siphon Assemblies - Lined 540 LF of 18" and 24" Sewer Siphons
- Implementation of Innovative Banding Technology for Sewer Spot Repairs

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Accomplishments

- Implementation of CMMS Support Software to Improve Efficiency and Regulatory Compliance
- Tested 3,300 Backflows and 23 Sites for Cross-Connection Control to Ensure Regulatory Compliance and Overall Safety of Potable Water System
- 3,294 Water Samples Tested and Found to Meet All State and Federal Standards for Water Quality
- Provided Consistent Supply of Recycled Water in Coordination with South Bay Water Recycling & Reached 2020 Recycled Water Target 3 Years Early
- 11 Commercial Sites Brought Online for Recycled Water Use

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Upcoming Policy Issues

- Capital Improvement Funding at the Regional Wastewater Facility (RWF)
- Tributary Agency Claims Against San Jose and Santa Clara as Owners of RWF
- Permanent Customer Status with San Francisco Public Utilities Commission - SFPUC (Hetch-Hetchy)
- Implementation of Findings for Rate and Fee Analysis Including, Operating and Capital Reserves Policy, and AB 1600 Developer Impact Fees
- Commercial FOG Control Program Implementation – Outreach, Inspection, and Enforcement

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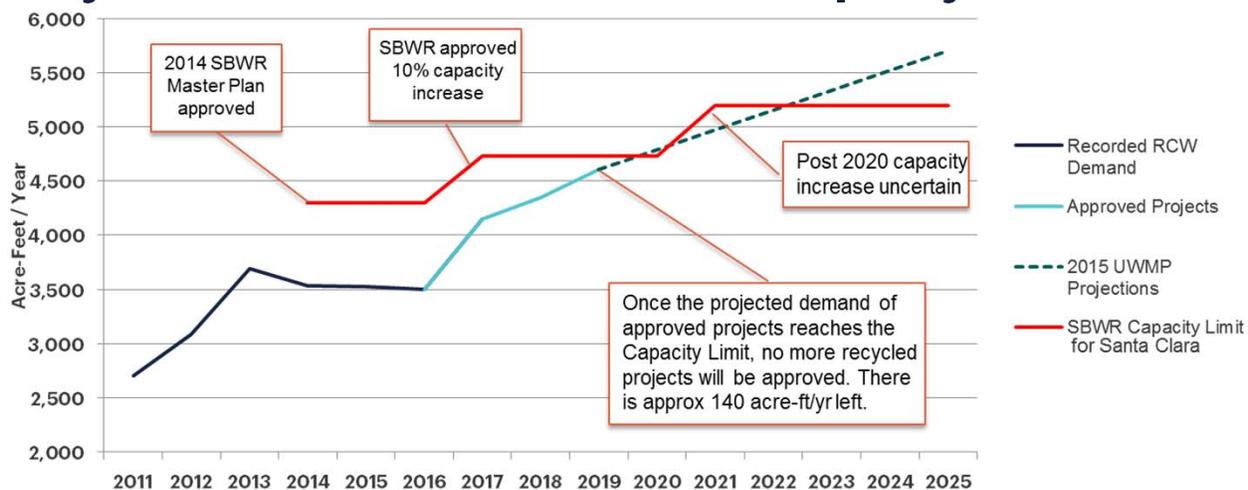
Upcoming Policy Issues

- Recycled Water Planning Supply Target – South Bay Water Recycling (SBWR) Strategic and Master Plan
- Modernization of Water & Sewer Systems Through Targeted Investment
- Maintaining Compliance with Regional, State, and Federal Regulations - Governor’s CA Water Action Plan – “Conservation as a California Way of Life”
- City Place Santa Clara – Approvals from Division of Drinking Water (DDW)

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Recycled Water Demands and SBWR Capacity Limits



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Operational Constraints

- Staffing –Recruitment and Retention Challenges
- Aging Infrastructure
- Rate Increases by Water Wholesalers
- Drought and Water Revenue Instability
- Committee/Commission support SCVWD, BAWSCA, TPAC
- Keeping Pace with New Development Plan Checks and Service Requests
- Funding Constraints Related to Stormwater Pump Stations

