City of Santa Clara

Call and Notice of Special Meeting

City Council Agenda

Friday, February 1, 2019 | **8:30 AM** | **City Hall Council Chambers**
1500 Warburton Avenue
Santa Clara, CA 95050

City Council Strategic Session

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of California Government Code §54956 ("The Brown Act") and Section 708 of the Santa Clara City Charter, the Mayor calls for a Special Meeting of the City Council of the City of Santa Clara to commence and convene on February 1, 2019, at 8:30 AM for a Special Meeting in the City Hall Council Chambers located in the East Wing of City Hall at 1500 Warburton Avenue, Santa Clara, California, to consider the following matter(s) and to potentially take action with respect to them.

I. Welcome

a. Call to Order
b. Pledge of Allegiance and Statement of Values
c. Roll Call

II. Public Presentations 8:40 AM

III. Department Operational Priority Presentations

**Council will break for lunch at approximately 12:20 PM.*

IV. Public Presentations 1:00 PM

V. Aligning Council Priorities

VI. Summary of Day 2/Council Action

19-122 Overview of City Council Operational and Strategic Priority Setting Sessions

Recommendation:

1. Adopt the 2019-2020 Budget Principles;
2. Accept the 10-year Financial Forecast;
3. Validate Pillars and approve recommended amendments as follows:
   a. **Manage Strategically Our Workforce Capacity and Resources** (changed from Maintain Adequate Staffing Levels);
   b. Addition of a new **Sustainability** Pillar;
4. Approve the City Auditor's Annual Audit Workplan for FY2018/19 (mid-year) and 2019/20; and
5. Provide direction to the City Manager to continue to work on the two revenue strategy options (Transit Oriented Tax and the Utility Users Tax) and bring back a work plan for the City Council.

VII. Adjournment

The next regular scheduled meeting is on Tuesday, February 5, 2019 in the City Hall Council Chambers.

19-122 **Agenda Date: 2/1/2019**

REPORT TO MAYOR AND CITY COUNCIL

SUBJECT
Overview of City Council Operational and Strategic Priority Setting Sessions

EXECUTIVE SUMMARY
I want to thank the City Council for assigning two-days to review the state of the organization, advancements of policy priorities, and key data that provides direction on managing the City going forward. I have spent the last year observing and engaged in dialogue with employees, stakeholders, and the community in order to become more informed on our major lines of business as well as opportunity areas. With my first year completed, my understanding is more thorough and, in some cases, further reinforces my initial observations from last year.

I continue to believe strongly that our highest priority and focus is remaining fiscally stable because, all of our public services depend on it and, without it, we cannot continue to provide our community with a broad range of quality services and maintain the high performing workforce that serves our City. Equally as important is our workforce, which is our greatest investment and asset. As a service organization, our employees are the key to the high ratings the community gives the City and it is important to review the care, training/development, and workplace that we provide to retain and recruit our valued and talented employees.

Last year, during the Council's Priority Setting Session, I spent quite a bit of time on reviewing the State of the Organization and the major administrative gaps that existed (i.e. manual processes, risk management and the absence of modernized enterprise-wide systems). Although many of these gaps still exist, we are making significant strides towards addressing them, as I will present at this year's session.

Improving administrative processes are foundational to a high-functioning workforce. As we discuss some of the progress in these process areas, this year's main focus will move the conversation to addressing workforce needs. Both process and people are equally as important to delivering efficient, effective and the high-quality service/programs to which our community is accustomed.

This year's session will also show that the City has achieved a more balanced policy approach and internal governance structure with the appointment of the Council's third Council Appointee, the City Auditor. Each Council Appointee (City Manager, City Attorney, and the City Auditor) will present at the session. It is important to note that while the organizational governance foundation has been achieved, the Council itself is in transition with the newly formed Council Districts as was discussed at the December 13, 2018 Governance Session, and the organization will need to adapt from a workload perspective to this new governance system.

Major outcomes of this Session include:

1. Review of the State of the Organization
    - Updates/accomplishments from last year's January Priority Setting Session and Current State of the Organization, including a review of operational, staffing, and key data/metrics (City Manager)
    - Council Appointee Updates (City Attorney and City Auditor)
    - Specific progress on administrative gap areas from last year:
        - Human Resources Assessment
        - Procurement Reforms
    - Fiscal update
        - Fiscal Outlook

- Ten Year Financial Forecast

2. Review and assess current Council priorities and policy and related workload and upcoming projects and initiatives for 2019.
3. Department Operational and Strategic Initiative Updates

GOAL SETTING SESSION FACILITATOR

Dr. Shawn Spano will again facilitate this strategic planning session. Dr. Spano has over 18 years of experience working with city government and public organizations. He is a specialist in designing and facilitating public forums, meetings, training workshops and off-site retreats with leaders, executive staff, elected officials, middle managers, commissions and boards, and local residents.

As background, Dr. Spano is a professor at San Jose State University where he teaches courses and conducts applied research in interpersonal and small group communication. He specializes in bridging social construction and dialogue theory with practical skills and tools that enable students to design and facilitate processes to improve communication in community, organizational and interpersonal contexts. Dr. Spano also serves as President of the Public Dialogue Consortium, a non-profit organization committed to fostering high quality communication in the public sphere, collaborative problem solving, appreciation for different perspectives, and common ground for action.

SESSION FRAMEWORK - Day 1 & Day 2

The Session is specifically designed so that the City Council can consider and, more importantly, align the process of goal setting to the City's fiscal condition, operational realities and priorities, and within the context of our strategic pillars:

1. Promote and Enhance Economic and Housing Development
2. Deliver and Enhance High Quality Efficient Services and Infrastructure
3. Enhance Community Sports and Recreational Assets
4. Enhance Community Engagement and Transparency
5. Ensure Compliance with Measure J and Manage Levi's Stadium
6. **Manage Strategically Our Workforce Capacity and Resources** (previously Maintain Adequate Staffing Levels)
7. **Sustainability**

Staff will be presenting two amendments to the current Council Priority Pillars for the City Council's consideration - highlighted above in **bold print**. Staff believes that it is time for the Council to add a Sustainability Pillar as the City is accomplishing many measures in this area, but needs to achieve even more results and establish organizational awareness on this key priority. I am also recommending a change to the pillar related to adequate staffing to better reflect a set of comprehensive actions needed to align the City's needs with the description of this pillar.

With this framework in mind, below is an overview of our two-day Session:

Day 1 will consist of a thorough presentation by the City Manager on the State of the Organization, progress from 2018, and an overview of key workforce and staffing metrics. This will be followed by updates from each Council Appointee, the City Attorney and the City Auditor. Staff will also present key updates on Procurement and Human Resources and the City's current fiscal condition and presentation of a 10-Year General Fund Financial Forecast.

Day 2 will begin with each department providing a review of service delivery highlights, upcoming policy issues, operational constraints, and areas for opportunity. After all department heads have presented their information, the City Council will then be guided on a focused discussion of aligning policy priorities and determining any adjustments necessary to sustain strategic efforts. As additional policy priorities/goals surface, the Council will be asked to consider these efforts within the context of current fiscal and workforce resources and capacity (See 10-Year Financial Forecast Section) and what operational or priority tradeoffs to consider.

Day 1 Agenda: Operational

- Context Setting
- Update on the State of the Organization (City Manager)
- Council Appointees (City Attorney, City Auditor)
- Updates on Key Administrative Gap Areas

powered by Legistar™

- Fiscal Outlook and Budget Update
- Update of Current Council Priorities

Day 2 Agenda: Priority Setting
- Department Review of Operational Priorities
- Council Discussion on Priorities, Alignment, and Resources
- Aligning Council Priorities and Council Action
- Wrap-up/Next Steps

I am hopeful that our work over these 2 days will culminate into common priorities and clear policy direction for the upcoming year as we look at issues and projects on the horizon. I believe this approach supports the City Council well in its governance role and will advance strategic policy priorities with clear information on the needed resources to achieve them within the context of the City's fiscal outlook. It is also well acknowledged that this is a new approach for the City and we will learn how to work together under this integrated framework.

STATE OF OPERATIONS

As part of the state of operations overview, as your City Manager, I want to recognize the incredible work that the City Council and the organization have accomplished. In October 2018, and the completion of my first year, I released a Community Letter that provides the many successes of the City (Attachment 1). While there are too many specific accomplishments to list, below are just a few to highlight the successes.

Fiscal Outlook - through diligent review of the City's past budgeting practices and assumptions, we:
- significantly corrected and reduced, for FY 2018/19, an $8.5 million budget shortfall to $1 million without cuts in services (saving 40-50 General Fund jobs) and successfully balanced the budget;
- transitioned to a two-year budget cycle to make longer-term budget decisions;
- moved from a 5-year to 10-year financial forecast to better project deficits and surpluses, and review budget decisions within a longer-term context;
- ensured that we are on track to contribute $80 million to our reserves in the first 16 months of my tenure and all operating reserves are at or above Council required levels; particularly, the General Fund Budget Stabilization Reserve is scheduled to be funded at $78 million by February 2019, which is 25% above the Council required reserve level; and,
- developed a revenue generating strategy for the City Council to consider over the upcoming years with viable options and projected revenue to be generated.