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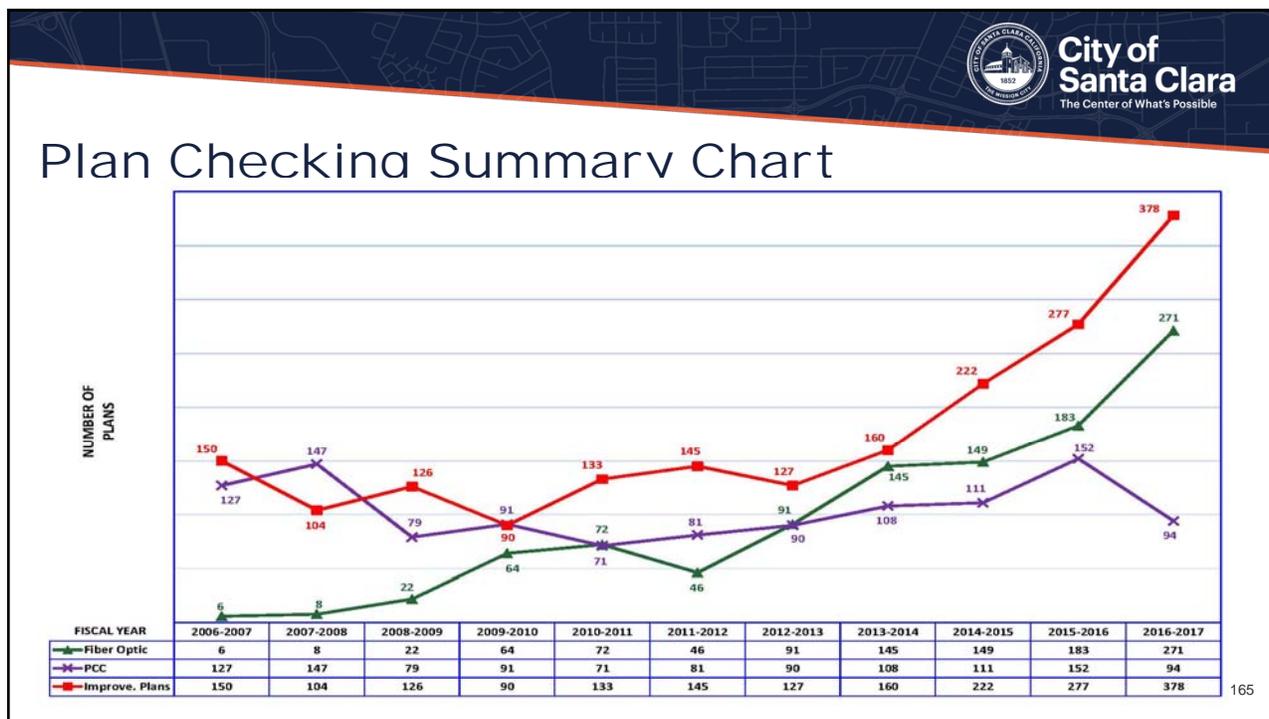


Long Range Planning

Project Name	Start Date	End Date
Hydraulic Model Upgrade	Present	Jan. 2019
New Wells Feasibility Study and Construction	Present	Jan. 2020
FGG Implementation	Present	July 2018
Water Main Replacement	Present	July 2019
Serra Water Tanks Rehabilitation	Present	Jan. 2020
SCADA Master Plan	Present	Jan. 2020
Rate Study	Present	July 2018
W&S Asset Management Program – Study and Implementation	Present	Jan. 2020
City Place – DDW Approvals and Monitoring/Development Impacts	Present	Jan. 2020
River Watch Settlement – Assessments/Repairs of Sanitary Sewer	Present	Jan. 2020

Present July 2018 Jan. 2019 July 2019 Jan. 2020

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Areas of Opportunity

- Innovation Through Technology (CMMS, GIS, SCADA, Mobile)
- Innovative Maintenance Practices (i.e. Sewer Banding, Leak Detection, AMI)
- Update Hydraulic Model(GIS Based)
- Additional Revenue Through Full Cost Recovery
- Additional Staffing
- Collaboration and Strategic Planning - Internal Customer Service

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City of Santa Clara
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Water and Sewer Infrastructure Projects