Strategic Project Delivery - focused on strategic initiatives that respond to our community's interests:
- hand-in-hand with our community, we made unprecedented progress to realize the future reconstruction of Santa Clara's downtown through funding the development of a Precise Plan and negotiating agreements for street rights to sections of Franklin and Washington Streets, and we are now positioned to work on the land use planning/visioning for the downtown through a community-oriented process;
- after years of litigation, worked with the Mayor and Council to reach settlement agreements for: (1) build out of the CityPlace project with a total transportation improvement package of about $70 million and (2) protection for the City's interests from San Jose's Santana West development impacts resulting in nearly $8.7 million of housing and traffic improvements benefiting Santa Clara. CityPlace currently has a planned groundbreaking in late 2019 and brings a large-scale, mixed-use development in a geographically strategic area, directly across from the Levi's Stadium;
- completion of a City facility and infrastructure assessment (e.g., parks, facilities/buildings, public works systems, etc.), which provides an inventory of the state of our infrastructure and road map for future needed investments and critical improvements required to sustain quality of services;
- launched implementation of a capital projects management system to streamline tracking, management, oversight, and implementation of the City's 800 capital projects, transitioning from a manual process to a software system that provides real-time information of valued projects; and
- obtained and improved key financial data to transparently manage the Santa Clara Stadium Authority and have answered basic questions about the Authority's financials, while completing nearly 70 percent of the Measure J Compliance Audit recommendations and issuing a transparent budget and marketing plan.

powered by Legistar™

Administrative Improvements and Modernization - through review of our service delivery systems, we found the absence of, and established, the following new focused services:

- filled, for the first time, the City and Santa Clara Stadium Authority Auditor position with a Certified Public Accountant who has met the audit experience hours requirement, from the State, qualifying her to attest reports and audit engagements; she is now developing an auditing program to be presented in early 2019;
- established a Risk Manager position and hired a manager to improve risk management of basic City services (e.g., workplace risk, contractual risk, insurance requirements, etc.);
- established a Public Records position and hired a manager to improve our overall records management and public records request processes;
- improved procurement processes and contract oversight of the many public contracts that the City issues, supporting Council's focus specifically on Levi's® Stadium and the Convention Center;
- reduced manual processes by incorporating technology tools to improve efficiency and address administrative gaps, such as: public records management system purchased, re-launch of the City's Customer Relationship Management system - MySantaClara, and Council agenda development software implemented;
- developed a prevailing wage program to ensure compliance with state law including the implementation of anew tracking software and hiring of an outside contractor to help ensure compliance, provide training and perform audits of our public works projects, and;
- implemented City's new Computer Aided Dispatch System for our public safety departments.

Capacity-building/Streamlining to Continue to Transform the Organization - we have also invested in employees through training and staff development to keep skills sharp and modern, while assessing City's portfolio for staffing needs. The City had many vacancies (for instance, the City Manager's Office had a 60 percent vacancy rate of key personnel) and relied on several "acting" positions to deliver service, which is not a sustainable or stable long-term strategy. We have made progress, in likely the nation's toughest market to recruit talent, with filling our many vacancies. We have also completed five labor agreements, within the City's ability to pay, and are working with our five other bargaining units to reach successful labor agreements.

MANAGEMENT GRIP AND ADMINISTRATIVE GAPS

At last year's session, I discussed the unprecedented volume of new initiatives and the increased pace of the organization being disproportionate to its capacity/resource increases. I also discussed key administrative gap areas, mistakes in upholding policy or implementing direction, risks in administrative processes, or inaction that is from assigning focus and capacity over upholding conventional administrative processes. This past year, I worked with staff to establish some metrics and governance structures on key policy areas to more appropriately base our work on data-driven information. We have made progress on some of the administrative gap areas that I identified last January, which I will present at the Session, however, I continue to have serious concerns about the City's ability to manage its grip on several significant initiatives at once. Our resources are below the levels needed to support the workload and capacity is finite. Decisions to expend City resources/capacity must be strategic and calculated so that they do not detract from value-add initiatives. Examples of our continuous improvement efforts include:

- Procurement/streamlining reforms;
- Appointing a City Auditor and developing an Audit Workplan;
- Conducted a Human Resource Organizational Assessment;
- Hired a Risk Manager;
- Hired a Public Records Manager;
- Established a dedicated media and public relations program and hired a Communications Director;
- Evaluated our overall assets to ensure they are being managed and governed properly;
- Re-launched our city-wide customer relationship management system (CRM) - MySantaClara to better address and be responsive to our citizen request; and
- Developed and presented for Council approval Legislative Guidelines and Legislative tracking systems.

WORKFORCE DEVELOPMENT

After presenting the progress made in 2018, I will quickly move to operational, staffing and workforce metrics that drive the organization's work. As I have already stated, workload continues to outpace the organization's capacity and investment in our workforce is essential to build capacity. This information will show that cities nearly half our size have

more staff per capita and comparable cities are far less complex in service delivery. The data will also show that the City is largely built for operations, with about 92% of our workforce dedicated to operations. This leaves less than 8% for innovation and transformation of the organization, since our managers are “working managers” and employed with operational oversight and delivery, as well. In order to **transform** our operations and **invest** in our workforce, we need to integrate intentional skill building to ensure that our staff is trained with modern approaches to completing work, matched with modern processes.

The data that I share will also reveal that we have a workforce that is not near retirement age, which makes retention and recruitment more of a strategic focus and a challenge in our high-cost region and unprecedented competitive job market. I will spend a great deal of time reviewing these metrics with the City Council at the session, given that our largest investment and asset are our valued employees.

BUDGET UPDATE & 10-YEAR FINANCIAL FORECAST

Last year, staff developed a 10-Year General Fund Financial Forecast and called for a review of our budget principles to validate the long-term financial condition of the City. As part of this session, I recommend that we review an update to the 10-Year General Fund Financial Forecast. We have also updated the 2019 Budget Principles for Council’s consideration (Attachment 2)

After review of the state of the organization, we will present a revised 10-Year General Fund Financial Forecast and discuss the implications to our strategic planning and action. While the fiscal outlook is not as grave as originally projected in the last Adopted Budget, we still have forecasted structural deficits within the 10-Year Forecast. However, the budget continues to be on edge as there are indications for a potential economic slowdown in the near future and other factors that can impact our assumptions. We continue the approach of solving annual deficits with ongoing budget solutions as shown through the “net operating margin” model, on-going expenditure reductions or an increase in ongoing revenues are required in order to stabilize the City’s fiscal condition. We have built up our General Fund Budget Stabilization Reserve, demonstrating the incredible work that we have completed. This affords the City Council and staff time to work strategically, holistically and collaboratively on solutions. Our goal is to align expenditures with revenue growth which may require new revenue sources, service changes and/or reductions. It also requires the continued leadership and discipline that the City Council has practiced and the significant partnership that our bargaining units have provided in the best interest of the City.

The City’s fiscal outlook while stable contains many risks like many other local municipalities. Particularly of note is that our General Fund relies heavily on volatile revenue sources (e.g., sales tax and transient occupancy tax), which is a vulnerability for service levels. With these volatile revenue sources, and the predictably rising pension cost expenditures and liabilities for other post-employment benefits, what quickly surfaces is a need for a strategic work plan on new revenue opportunities and expenditure growth management. As reported earlier this month, pension costs alone are predicted to increase significantly over the next ten years while the City’s Unfunded Accrued Liability (UAL) for pension costs is projected to grow over 70%. With additional risk that CalPERS will not meet the assumed investment return, these costs could increase even more.
Within this context, the overall budget approach for Fiscal Year 2019/20 is to position the City for on-going budget balancing measures with the least amount of service impacts while avoiding spending incongruent with the proposed budget principles. Where we have additional funds, we should set those aside for future deficits or times of economic slowdown.

TWO-YEAR BUDGET PLANNING

As approved last year, I will be proposing that we continue the City’s fiscal plans over a two-year cycle and a two-year Annual Operating Budget for this upcoming budget cycle (rotating Capital in Fiscal Year 2020/21), which allows for staff to spend the next year fiscally aligning and incorporating the City Council priorities to resource investments.
The opportunity to focus on one budget, over a two-year term, also preserves capacity of our limited budget staff during a time when we need to initiate and pursue revenue opportunities and expenditure growth management. The combination of two-year operating and capital budgets aligned to our strategic pillars, and in the context of a 10-Year financial forecast, is an improved practice of understanding today’s fiscal actions over the long term, rather than budgeting year-to-year in a shorter five-year fiscal context.

In addition, in the instance of the Operating Budget, all line items will be reviewed for funding level and priority with a focus on continuing our City's high service levels and including resources that will be essential in critical operational areas. Budget decisions will be made with long-term implications taken into account using data from the 10-Year Financial Forecast. The Annual Operating Budget will also look to address critical gaps in staffing and will continue community engagement and transparency efforts.