<div style="background-color: #0056b3; color: white; padding: 5px; margin-bottom: 5px;"> <p style="text-align: center; font-weight: bold;">Water Storage Tank Rehabilitation</p> <p style="text-align: center;">2017-18: \$0.6 M 6-Year Forecast: \$ 3.5 M</p> </div> <div style="background-color: #0056b3; color: white; padding: 5px; margin-bottom: 5px;"> <p style="text-align: center; font-weight: bold;">New and Replacement Wells</p> <p style="text-align: center;">2017-18: \$0.7 M 6-Year Forecast: \$5.5 M</p> </div> <div style="background-color: #0056b3; color: white; padding: 5px; margin-bottom: 5px;"> <p style="text-align: center; font-weight: bold;">Water Main Line Distribution</p> <p style="text-align: center;">2017-18: \$2.4 M 6-Year Forecast: \$12.6 M</p> </div> <div style="background-color: #0056b3; color: white; padding: 5px;"> <p style="text-align: center; font-weight: bold;">Water Main Services, SCADA Asset Mgmt. Projects</p> <p style="text-align: center;">2017-18: \$1.3 M 6-Year Forecast: \$3.9 M</p> </div>	<div style="border: 1px solid black; padding: 10px; background-color: #e0e0e0;"> <p style="font-weight: bold; margin: 0;">CIP Projects</p> <p style="margin: 0;">2017-18: \$44.3 M</p> <p style="margin: 0;">6-Year Forecast: \$ 232.3 M</p> </div> <div style="background-color: #e91e63; color: white; padding: 5px; margin-top: 10px; text-align: center;"> <p style="font-weight: bold; margin: 0;">Recycled Water Main Line Distribution</p> <p style="margin: 0;">2017-18: \$150 K 6-Year Forecast: \$900 K</p> </div>	<div style="background-color: #2e7d32; color: white; padding: 5px; margin-bottom: 5px;"> <p style="text-align: center; font-weight: bold;">Sanitary Sewer Regional Wastewater Facility</p> <p style="text-align: center;">2016-17: \$26.6 M 6-Year Forecast: \$156.8 M</p> </div> <div style="background-color: #2e7d32; color: white; padding: 5px; margin-bottom: 5px;"> <p style="text-align: center; font-weight: bold;">Sanitary Sewer Capacity Improvement Projects</p> <p style="text-align: center;">2016-17: \$6.0 M 6-Year Forecast: 22.1 M</p> </div> <div style="background-color: #2e7d32; color: white; padding: 5px; margin-bottom: 5px;"> <p style="text-align: center; font-weight: bold;">Sanitary Sewer Condition Assessment</p> <p style="text-align: center;">2016-17: \$1.5 M 6-Year Forecast: 6.5 M</p> </div> <div style="background-color: #2e7d32; color: white; padding: 5px; margin-bottom: 5px;"> <p style="text-align: center; font-weight: bold;">Sanitary Sewer Pump Station Improvement</p> <p style="text-align: center;">2016-17: \$1.7 M 6-Year Forecast: \$1.7 M</p> </div> <div style="background-color: #2e7d32; color: white; padding: 5px; margin-bottom: 5px;"> <p style="text-align: center; font-weight: bold;">Sanitary Sewer System Improvement</p> <p style="text-align: center;">2016-17: \$2.3 M 6-Year Forecast: \$15.4 M</p> </div> <div style="background-color: #2e7d32; color: white; padding: 5px;"> <p style="text-align: center; font-weight: bold;">SCADA, Asset Mgmt. Projects</p> <p style="text-align: center;">2016-17: \$1.0 M 6-Year Forecast: \$3.4 M</p> </div>
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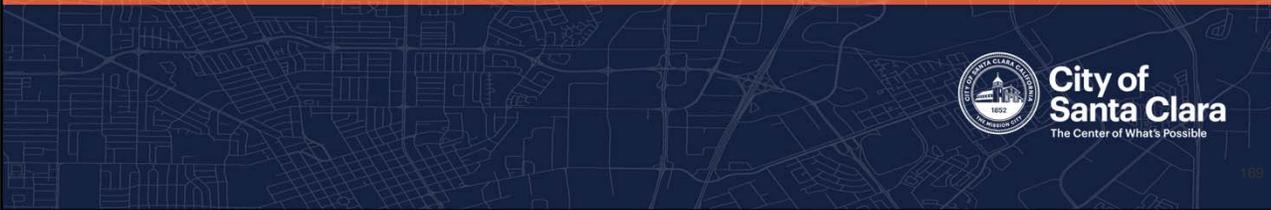
Water & Sewer Utilities Summary

- Adequate Reserves/Funding
- Infrastructure
- Strategic Partnerships
- Sustainability
- Water Supply and Demand Management
- Future Droughts
- Customer Focus



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Operational Priorities Community Development



Existing Resources

Community Development	FTE	Operating Budget
– Planning	18.7	\$5.6M
– Building	38	\$8.5M
– Housing and Community Services	7.3	\$899,000
Total	64	\$15.1M

*Other funding sources for Housing include:
 Housing Authority: \$143,126
 City Affordable Housing: \$1,336,244
 Housing Successor Agency: \$1,280,189
 Housing & Urban Development: \$2,527,559

 **City of Santa Clara**
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Planning Division

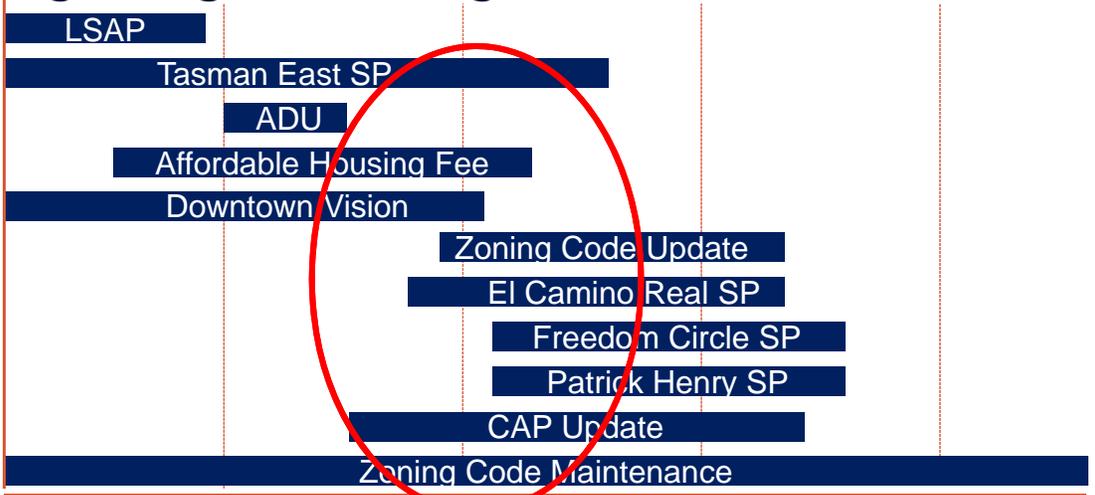
- Answered 10,468 Public Inquiries (872 per month)
- Responded to 1,158 Code Enforcement Cases (97 per month)
- Conducted Public Hearings for 252 Projects (21 per month)
- City Council Considerations: 4 Policy Updates
- Staffed Planning Commission, Architectural Committee, etc.



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 **City of Santa Clara**
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Long Range Planning



Project Name	Start Year	End Year
LSAP	2016	2017
Tasman East SP	2016	2018
ADU	2017	2018
Affordable Housing Fee	2017	2018
Downtown Vision	2016	2018
Zoning Code Update	2017	2019
El Camino Real SP	2018	2019
Freedom Circle SP	2018	2019
Patrick Henry SP	2018	2019
CAP Update	2017	2019
Zoning Code Maintenance	2016	2020

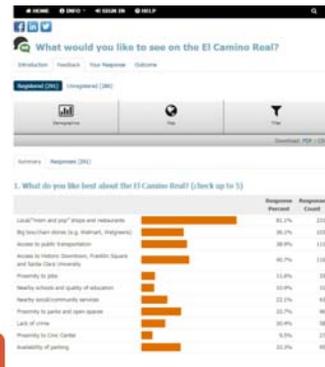
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Long-Range Plan Typical Process (ECR)

- Manage consultant RFP process and administer contracts
- “Pop-up”, Community Workshop & On-line Engagement
- Community Advisory Committee
- Technical Advisory Committee
- Review Plan and environmental review documents
- Public hearing process





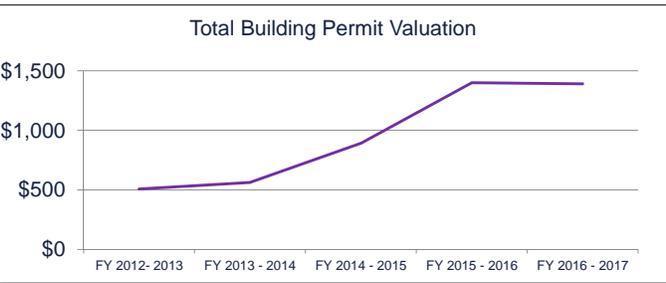
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Building Division

- Performed 36,771 Inspections (3,064 per month)
- Reviewed and Issued 7,455 Permits (621 per month)
- Adopted and Implemented 2016 California Codes
 - Building Code
 - Residential Code
 - Electrical Code
 - Mechanical Code
 - Plumbing Code
 - Energy Code
 - Historical Building Code
 - Existing Building Code
 - Green Building Standards Code
 - and all Standards referenced by these codes