Key to this process is to track and disclose to the City Council the universe of un- or under-funded service needs. To make sure the Council has a more comprehensive assessment of service needs, beyond existing operations, a lengthy list of unmet, under- or unfunded needs (such as public facility and utility infrastructure) has been developed (Attachment 3) and is part of our work in the short- and long-term to stabilize both our financial and service conditions and for which dedicated capacity is required to develop realistic work plans. We must begin to address these gaps in service and make them part of our discussion when we consider new initiatives/priorities. As these needs have gone un- or under-funded, solutions to address them have also been un- and under-staffed.

Our highest priority is our fiscal stability and strong management so that we can continue to provide our residents with a broad range of quality services and maintain the high performing workforce that serves our City so well. I also believe that our current and past practices acknowledge that from the sustainment of fiscal stability and strong management, all other policy priorities are possible within the available resources. That said, as we work to address the current expenditure growth increases, economists continue to state the likely possibility of an economic slowdown that many experts project is over the next 18-24 months. It is important to acknowledge, that we should not assume that past solutions that existed during the Great Recession are available to resolve current or future conditions.

As a separate matter, this work is being completed concurrently with the Fiscal Year 2019/20 Stadium Authority Budget process which has already begun and will be brought to the Stadium Authority Board in March 2019. As reflected recently in the media, the Forty Niners have departed from their past budget submittals and the impact of their proposed budget requires significant review and deliberation.

Additionally, the City Auditor will provide as part of her presentation an updated FY 2018/19 (mid-year) and 2019/20 workplan (Attachment 4). The original workplan was approved by the audit committee on Dec. 3, 2018.

CONCLUSION

I respectfully request that the City Council continue to practice discipline in directing new work efforts and allow for us to consider the required work to stabilize the organization and, more importantly, focus on existing priorities, revenue opportunities, and investment in our workforce.

Through this session, we will illustrate how our resources are already extremely stretched and how adding new assignments must come with trade-offs and delay in ongoing work. It is my strong desire to work with the City Council on managing our resources while achieving our goals and the opportunity to surface the context of our work is much appreciated.

In closing, these sessions offer the City Council an opportunity to continue setting the City on a strategic path. City staff is fortunate that the City Council has elected to hold this Session and discuss, through a deliberative process, the City's future and key initiatives. I have attached the PowerPoint slides for both days for the Council's and the Community's reference (Attachments 5 and 6).

RECOMMENDATION

1. Adopt the 2019-2020 Budget Principles;
2. Accept the 10-year Financial Forecast;
3. Validate Pillars and approve recommended amendments as follows:
    a. **Manage Strategically Our Workforce Capacity and Resources** (changed from Maintain Adequate Staffing Levels);
    b. Addition of a new **Sustainability** Pillar;
4. Approve the City Auditor's Annual Audit Workplan for FY2018/19 (mid-year) and 2019/20; and
5. Provide direction to the City Manager to continue to work on the two revenue strategy options (Transit Oriented Tax and the Utility Users Tax) and bring back a work plan for the City Council.

powered by Legistar™

Approved by: Deanna Santana, City Manager

ATTACHMENTS

1. October 2018 City Manager Community Letter
2. Proposed Budget Principles 2019-2020
3. Unfunded Projects and Infrastructure
4. City Auditor's Annual Audit Workplan for FY2018/19 (mid-year) and 2019/20
5. Session Slides for Day 1
6. Session Slides for Day 2

October 30, 2018

Dear Santa Clara Community,

This month marks the completion of my first year as Santa Clara's City Manager and I am excited to share our accomplishments in advancing the City Council's goals and priorities. Last October, I sent the community a letter introducing myself and expressing my excitement to serve Santa Clara. During this first year, I have spent a great deal of time focused on getting to know the community, City Council, workforce and stakeholders. I continue to be impressed with the high level of community, and the workforce's commitment and engagement to maintaining a strong, vibrant community.

During my first year, the Mayor and Council directed two citywide surveys that allowed the City to assess how the Council and Administration are performing. Both of the statistically valid surveys are available on the City's website: (1) January 2018 survey and (2) June 2018 survey. Here are some survey results from residents about how the City is building community and enhancing quality of life:

- approximately **90 percent** of those surveyed have a positive view of Santa Clara as a place to live
- more than half – **64 percent** – feel City government is doing an excellent-to-good job
- **63 percent** of those surveyed felt the City is heading in the right direction
- **60 percent** surveyed gave the City high marks for keeping residents informed

We now have a measurable, data-driven baseline on how the City is serving Santa Clara and where we can go from here. My goal is that we continue to improve through data-driven decision making, acknowledging that the majority of residents feel that the Council and Administration are on the right track.

I have also had the opportunity to assess the state of the Administration and service delivery systems. During the Jan. 2018 City Council Goal & Priority Setting Session, I shared publicly my assessment of operational needs and gaps in service. With Council's approval, this session set the work plan for my first year. Since then, the City has made tremendous progress in these key areas:

Fiscal Outlook - through diligent review of the City's past budgeting practices and assumptions, we:

- significantly corrected and reduced, for FY 2018/19, an $8.5 million budget shortfall to $1 million without cuts in services (saving 40-50 General Fund jobs) and successfully balanced the budget;
- transitioned to a two-year budget cycle to make longer-term budget decisions;
- moved from a 5-year to 10-year financial forecast to better project deficits and surpluses, and review budget decisions within a longer-term context;
- ensured that we are on track to contribute over $70 million to our reserves in the first 12 months of my tenure and all operating reserves are at or above Council required levels; particularly, the General Fund Budget Stabilization Reserve was maintained well above $50 million, with additional scheduled one-time contributions of approximately $20 million during the first part of 2019; and,
- developed a revenue generating strategy for the City Council to consider over the upcoming years with viable options and projected revenue to be generated.

Strategic Project Delivery - focused on strategic initiatives that respond to our community's interests:

- hand-in-hand with our community, we made unprecedented progress to realize the future reconstruction of Santa Clara's downtown through funding the development of a Precise Plan and negotiating agreements for street rights to sections of Franklin and Washington Streets, and we are now positioned to work on the land use planning/visioning for the downtown through a community-oriented process;
- after years of litigation, worked with the Mayor and Council to reach settlement agreements for: (1) build out of the CityPlace project with a total transportation improvement package of about $70 million and (2) protection for the City's interests from San Jose's Santana West development impacts resulting in nearly $8.7 million of housing and traffic improvements benefiting Santa Clara. CityPlace currently has a planned groundbreaking in late 2019 and brings a large-scale, mixed-use development in a geographically strategic area, directly across from the Levi's Stadium;
- completion of a City facility and infrastructure assessment (e.g., parks, facilities/buildings, public works systems, etc.), which provides an inventory of the state of our infrastructure and road map for future needed investments and critical improvements required to sustain quality of services;

- launched implementation of a capital projects management system to streamline tracking, management, oversight, and implementation of the City's 800 capital projects, transitioning from a manual process to a software system that provides real-time information of valued projects; and
- obtained and improved key financial data to transparently manage the Santa Clara Stadium Authority and have answered basic questions about the Authority's financials, while completing nearly 70 percent of the Measure J Compliance Audit recommendations and issuing a transparent budget and marketing plan.

Administrative Improvements and Modernization - through review of our service delivery systems, we found the absence of, and established, the following new focused services:

- filled, for the first time, the City and Santa Clara Stadium Authority Auditor position with a Certified Public Accountant who has met the audit experience hours requirement, from the State, qualifying her to attest reports and audit engagements; she is now developing an auditing program to be presented in early 2019;
- established a Risk Manager position to improve risk management of basic City services (e.g., workplace risk, contractual risk, insurance requirements, etc.);
- improved procurement processes and contract oversight of the many public contracts that the City issues, supporting Council's focus specifically on Levi's® Stadium and the Convention Center;
- reduced manual processes by incorporating technology to improve efficiency and address administrative gaps, such as: risk management, public records management and Council agenda development software;
- developed a prevailing wage program to ensure compliance with state law including the implementation of a new tracking software and hiring of an outside contractor to help ensure compliance, provide training and perform audits of our public works projects, and;
- implementation is underway on the City's new Computer Aided Dispatch and Records Management Systems for our public safety departments.

Capacity-building/Streamlining to Continue to Transform the Organization – we have also invested in employees through training and staff development to keep skills sharp and modern, while assessing City's portfolio for staffing needs. The City had many vacancies (for instance, the City Manager's Office had a 60 percent vacancy rate of key personnel) and relied on several "acting" positions to deliver service, which is not a sustainable or stable long-term strategy. We have made progress, in likely the nation's toughest market to recruit talent, with filling our many vacancies. We have also completed five labor agreements, within the City's ability to pay, and are working with our five other bargaining units to reach successful labor agreements.