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**City of
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Building Division

- Completed Accela Permit Tracking System RFP process
- Implemented structural reorganization to increase teamwork and improve service delivery
- Adopted and implemented 12 volumes of new building codes
- Corrected and clarified parts of the City Code
- Initiated staff training to improve code expertise
- Implemented process improvements and enhanced customer service – streamlined process; improved website and handouts

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Housing and Community Services

- Completed 20 Neighborhood Conservation Improvement Program (NCIP) Rehabilitation Projects
- Assisted 18 families in purchasing Below Market Purchase (BMP) homes
- Assisted 18,131 residents through public service programs
- Assisted 20 homeless or at-risk with Tenant Based Rental Assistance (TBRA)
- Updated Community Participation Plan
- Initiated community outreach for City housing sites

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Upcoming Policy Issues – Planning

- Tasman East Specific Plan
- El Camino Real – community engagement
- Zoning Code Update – changes to land use permitting process
- North of Bayshore – master planning (Patrick Henry, Freedom Circle, Kylli)
- Downtown Revitalization Vision Plan
- Evaluation of phased General Plan & Housing Supply
- Climate Action Plan / transportation analysis methodology
- BART and other regional planning efforts
- City Place – Development Area Plans

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Upcoming Policy Issues – Housing

- US Department of Housing and Urban Development (HUD) Annual Appropriations for CDBG and HOME
- Use of Housing Sites / Advancing 100% Affordable Projects
- Partnership projects – BAREC, St. Marks, Corvin Drive
- Inclusionary Housing Ordinance Implementation



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Operational Constraints

- Staffing – recruitments and retirements
- Staffing – office/work space
- Permit tracking system
- Permit fee levels
- Redistribution of resources to County
- Limited land and funding to support development projects
- Difficulty administering Federal money
- Community support for affordable and supportive housing (NIMBYism)
- Capacity to keep up with demand

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Areas of Opportunity

- Fee and grant supported long-range planning program
- Specific Plan communities
- Expanded community engagement and Placemaking initiatives
- New State and regional policies
- Partnership with County to use Measure A funds for affordable housing
- Technology Tools
- Streamlined Zoning Code

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**City of
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Community Development – Summary

- Positive, “can-do” attitude; but, capacity does not match demand for service
- Changing land use context and community needs
- Critical need for housing
- Focus on balance of community benefit and economic development
- Culture of continuous improvement
- Team oriented
- Opportunities for growing service delivery – recruitment, technology, and realignment

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Operational Priorities Public Works



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Existing Resources – Public Works

<u>Public Works Divisions</u>	<u>FTE</u>	<u>Operating Budget</u>
– Engineering	40.92	} \$28,123,426
– Facility Services	13.23	
– Street	52.50	
– Automotive Services	15.75	
– Solid Waste	5.50	\$22,827,740
– Convention Center Maintenance District	0.10	\$1,488,685
– Downtown Parking Maintenance District	0.50	\$233,599
Total	128.5	\$52,673,450

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Service Delivery to Customers Highlights

- Development and Public Improvement Plan Review and development fee collections
- Infrastructure Planning and Capital Improvement Projects: Storm Drain, Sanitary Sewer, and Street Pavement
- Garbage, Recycling and Street Sweeping
- Street & Sidewalk Maintenance and Street Trees
- Transportation Systems: traffic signals, signs and bike lanes
- Fleet Management



Bicycle Lanes



Traffic Signals

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Service Delivery to Customers Highlights

- Building Maintenance Services to City including Historic Homes
- Oversight and Contract Management for Santa Clara Convention Center Maintenance District and Downtown Parking Maintenance District
- Maintenance of Tasman Parking Garage and City parking lots



Santa Clara Convention Center



Tasman Garage



Franklin Mall

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Accomplishments

- \$14.9M awarded in transportation grants funding safe-route-to-schools, traffic signal communications, creek trail extensions, update of the City's Bicycle Plan and first Pedestrian Master Plan
- Implemented Building Division Work Order Management System (Lucity)
- Completed Pavement Improvements (Great America Parkway, Bowers Ave., Graham Neighborhood, Forest & Cypress Avenue)
- Completed Sediment Removal at the Westside Storm Water Retention Basin
- Regional Coordination on Santa Clara Caltrain Station Pedestrian Tunnel
- Initiated update to Public Works CSI Bid Specifications (City Attorney & Depts.)