I am also very pleased to report that we are achieving significant results with Council priorities and goals. In my many years as a City Manager, I know first-hand that these accomplishments are only possible by strong resident involvement and input about how to make our community better for current and future generations. With your continued involvement, and at the direction of the Mayor and Council, attached is an impressive summary of just some accomplishments during my first year that are reflected by the Council's policy priority areas**.**

In closing, my role as City Manager is to implement the direction of the Council, ensure optimum operations and service delivery, and support City staff to maintain our high-performing organization. Santa Clara operates under a Council-Manager form of government that combines the strong political leadership of the Mayor and Council, with the strong managerial experience of an appointed professional administrator. Equally as important, these performance results are rooted in professional, ethical, legal and best management practices. During my first year as City Manager, you've likely noticed many changes underway in the City organization – changes that were necessary to foster increased transparency and performance, improve efficiencies and enhance service delivery. I want to thank the Mayor and City Council, Santa Clara community, and City staff for the support and amazing commitment to change and in support of our high performance for Santa Clarans. Santa Clara community/residents, these past 12 months have been tremendous for our City, and I thank you for your role in supporting the City organization live up to the Center of What's Possible.

In community spirit,

Deanna Santana

Deanna J. Santana
City Manager

CITY COUNCIL GOALS & PRIORITIES – CITY MANAGER'S REPORT OF SUMMARY OF ACCOMPLISHMENTS FY 2017/18

DELIVER AND ENHANCE HIGH-QUALITY EFFICIENT SERVICES AND INFRASTRUCTURE

- Relaunched MySantaClara app with increased response to service requests and ability to provide more services to residents 24 hours a day/7 days a week. We now capture basic service data to understand trends and patterns of service complaints and response to them.
- Initiated streamlining of Citywide purchasing policies and contract management training.
- Initiated surplus property procedures and contracting.
- Initiated BidSync to issue requests for proposals, fostering more competitive bid environment and maximizing vendor awareness.
- Implemented coal- and carbon-free electricity by Silicon Valley Power.
- Launched implementation of City's 800 capital projects system, transitioning from paper management to a software system that provides real-time status of these critical projects.
- Launched implementation of CAD/RMS system upgrade to maintain high-performing public safety services.
- Initiated refinance of Silicon Valley Power's Goldman Sachs SWAP to a stable refunding model, transaction valued at approximately $65 million.
- Continued Successor Agency's efforts to sell assets of the former Redevelopment Agency, as required under. California's dissolution laws. During the past year, the Successor Agency sold the North South Parking Lot and is currently in the process of selling the Great America Theme Park property.
- Established new format for the annual City Council Goal & Priority Setting Session, focused on a business and operational structure with data-driven findings.
- Developed a project prevailing wage program to ensure compliance with state law including new tracking software and outside contract for support, training, and auditing.

MAINTAIN ADEQUATE STAFFING LEVELS

- Established clear reporting and organizational framework for the City's three lines of business: (1) Silicon Valley Power (a DBA), (2) Santa Clara Stadium Authority (separate public agency), and (3) City services (a municipal agency) which, combined, have a $1.2 billion financial operating portfolio (not including assets), and require staff and structural soundness to deliver high-quality management and service.
- Remedied a 60% vacancy rate in the City Manager's Office and filled several "acting" positions for long-term service delivery sustainability. Filled key staff vacancies in one of the toughest hiring markets in the country.
- Filled 40 key management positions with internal promotions (representing 45%) and external appointments (53%), while creating one new position:

Total FTE's = 1111.25	
Total of 40 personnel actions	(hires or promotions represent 3.6% of total FTEs)
New hires into vacant reclassified positions	6 (0.5% of total FTEs)
Promotions into vacant reclassified positions	5 (0.45% of total FTEs)
New hires into existing vacant positions	15 (1.35% of total FTEs)
Promotions into existing vacant positions	13 (1.2% of total FTEs)
New hires into a newly created position	1 (0.09% of total FTEs)

- Established Civic Scholars program which offers flexible, no-cost opportunity for working adults to complete BA degree and supports maintaining a skilled workforce.
- Negotiated five labor agreements and initiated the negotiation of five other labor agreements.
- Conducted department assessments of key services, e.g., Human Resources, City Clerk's Office, organizational review of Silicon Valley Power, and City Manager's Office.
- Began quarterly management meetings focused on leadership and management training.

PROMOTE AND ENHANCE ECONOMIC AND HOUSING DEVELOPMENT

- Reached settlement agreement with San Jose on the CityPlace project (at 5151 Stars & Stripes Dr., the 9.1 million square foot development program includes 1.5 million square feet of retail/entertainment use, 5.5 million square feet of office,1,680 residential units and 700 hotel rooms), and about $70 million of transportation improvements.
- Reached settlement agreement with San Jose on Santana West (at the corner of Winchester Blvd. and Olsen Dr.). The settlement agreement will provide nearly $8.7 million for housing and transportation projects benefitting Santa Clara.
- Began next phase of Santa Clara Square and NVIDIA developments.
- Conducted audit of Convention Center and effort to improve City oversight with a Request for Proposals underway for selecting a new operator; implemented corrections and compliance with the Tourism Improvement District; implemented reforms for the City's improved management of these oversight duties.
- Developed an Affordable Housing Policy requiring the inclusion of 15% affordability of units for both for-sale and rental developments, leaving the discretion with the City Council for determining whether to require the actual housing units or a cash-in-lieu payment for the development of other affordable housing.
- Engaged the community on an affordable housing site at the southwest corner of San Tomas/Monroe and solicited proposals from developers using community feedback.
- Advanced completion of five strategically located Specific Plans which will guide land use and development, which are: Tasman East Specific Plan, El Camino Real Specific Plan, Patrick Henry Specific Plan, Freedom Circle Specific Plan and Downtown Precise Plan.
- Negotiated rights for sections of Franklin Street and Washington Street in the Downtown.
- Released RFP's and selected developers for affordable housing projects on two City-owned sites.
- Updated the Citywide Traffic Impact Fee to comprehensively include all land uses and transportation modes.
- Negotiated with VTA to reach agreement on the Multimodal Improvement Plan (MIP) required as part of the CityPlace development, impacting North Santa Clara.

CITY COUNCIL GOALS & PRIORITIES – CITY MANAGER'S REPORT OF SUMMARY OF ACCOMPLISHMENTS FY 2017/18

ENHANCE COMMUNITY SPORTS AND RECREATIONAL ASSETS	ENSURE COMPLIANCE WITH MEASURE J AND MANAGE LEVI'S STADIUM	ENHANCE COMMUNITY ENGAGEMENT AND TRANSPARENCY
o Celebrated grand openings for a number of parks and facilities including: -- San Tomas and Monroe Neighborhood Park and Community Garden; -- resolved fiscal strategy which led to successful groundbreaking for Reed and Grant Sporks Park; and -- ribbon cutting for Central Park Annex. o Funded Mission Branch Library rehabilitation as first recommendation to City Council and, less than a year later, held ribbon cutting for grand reopening. o Launched Library's Bookmobile to improve services where people are located including neighborhoods and senior facilities, corporate campuses, schools, city and community events, and live-shop-work developments. o Began several master plans/rehabilitation projects : -- Central Park -- Agnew Park -- Fuller Street Sports Court -- Bowers Park -- Machado Park. o Completed infrastructure assessment of City facilities and parks, and reported in detail, with data, the state of infrastructure, which will assist with future decision making by the City Council. o Conducted community research on the rehabilitation or replacement/relocation of the International Swim Center and presented findings to the City Council. o Successfully worked with the County of Santa Clara to increase a potential grant allocation from $1 million to $1.8 million for an all-inclusive park at Central Library (a park that has playground amenities for people of all abilities). o Continued valued tradition of various special events, such as: Holiday Tree Lighting, 4th of July All City Picnic, and Art & Wine Festival. o Amended City Council Policy on Community Grants for special events which resulted in a streamlined process to request public funds. o No Fee Permit established to streamline and assist community groups (meeting the criteria) for special events, parades, and other community gatherings. o Applied and awarded about $155,000 of grants.	o Completed comprehensive audit of Levi's® Stadium which led to increased transparency with the budget and marketing plan, while providing an updated approach to managing contracts and other processes (25 of 37 audit recommendations completed in one year—or nearly 70% completed). o Set aside $630,000 for establishing a community room at the stadium. o Established a telephone number for residents to call about stadium-related concerns. o 24/7 noise monitoring program available online for residents to track noise levels at Stadium and surrounding neighborhood. o Transparency on the financial impact of the non-NFL events held over the past four years at the Stadium (see October 2018 Audit Update). o Successfully selected for assignment of project teams from New York University Tisch Center for Global Sport who will work on two Stadium projects: community engagement and financial analysis of large events. o Negotiated an agreement with the San Francisco 49ers for the College Football Championship game that does not depend on any City subsidies, the first of its kind in the nation, and in which other cities have subsidized these games by approximately $12-14 million. o Obtained possession of the majority of financial documents sought by the Stadium Authority Board with financial analysis underway, increasing transparency on the financial impact of non-NFL games and providing data to drive future policy making. o Provided robust community engagement to understand Levi's® Stadium impacts to the surrounding community and citywide to inform future decision-making on issues found to be of importance, such as noise, traffic, and trash and other public disturbances, and improved communication.	o Established City Manager Blog for biweekly updates on City happenings. o Expanded City's online reach through Nextdoor, a social network site for neighborhoods and, recently began sending out daily updates of all of the great work accomplished by the City organization. o Collaborated with the Mayor and City Council to hold the State of the City address at multiple locations in the community. o Established issuance of Information Memos as part of the City Council meeting agenda, providing updates on key events that do not require Council action or a hearing but that should have transparency. o Launched Open City Hall surveys to enhance community engagement on City issues. o Advanced website redesign with estimated completion in FY 18/19. o Appointed a professional Communications Director who has served in key communications positions in Bellevue, WA and San Jose, as well as having worked in communications on television. o Increased communications through direct letters to residents and business community, news releases, and verbal report at City Council meetings. o Established enhanced community engagement on initiatives (e.g., downtown, Levi's® Stadium, State of the City, etc.). o Increased communication about Levi's® Stadium before events. o Relaunched the City's Customer Relations Management software system, My Santa Clara (see Council's High Quality, Efficient Services and Infrastructure Priority), that provides some data analytics to assess service delivery.

City of Santa Clara
The Center of What's Possible

Budget Principles for 2019-20

1. Make decisions within the context of the City's Code of Ethics and Values, especially being Fiscally Responsible, Communicative, and Service-Oriented.

2. Consider budget decisions with long-term implications taken into account using data from the Ten-Year Financial Forecast.

3. Maximize service delivery within existing resources by balancing ongoing expenditure needs with ongoing revenues to avoid negative impacts on future budgets and maintain the City's high standards of fiscal integrity and financial management.

4. Focus on projects and services that benefit the community as a whole.

5. Pursue economic development objectives and strategies to foster new public and private investment within Santa Clara, and to create employment opportunities.

6. Balance between compensation adjustments to retain and attract employees and funding for positions.

7. Use one-time unrestricted revenues (e.g., annual General Fund surplus) for one-time uses such as increasing reserves, funding capital or Information Technology projects, paying off debt, and/or paying off unfunded pension or other post-employment benefits liabilities.

8. In accordance with Council policy, continue to maintain the General Fund Budget Stabilization Reserve balance at or above the policy level of 25% of adopted budget expenditures for the long-term fiscal health of the City.

9. Inform and communicate clearly and broadly to residents, businesses and employees of the City's fiscal position and budget schedule/hearings to promote active participation in the City Council's budget deliberations.

10. With limited exceptions, establish fees based on full cost recovery where individuals/businesses rather than the community at-large are benefiting from City services. This preserves limited unrestricted resources for providing services that benefit the community as a whole.

11. Focus on business process redesign in order to improve employee productivity and the quality, flexibility, and cost-effectiveness of service delivery (e.g., streamlining, simplifying, reorganizing functions, and reallocating resources).

12. Explore expanding existing revenue sources and/or adding new revenue sources.

13. Engage employees to contribute new and innovative ideas during the department budget development process.

14. Use the General Plan as a primary long-term fiscal planning tool and link ability to provide City services to development policy decisions.

City of Santa Clara
The Center of What's Possible

UNFUNDED PROJECTS AND INFRASTRUCTURE

The following list inventories known areas that are unfunded or underfunded. It is important to note that this list is dynamic and will change with each budget cycle and as the City identifies new needs or funds items on the list. In general, there is an absence of a Capital Fund strategy to address short-and long-term needs for public facilities, streets, parks and recreation, and other infrastructure. The 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.

Public Facilities and Other Infrastructure

1. New Utilities Building and Civic Center Campus
2. Civic Center Repairs
3. Corporation Yard/Rehabilitation
4. Fire Station Repair/Reconstruction
5. Convention Center Repair/Rehabilitation
6. Cemetery Repair/Rehabilitation
7. Historical Homes Rehabilitation
8. Triton Museum Maintenance
9. Citywide Projects from ADA Transition Plan
10. Parking Lot Maintenance
11. CityPlace multimodal improvement Plan

Streets and Other Infrastructure

1. Storm Pump Station Repair/Rehabilitation
2. Storm Drain Sewer Repair/Rehabilitation
3. Street Pavement
4. Traffic Signal Maintenance
5. Bridge Maintenance
6. Trails and Bike Lanes Improvements
7. Projects from the Bike Master Plan, Pedestrian Master Plan, and Trail Master Plan

Parks and Recreation

1. International Swim Center and Central Park Master Plan
2. Sports Facilities, Fields, and Land Acquisition
3. Park Infrastructure Rehabilitation/Reconstruction
4. CityPlace Park

City of Santa Clara
The Center of What's Possible

Annual Audit Work Plan

Fiscal Year 2018/19 (mid-year) and 2019/20

City Auditor's Office

This Page Intentionally Left Blank

City of Santa Clara
The Center of What's Possible

AUDIT WORK PLAN – FISCAL YEAR 2018/19 (midyear) & 2019/20

OVERVIEW

The mission of the City Auditor's Office is to promote honest, efficient, effective and fully accountable city government through accurate, independent and objective audits.

The City Auditor's Office submits an annual audit work plan to the City Council for approval. This proposed audit work plan was developed based on the results of a citywide risk assessment. The objective of the risk assessment was to identify the departments, offices, areas, units, or processes that pose the greatest risk to the City and then align internal audit resources, where appropriate, to best help the City achieve its objectives in mitigating these risks. It also guides the City Auditor to prioritize the City's potential audit subjects. As a result, this audit work plan does not, nor is it intended to, address or provide complete coverage of every City departments, divisions, or system risks. However, over time, with the implementation of audit recommendations, it is expected that risks across City departments and systems will be sufficiently mitigated.

To develop the plan, we used information from the City's adopted operating and capital budgets and the component unit information in the City's most current financial statements to develop the citywide risk assessment. We also considered past audit findings as well as requests from management and the City Council. The top three ranked items on the risk assessment were given priorities in determining the audit subject for the audit plan. In addition, the work plan includes the City Auditor's annual cash disbursement audit.

ADDITIONS TO AUDIT WORK PLAN

Any requests to add audits to the Audit Work Plan during the fiscal year will be presented to the Audit Committee through the semi-annual status report. The City Auditor will provide an impact analysis of the proposed audit to the approved audit projects so the Audit Committee is aware of the changes. The City Auditor will give priorities to requests that post significant financial impacts or risks to the City.

AUDIT WORK PLAN – FISCAL YEAR 2018/19 (midyear) & 2019/20 (continued)

PROPOSED AUDIT ASSIGNMENTS

This section lists annual and recurring audit projects, current efforts under way, and proposed new projects.

The following table lists all New Projects for the fiscal years:

No.	*Audit Project*	*Project Description*	*Target Date*
1.	Fraud, Waste and Abuse Hotline Monitoring & Audit	The City does not currently have a Whistleblower Hotline to provide individuals a way to confidentially report evidence of fraud, waste or abuse involving employees or operations. The City Auditor's Office plans to implement such hotline for the City through an outsourced third party service and provide continuous monitoring and investigations.	April 2020
2.	Performance Audit of Vendor Master File and 1099 Reporting	The City has never had an audit of the vendor master file or a review of its 1099 reporting. The purpose of this audit is to assess and evaluate whether the City has adequate controls regarding its master vendor file setup and if the City is effectively monitoring and maintaining its vendor information. Inaccurate or unauthorized vendor records could potentially enable duplicate payments and may increase the risk of fraud or abuse. Additionally, the audit will review the vendor setup process to ensure proper 1099 reporting based on the IRS rules and regulations.	August 2019
3.	Citywide Fraud Risk Assessment *(contracted service)*	The City Auditor's Office is proposing a complete citywide fraud risk assessment for all departments including the utility Departments, which will be done in a second study. The assessment will assist the City Auditor's Office staff in identifying the potential audit subjects and risks associated with each subject.	June 2020
4.	Reviews of Financial Procedures and Controls	Staff has asked the City Auditor's Office to provide advice on several policies, procedural and control issues. We will attempt to provide requested assistance in these areas as time allows. Proposed reviews include: • Analyzing the Stadium Authority's review procedures for Non-NFL Events' revenues and provide feedback on procedure and control issues, if any.	April 2019

AUDIT WORK PLAN – FISCAL YEAR 2018/19 (midyear) & 2019/20 (continued)

No.	Audit Project	Project Description	Target Date
		• Reviewing the Stadium Authority Financial Reporting Policy with staff and external auditors and providing feedback on best practices. • Reviewing past Construction Fund and Public Safety transactions and providing feedbacks on the allocation of staff charges *(contracted service)*.	February 2020 July 2019

The following table lists all Annual and Recurring Projects:

No.	Audit Project	Project Description	Target Date
5.	City Auditor's Annual Cash Disbursement Audit	The City Charter requires the City Auditor to audit and approve bills, invoices, payrolls, demands or charges against the City before payment. The City Auditor's Office is working with the Finance Department to coordinate this effort.	December 2019
6.	Annual Risk Assessment	The City Auditor's Office performs an annual risk assessment as required by internal audit standards to identify and prioritize the potential audit subjects. The risk assessment is attached to the annual audit work plan.	December 2019
7.	Annual External Financial Audit and Single Audit for the City *(contracted audit service)*	The City Charter requires an annual external audit of the City's financial transactions to be performed by an independent certified public accountant (currently Maze & Associates). The City Auditor's Office administers the audit contract and works with the Finance Department and Maze & Associates to coordinate this effort.	December 2019
8.	Annual External Financial Audit for the Stadium Authority *(contracted audit service)*	The Santa Clara Stadium Authority (Stadium Authority), the Stadium Funding Trust, and Goldman Sachs Bank USA entered into a Credit Agreement on June 19, 2013 to finance the stadium. Section 5.1(a) of the Credit Agreement requires that the Stadium Authority Annual Financial Statements be audited by independent certified public accountants within 180 days after the end of each fiscal year. The City Auditor's Office administers the audit contract and works with the Finance	August 2019

AUDIT WORK PLAN – FISCAL YEAR 2018/19 (midyear) & 2019/20 (continued)

No.	Audit Project	Project Description	Target Date
		Department and the external audit firm to coordinate this effort.	