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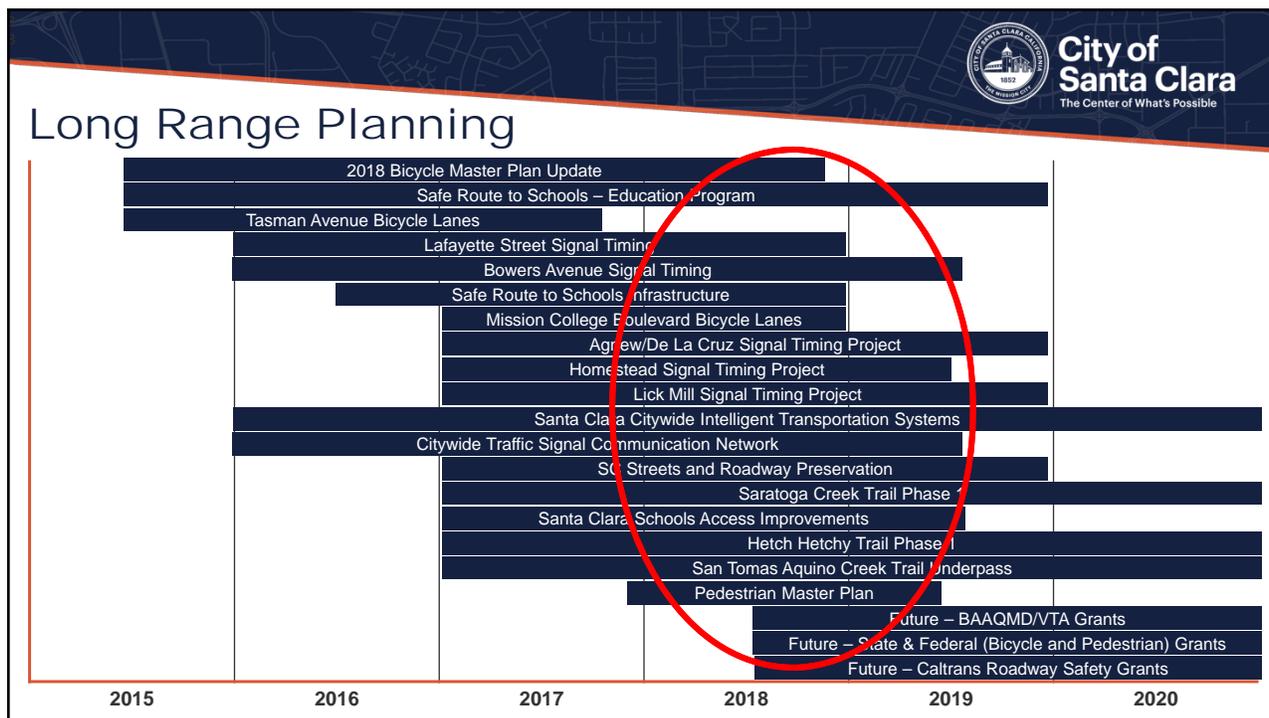


City of Santa Clara
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Accomplishments

- Awarded Capital Projects (Police Building Security Upgrade, San Tomas and Monroe Park and Community Garden and Mission Branch Library Remodel)
- Installed Pedestrian crosswalk improvements along El Camino and Lafayette and Wilcox High School
- Reviewed plans and performed inspection of public improvements associated with developments
- Sanitary Sewer Collection System Pipeline Repair Project
- Implemented the Pilot Residential Food Scraps Recycling Program (5,000 customers)

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Traffic Management Center



- Smart Transportation Infrastructure
- Monitor live traffic with high resolution pan-tilt-zoom cameras and manipulate signal and corridor operations in real time.
- Respond to construction lane closures, crashes and special events.
- Signal Timing - Fiber Network
- Confirm and respond to signal timing complaints.
- Disseminate information to the public about roadway conditions.
- Mobile Changeable Message Signs – real time (cellular connection)



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Pilot Residential Food Scraps Recycling Program Background

- Landfills generate 20% of methane emissions in CA
- Senate Bill 1383 (2016) requires municipal programs to reduce the organics disposed of in landfills by 50% by 2020 and 75% by 2025
- Pilot program rolled out split-carts to almost 5,000 households