The following table lists all ongoing Audit Administrative and Other Responsibilities:

No.	Audit Project	Project Description	Target Date
9.	Audit Framework / Charter	The City doesn't currently have a formal Audit Framework/Charter that defines the internal audit division's purpose, authority, and responsibilities within the City. The purpose of the Charter, which requires Council approval, is to formally authorize internal audit staff access to records, personnel, and physical properties so they can perform their audit tasks.	April 2019
10.	Fraud, Waste, and Abuse Reporting Policy (Fraud Policy)	The purpose is to develop an administrative fraud policy that sets out policies and procedures to encourage and facilitate the reporting of fraud or abuse and questionable accounting practices. The policy raises awareness amongst staff, and is an excellent tool for the City to communicate its ethical standards.	December 2019
11.	Semi-Annual Audit Status Report	The City Auditor's Office prepares and issues semi-annual status and progress update reports on the approved audit assignments in the audit work plan. The staff also reports on any changes (e.g. assignment addition or deletion) to the audit work plan.	August 2019 & February 2020
12.	Annual Audit Recommendation Status Report	The City Auditor's Office tracks audit recommendations and issues reports on the implementation status of all open audit recommendations. The staff also meets with the auditee to discuss the progress of the audit recommendations.	December 2019
13.	Internal Audit Annual Work Plan	The City Auditor is responsible for developing an annual internal audit work plan based on the results of an annual citywide risk assessment designed to improve the effectiveness of risk management, internal control, and governance processes	February 2020

AUDIT WORK PLAN – FISCAL YEAR 2018/19 (midyear) & 2019/20 (continued)

No.	*Audit Project*	*Project Description*	*Target Date*
		The annual work plan is presented to the Audit Committee to recommend to the City Council for approval, which is required prior to the start of any audit work.	
14.	Advisory Role	The City Auditor serves as a member on the City's Deferred Compensation Advisory Committee.	Ongoing
15.	Annual Continuing Education Training	The City Auditor's Office is committed to attending regular continuing professional education (CPE) training and maintaining a minimum of 40 CPE hours a year for each staff.	Ongoing

RESOURCE IMPACT

The above project list is an extremely optimistic and aggressive plan for a small audit unit. It is difficult to accurately estimate the length and scope of any new audit assignments because the scope of the audit could be reduced or expanded depending on what we find once we start the audit. It should also be noted that the ability to accomplish the tasks on this plan will depend on being able to successfully fill one vacant performance auditor position. Our audit status reports to the City Council will provide us with the opportunity to reprioritize projects and amend the audit plan as necessary during the year.

NEXT STEPS

As audit work proceeds, we will provide the City Council with a semi-annual status report and the progress of each of the approved audit assignments. The Audit Committee will receive the audit report at the conclusion of each audit project. We will also present the audit reports to the Audit Committee at the scheduled meetings. All audit reports are heard and approved by the Audit Committee and get cross-referenced to the full City Council for acceptance.

Respectfully submitted,

Linh Lam, CPA
City Auditor

Attachment: Citywide Risk Assessment

City-wide Risk Assessment

Item No.	Department	Core Service / Audit Subject	Adopted Expenditures	Score	Adopted Revenues	Score	Number of Fulltime Equivalent	Score	Fund Type	Score	Pending Audit Request	Score	Date of Last Audit	Score	Operational Changes & Complexity	Score	Total Score
			Risk Factors Weight	*10*		*8*		*6*		*4*		*7*		*8*		*7*	*500*
7	Community Development	Building/Field Inspection and Permit Services	$ 9,088,607	7	$ 12,852,823	8	38.00	7	GF	10		-		10	High	10	366
114	Stadium Authority	Other Operating Expenses	$ 119,588,000	10		-	-	-	EF	8	2018	10		10	Moderate	5	317
19	Finance	Purchasing Services	$ 1,262,705	4	$ -	-	7.20	2	GF	10	2018	10		10	High	10	312
47	Police	Police - Field Operations	$ 36,603,540	10	$ 945,784	3	131.00	10	GF	10		-		10	Low	1	311
58	Public Works	Street & Storm Drain Maintenance	$ 13,085,835	8	$ 4,148,000	6	52.45	9	GF	10		-		10	Low	1	309
22	Fire	Protection - Admin and Emergency Response	$ 39,499,091	10	$ 105,000	2	140.50	10	GF	10		-		10	Low	1	303
14	Electric Utility	Planning & Strategic Services	$ 37,566,756	10	$ -	-	53.00	9	EF	8		-		10	Moderate	5	301
11	Electric Utility	Administration and Compliance	$ 350,481,400	10	$ -	-	13.00	3	EF	8		-		10	High	10	300
51	Public Works	Solid Waste Management	$ 24,806,486	9	$ 24,806,486	9	5.55	2	EF	8		-		10	Low	1	293
9	Community Development	Planning, Development, and Code Enforcement	$ 4,747,907	6	$ 3,026,835	6	20.00	5	GF	10		-		10	Moderate	5	293
12	Electric Utility	Debt Service	$ 20,998,844	9	$ 20,998,844	9	-	-	EF	8		-		10	Low	1	281
13	Electric Utility	Energy Distribution	$ 41,045,360	10	$ -	-	123.00	10	EF	8		-		10	Low	1	279
46	Police	Administrative Services	$ 16,124,349	8	$ 265,800	2	51.00	9	GF	10		-		10	Low	1	277
48	Police	Police - Investigations	$ 12,617,394	8	$ 114,880	2	48.00	8	GF	10		-		10	Low	1	271
44	Parks & Recreation	Recreation: Community Centers and Programs	$ 7,226,631	7	$ 2,544,000	5	23.42	5	GF	10		-		10	Low	1	267
21	Fire	Prevention/Hazardous Materials	$ 4,947,093	6	$ 5,500,300	6	20.00	5	GF	10		-		10	Low	1	265
64	Sports & Open Space Authority	SC Golf & Tennis and SC Convention Center	$ 11,533,400	8	$ 11,738,223	8	-	-	EF	8		-		10	Low	1	263
60	Public Works	Fleet Management - Operations	$ 4,955,141	6	$ 4,955,141	6	15.75	4	ISF	10		-		10	Low	1	259
18	Finance	Municipal Services	$ 5,101,675	6	$ 1,250,000	4	29.20	6	GF	10		-		10	Low	1	255
43	Parks & Recreation	Parks, Pools, Buildings, and Operations	$ 10,798,414	8	$ -	-	48.58	8	GF	10		-		10	Low	1	255
40	Citywide	Citywide Programs - Workers Comp, Special Liability, Property Insurance	$ 7,581,400	7	$ 7,581,400	7	-	-	ISF	10		-		10	Low	1	253
61	Public Works	Public Works - Engineering-Design	$ 6,449,940	7	$ 6,449,940	7	-	-	SRF	10		-		10	Low	1	253
10	Community Development	HUD CDBG; City Affordable Housing, Housing Successor/Authority	$ 6,119,646	7	$ 6,119,646	7	-	-	SRF	10		-		10	Low	1	253
65	Water and Sewer Utility	Sewer - Administration, Maintenance, and Operations	$ 44,734,038	10	$ -	-	22.65	5	EF	8		-		10	Low	1	249
15	Finance	Accounting Services	$ 3,101,331	6	$ 3,000	1	16.15	4	GF	10		-		10	Moderate	5	247
24	Human Resources	Employee Benefits & Records and Workers Comp	$ 1,847,138	4	$ -	-	8.45	2	GF	10		-		10	High	10	242
67	Water and Sewer Utility	Water - Maintenance, Construction and Operations	$ 13,416,608	8	$ -	-	32.80	7	EF	8		-		10	Low	1	241
68	Water and Sewer Utility	Water Engineering - Administration, Water Quality	$ 36,638,783	10	$ -	-	12.45	3	EF	8		-		10	Low	1	237
59	Public Works	Fleet Management - Acquisitions	$ 4,400,000	6	$ 4,400,000	6	-	-	ISF	10		-		10	Low	1	235
81	Electric Utility	Charges for Services	$ -	-	$ 442,466,396	10	-	-	EF	8		-		10	Moderate	5	227
113	Stadium Authority	Shared Stadium Manager Expense	$ 11,173,000	8		-	-	-	EF	8		-		10	Low	5	227
54	Public Works	Engineering-Field Services	$ 2,068,319	5	$ 875,641	3	9.00	2	GF	10		-		10	Low	1	213
57	Public Works	Facility Services	$ 3,397,724	6	$ 50,336	1	13.23	3	GF	10		-		10	Low	1	213
38	Citywide	Non-Departmental - Citywide Programs	$ 19,280,162	8	$ -	-	4.00	1	GF	10		-		10	Low	1	213
55	Public Works	Engineering-Land and Property Development	$ 1,832,751	4	$ 1,432,904	4	8.00	2	GF	10		-		10	Low	1	211
97	Electric Utility	Electric Utility	$ 33,787,000	10	$ -	-	-	-	CAP	6		-		10	Low	1	211
82	Electric Utility	Operating Transfers	$ 20,998,284	9	$ -	-	-	-	EF	8		-		10	Low	1	209
76	General Fund	Property Tax	$ -	-	$ 60,300,000	10	-	-	GF	10		-		10	Low	1	207
77	General Fund	Sales Tax	$ -	-	$ 56,530,000	10	-	-	GF	10		-		10	Low	1	207
6	City Manager's Office	General Government	$ 4,069,755	6	$ 40,800	1	9.50	2	GF	10		-		10	Low	1	207
41	Parks & Recreation	Cemetery Operations and Maintenance	$ 1,249,231	4	$ 1,249,231	4	5.00	2	EF	8		-		10	Low	1	203
99	Water and Sewer Utility	Sewer Utility	$ 22,590,086	9	$ -	-	-	-	CAP	6		-		10	Low	1	201

City-wide Risk Assessment

Item No.	Department	Core Service / Audit Subject	Adopted Expenditures	Score	Adopted Revenues	Score	Number of Fulltime Equivalent	Score	Fund Type	Score	Pending Audit Request	Score	Date of Last Audit	Score	Operational Changes & Complexity	Score	Total Score
			Risk Factors Weight	*10*		*8*		*6*		*4*		*7*		*8*		*7*	*500*
112	Stadium Authority	Revenues	$ -	-	$ 130,761,000	10	-	-	EF	8		-		10	Low	1	199
85	Water and Sewer Utility	Charges for Services	$ -	-	$ 97,545,675	10	-	-	EF	8		-		10	Low	1	199
75	General Fund	Other Revenues	$ -	-	$ 23,344,590	9	-	-	GF	10		-		10	Low	1	199
73	General Fund	Charges for Services	$ -	-	$ 22,021,185	9	-	-	GF	10		-		10	Low	1	199
78	General Fund	Transient Occupancy tax	$ -	-	$ 21,000,000	9	-	-	GF	10		-		10	Low	1	199
62	Public Works	Convention Center Maintenance District	$ 1,563,119	4	$ 1,563,119	4	0.10	-	SRF	10		-		10	Low	1	199
49	Police	Police - Special Operations	$ 3,101,606	6	$ -	-	9.00	2	GF	10		-		10	Low	1	199
52	Public Works	Engineering-Administration	$ 1,078,360	4	$ 900,000	3	4.92	1	GF	10		-		10	Low	1	197
56	Public Works	Engineering-Traffic	$ 2,785,661	5	$ 18,608	1	9.00	2	GF	10		-		10	Low	1	197
26	Information Technology	IT Contract Services	$ 7,696,000	7	$ -	-	-	-	GF	10		-		10	Low	1	197
33	Library	Library Customer Services	$ 1,741,714	4	$ 139,800	2	9.00	2	GF	10		-		10	Low	1	195
69	Water and Sewer Utility	Water Recycling Program	$ 7,080,221	7	$ -	-	3.60	1	EF	8		-		10	Low	1	195
32	Library	Library Branch Services	$ 1,820,479	4	$ 12,000	1	10.75	3	GF	10		-		10	Low	1	193
107	Citywide	Operating Transfers - Customer Service Charges	$ -	-	$ 43,140,086	10	-	-	CAP	6		-		10	Low	1	191
71	General Fund	Interest and Rent	$ -	-	$ 14,731,922	8	-	-	GF	10		-		10	Low	1	191
74	General Fund	Operating Transfers	$ -	-	$ 10,659,677	8	-	-	GF	10		-		10	Low	1	191
89	Public Works	Streets and Highway	$ 10,052,654	8	$ -	-	-	-	CAP	6		-		10	Low	1	191
29	Information Technology	IT Telecom Services	$ 605,810	3	$ 1,314,655	4	-	-	GF	10		-		10	Low	1	189
42	Parks & Recreation	Administration, Development and Projects	$ 1,425,961	4	$ 120,000	2	3.75	1	GF	10		-		10	Low	1	189
1	City Attorney's Office	Program Administration and Litigation	$ 2,129,011	5	$ -	-	7.00	2	GF	10		-		10	Low	1	189
28	Information Technology	IT Infrastructure and Support	$ 2,104,309	5	$ -	-	5.00	2	GF	10		-		10	Low	1	189
53	Public Works	Engineering-Design	$ 2,079,989	5	$ -	-	9.00	2	GF	10		-		10	Low	1	189
3	City Clerk's Office	City Clerk Services	$ 1,872,604	4	$ 33,800	1	5.00	2	GF	10		-		10	Low	1	187
39	Citywide	Non-Departmental - Stadium Operations	$ 5,585,806	6	$ -	-	-	-	GF	10		-		10	Low	1	187
50	Police	Police - Communication Equipment Acquisition	$ 557,290	3	$ 557,290	3	-	-	ISF	10		-		10	Low	1	181
20	Fire	Incremental EMS - Paramedic Services	$ 923,428	3	$ 380,000	2	2.75	1	GF	10		-		10	Low	1	179
25	Human Resources	Recruitment and Labor Relations	$ 1,793,335	4	$ -	-	6.55	2	GF	10		-		10	Low	1	179
31	Library	Library Adult Services	$ 1,387,932	4	$ -	-	8.00	2	GF	10		-		10	Low	1	179
36	Library	Library Youth Services	$ 1,138,329	4	$ -	-	6.00	2	GF	10		-		10	Low	1	179
37	Citywide	Non-Departmental - Debt Service	$ 2,501,494	5	$ -	-	-	-	GF	10		-		10	Low	1	177
111	Citywide	Other Revenues	$ -	-	$ 13,320,000	8	-	-	CAP	6		-		10	Low	1	175
108	Citywide	Operating Transfers - Reserves	$ -	-	$ 10,928,547	8	-	-	CAP	6		-		10	Low	1	175
80	Electric Utility	Interest and Rent	$ -	-	$ 6,525,404	7	-	-	EF	8		-		10	Low	1	175
79	General Fund	Other Taxes	$ -	-	$ 4,204,983	6	-	-	GF	10		-		10	Low	1	175
4	City Council	City Council	$ 833,851	3	$ -	-	10.00	3	GF	10		-		10	Low	1	175
35	Library	Library Technical Services	$ 1,721,389	4	$ -	-	4.50	1	GF	10		-		10	Low	1	173
5	City Manager's Office	General Administration	$ 1,678,194	4	$ -	-	3.50	1	GF	10		-		10	Low	1	173
34	Library	Library Facilities & Technology	$ 1,472,449	4	$ -	-	4.00	1	GF	10		-		10	Low	1	173
23	Fire	Fire Training	$ 1,314,219	4	$ -	-	4.00	1	GF	10		-		10	Low	1	173
17	Finance	Budget & Treasury Services	$ 1,150,933	4	$ -	-	4.45	1	GF	10		-		10	Low	1	173
30	Library	Library Administration	$ 1,144,329	4	$ -	-	4.50	1	GF	10		-		10	Low	1	173
16	Finance	Admin Services	$ 1,117,603	4	$ -	-	4.00	1	GF	10		-		10	Low	1	173
98	Water and Sewer Utility	Water Utility	$ 4,300,000	6	$ -	-	-	-	CAP	6		-		10	Low	1	171
95	Citywide	General Government	$ 4,222,800	6	$ -	-	-	-	CAP	6		-		10	Low	1	171
94	Citywide	Public Buildings	$ 3,672,105	6	$ -	-	-	-	CAP	6		-		10	Low	1	171
8	Community Development	Affordable Housing and NCIP	$ 802,419	3	$ -	-	7.00	2	GF	10		-		10	Low	1	169
63	Public Works	Parking District Maintenance	$ 355,542	2	$ 355,542	2	0.50	-	SRF	10		-		10	Low	1	163
45	Parks & Recreation	Senior Nutrition Program	$ 147,984	2	$ 147,984	2	-	-	SRF	10		-		10	Low	1	163