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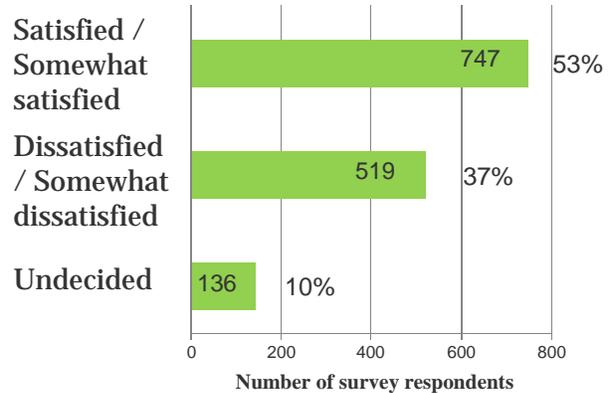
Pilot Residential Food Scraps Recycling Program Progress

Food Scraps Collected

- First three months of program: **145 tons** to date
- Average per household: **6.2 lbs.** per week



Overall Customer Satisfaction



Upcoming Policy Issues

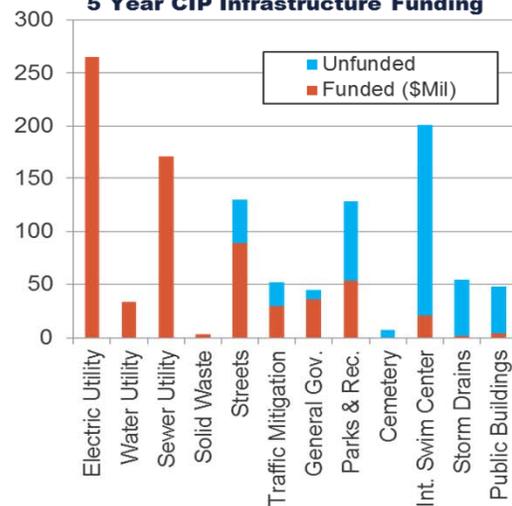
Infrastructure Assessment Plan – City Buildings & Facilities

- Citywide Facility Condition Inventory & Assessments
- Integrate data in City CMMS/Asset Management System
- Establish mission critical capital projects inventory and workplan
- Convention Center



City of Santa Clara
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5 Year CIP Infrastructure Funding

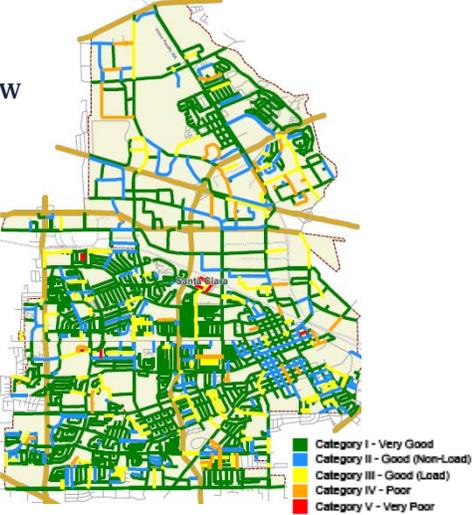




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Upcoming Policy Issues

- Storm Drain Fee (Needs Assessment): SB 231 review and implementation
- Roadway Pavement Condition Index: Target: PCI goal or Annual Funding
- Traffic Mitigation Impact Fee Update (June 2018)
- BART to Santa Clara
- Roadway priorities for multimodal improvements



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Upcoming Policy Issues

- Mandatory Organics Recycling Requirements – SB 1383
- Municipal Regional Stormwater NPDES Permit Requirements
 - Green stormwater infrastructure
 - Trash load reduction
 - PCB & mercury reduction
- Americans with Disabilities Act – Self Evaluation/Transition Plan Update

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Operational Constraints

- Staffing - recruitment pool and new hire expectations
- Volume of residential and developer request for service and information through multiple City platforms
- Fiscal constraints impacting service delivery for pavement, sidewalk and tree maintenance (e.g. no general funds dedicated for new street trees)
- Decentralized purchasing has inefficiencies & outsourced insurance verification services delays service agreements
- Limited Office and Corporation Yard space

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Areas of Opportunity

- Need to restructure department staffing model
- In-source expertise on GIS and connection to work order management system
- Centralize and Integrate Services – e.g. Public Works provide landscape maintenance of City Utility sites (not including Park sites)
- Greening of Fleet - new electric charging stations (PW-Fleet & SVP)
- City Hall Complex Master Plan
- Operational Staff Handle Resident Requests for Information (All Sources) – Customer Service Staff Position

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Public Works Summary

Dedicated to high quality public works services that:

- Facilitate development projects and public improvements
- Provide effective capital improvement project delivery
- Provide Engineering and CIP Project Management for City Departments
- Collect Garbage and Recycling
- Provide Street Sweeping, Street, Sidewalk and Street Tree Maintenance
- Evaluate, maintain and improve transportation Systems: traffic signals, signs and bike lanes

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Operational Priorities Silicon Valley Power



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Existing Resources – Electric Utility

<u>Divisions and Funds</u>	<u>FTE</u>	<u>Expense</u>
– Administrative Services (091)	8	\$300,357,278
– Energy Distribution (091)	125	\$ 40,315,629
– Planning & Strategic Services (091)	49	\$ 20,633,759
		<hr style="width: 100%; border: 0.5px solid black;"/>
		\$361,306,666
– Electric Operating Grant Trust Fund (191)	4	\$ 10,064,215
– Electric Debt Service (491)		\$ 20,707,289
		<hr style="width: 100%; border: 0.5px solid black;"/>
Total	186	\$392,078,170

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- ## Service Delivery to Customers Highlights
- Provide full service electric utility services to customers
 - Provide dark fiber optic leases, primarily in Santa Clara
 - Provide energy efficiency, solar incentive and green power programs
 - Operate, maintain and fund street lighting
 - Operate, maintain and fund Outdoor SVP Meterconnect WiFi
 - Provide services to other departments:
 - After hours call center and callout for non-public safety departments (SVP funded)
 - Traffic signal maintenance (PW funded)
 - Electrical support to other departments
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Accomplishments

- Extended no lost time injury record to 1,339 days
- Increased retail sales by 4% (FY2017-FY2016)
 - Decreased operating costs 3%
 - Reserves to target
 - Brought Reserves to \$120M target level
 - Placed \$3.5M in pension liability trust fund, plan future contributions
 - No rate increase in January 2018
- Restarted Line Worker apprenticeship program

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Accomplishments

- Released 103 design estimates to field crews (66 have been completed) ranging from major developments to service relocations and reliability enhancements
- Completed Western Electricity Coordinating Council (WECC) reliability audit
 - Included Operations, Planning and Critical Infrastructure reviews
- Completed Black Butte erosion repair
- Engineered and awarded NRS circuit breaker change out contract
- Entered into utility scale solar power purchase agreement
- Worked with PG&E on joint relicensing of the Bucks Creek Project (Grizzly)

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Upcoming Policy Issues

- **Changing business environment**
 - Climate change Legislative and regulatory initiatives
 - Renewable portfolio standards
 - Green House Gas reporting and Cap and Trade
 - Technology changes
 - Distributed generation, energy storage, information technology and communications, electric vehicles
 - Cyber and physical security threats
 - Drive business model changes
 - Changes drive need to restructure electric rates

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Upcoming Policy Issues

- **Infrastructure and asset management**
 - System upgrade and expansion projects
 - Assure system capacity is available to serve requested load
 - Use of remote property
 - Evaluate best use of remote properties
 - Hold study session on potential surplus land
 - Space planning
 - Utility Administrative Building

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Upcoming Policy Issues

- Retail and wholesale market changes
 - Customer expectations
 - Cleaner and greener energy, lower prices, higher reliability, choice
 - Community choice aggregation
 - New competitive benchmarks, wholesale competition, opportunity to partner
 - Electric and gas transmission costs
 - Regionalization and broader grid initiatives

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Operational Constraints

- Ability to attract and retain qualified utility staff at all levels
- Volume of new load requests for service
 - Engineering and field staff working to keep up, impacts maintenance and other work
 - System capabilities need to stay ahead of the curve
- Billing and other administrative systems need to be upgraded
- Split staff locations between City Hall and leased office space
- Outsourced insurance verification services delays service agreements

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Areas of Opportunity

- Strategic planning
 - Opportunity to position utility to continue to provide value
 - Update vision and strategies for new environment
- Make residential service 100% carbon free
- New utility building
 - Centralizes utility office functions
 - Frees space for other departments



SVP Infrastructure Project Categories Electric and Street Lighting





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- Silicon Valley Power Summary**
- Well situated to adapt to changing business environment
 - Strategic planning process important to plan for future
 - Near term actions:
 - Revise Standby Rate
 - Residential energy 100% carbon free January 1, 2018
 - Midterm decisions:
 - Restructure electric rates to reflect fixed costs of service
 - Decisions on remote property use or sale
 - Utility building
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Day 1 -- Summary

- State of Operations
- Metrics on Staffing, Workload, and Capacity
- Fiscal Outlook and 10 Year Financial Plan
- Human Resource Trends

Our state of operations, workload, fiscal outlook, and workforce trends set the foundation for which we build policy priorities and our capacity to achieve them!

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