City-wide Risk Assessment

Item No.	Department	Core Service / Audit Subject	Adopted Expenditures	Score	Adopted Revenues	Score	Number of Fulltime Equivalent	Score	Fund Type	Score	Pending Audit Request	Score	Date of Last Audit	Score	Operational Changes & Complexity	Score	Total Score
			Risk Factors Weight	*10*		*8*		*6*		*4*		*7*		*8*		*7*	*500*
27	Information Technology	IT Enterprise Services	$ 759,688	3	$ -	-	2.00	1	GF	10		-		10	Low	1	163
110	Citywide	Operating Transfers - Other	$ -	-	$ 4,508,858	6	-	-	CAP	6		-		10	Low	1	159
109	Citywide	Operating Transfers - Gas Tax Revenue	$ -	-	$ 3,399,940	6	-	-	CAP	6		-		10	Low	1	159
102	Citywide	Charges for Services	$ -	-	$ 3,300,000	6	-	-	CAP	6		-		10	Low	1	159
86	Water and Sewer Utility	Operating Transfers	$ -	-	$ 2,995,468	5	-	-	EF	8		-		10	Low	1	159
70	General Fund	Licenses & Permit	$ -	-	$ 1,435,000	4	-	-	GF	10		-		10	Low	1	159
106	Citywide	Measure B VTA Revenue	$ -	-	$ 2,300,000	5	-	-	CAP	6		-		10	Low	1	151
105	Citywide	Road Repair & Accountability Act (SB1)	$ -	-	$ 2,050,000	5	-	-	CAP	6		-		10	Low	1	151
83	Electric Utility	Other Revenues	$ -	-	$ 1,100,000	4	-	-	EF	8		-		10	Low	1	151
91	Public Works	Storm Drains	$ 1,995,000	4	$ -	-	-	-	CAP	6		-		10	Low	1	151
90	Parks & Recreation	Parks and Recreation	$ 1,160,000	4	$ -	-	-	-	CAP	6		-		10	Low	1	151
66	Water and Sewer Utility	Solar System Maintenance	$ 281,493	2	$ -	-	1.50	1	EF	8		-		10	Low	1	145
104	Citywide	Intergovernmental Revenue	$ -	-	$ 1,029,214	4	-	-	CAP	6		-		10	Low	1	143
84	Water and Sewer Utility	Interest and Rent	$ -	-	$ 800,000	3	-	-	EF	8		-		10	Low	1	143
72	General Fund	Intergovernmental	$ -	-	$ 165,000	2	-	-	GF	10		-		10	Low	1	143
96	Public Works	Streets Lighting	$ 800,000	3	$ -	-	-	-	CAP	6		-		10	Low	1	141
92	Fire	Fire Department	$ 673,000	3	$ -	-	-	-	CAP	6		-		10	Low	1	141
87	Water and Sewer Utility	Other Revenues	$ -	-	$ 440,000	2	-	-	EF	8		-		10	Low	1	135
88	Water and Sewer Utility	Intergovernmental	$ -	-	$ 370,000	2	-	-	EF	8		-		10	Low	1	135
2	City Clerk's Office	Audit Services	$ -	-	$ -	-	1.00	1	GF	10		-		10	Low	1	133
100	Public Works	Solid Waste	$ 470,000	2	$ -	-	-	-	CAP	6		-		10	Low	1	131
93	Library	Library	$ 220,000	2	$ -	-	-	-	CAP	6		-		10	Low	1	131
101	Water and Sewer Utility	Recycled Water	$ 50,000	1	$ -	-	-	-	CAP	6		-		10	Low	1	121
103	Citywide	Interest and Rent	$ -	-	$ 16,000	1	-	-	CAP	6		-		10	Low	1	119

Adopted Expenditures	Score	Adopted Revenues	Score	Number of Fulltime Equivalent	Score	Fund Type	Score	Audit Request	Score	Date of Last Audit	Score	Operational Changes & Complexity	Score
0	-	*0*	-	*0*	-					<2008	*10*		
0	*1*	*0*	*1*	*1*	*1*	*CAP*	*5*	*NO*	-	2009	*9*	*Low Risk*	*1*
100,000	*2*	*100,000*	*2*	*5*	*2*			*YES*	*10*	2010	*8*		
500,000	*3*	*500,000*	*3*	*10*	*3*	*AF*	*6*			2011	*7*		
1,000,000	*4*	*1,000,000*	*4*	*15*	*4*					2012	*6*		
2,000,000	*5*	*2,000,000*	*5*	*20*	*5*	*EF*	*8*			2013	*5*	*Moderate Risk*	*5*
3,000,000	*6*	*3,000,000*	*6*	*25*	*6*					2014	*4*		
6,000,000	*7*	*6,000,000*	*7*	*30*	*7*					2015	*3*		
10,000,000	*8*	*10,000,000*	*8*	*40*	*8*	*GEN*	*10*			2016	*2*		
20,000,000	*9*	*20,000,000*	*9*	*50*	*9*					2017	*1*		
30,000,000	*10*	*30,000,000*	*10*	*100*	*10*					2018	-	*High Risk*	*10*
MORE	*10*	*MORE*	*10*	*MORE*	*10*								

Santa Clara City Council Strategic Session

January 31 & February 1, 2019

City of Santa Clara
The Center of What's Possible

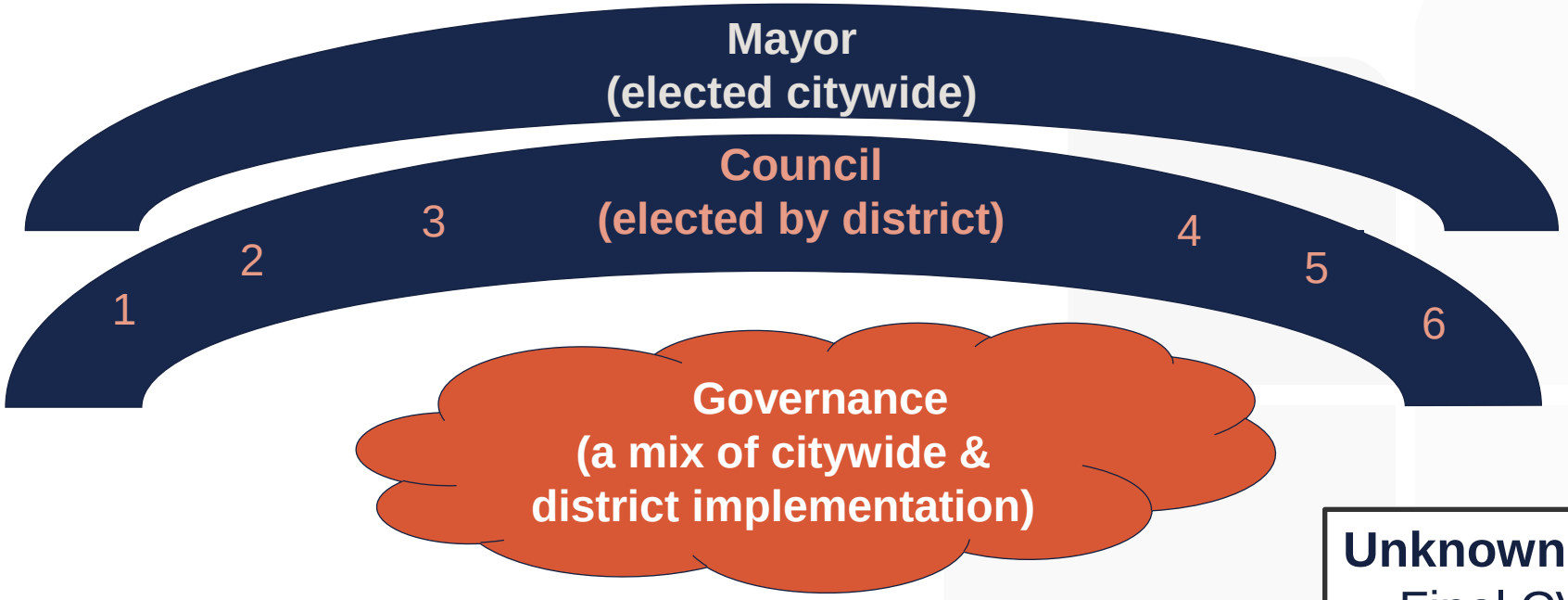
Strategic Session Overview

DAY 1: OPERATIONAL	DAY 2: PRIORITY SETTING
1. Context Setting 2. Update on the State of the Organization (City Manager) 3. Council Appointees (City Attorney, City Auditor) 4. Updates on Key Administrative Gap Areas 5. Fiscal Outlook and Budget Update 6. Update of Current Council Priorities	1. Department Review of Operational Priorities 2. Council Discussion on Priorities, Alignment, and Resources 3. Aligning Council Priorities and Council Action 4. Wrap-up/Next Steps

Agenda – Day 1

DAY ONE SCHEDULE (estimated times)			
9:00 – 9:15 am	Welcome & Framework for Retreat	3:00 – 3:15 pm	Break
9:15 – 9:30 am	Public Presentations	3:15 – 3:45 pm	Update on Current Council Priorities
9:30 – 11:30 pm	State of the Organization		
11:30 – 12:00 pm	Council Questions/ Discussion		
12:45 – 3:00 pm	-Council Appointees -Update re: Administrative Gaps -Fiscal Outlook	3:45 – 4:00 pm	Public Presentations
		4:00 - 5:00 pm	Summary of Day 1 Council Q&A

Transitioning to New Governance System



City Organization
(citywide with possible Council District interests)

Citywide Governance Structure:
- City Charter/Ordinances/Policies
- Organizational Systems
- Governance needs to be intentional

Unknowns
- Final CVRA Outcome
- Community input re Advisory Vote
- Resource and fiscal capacity to react and implement new governance system

"Effective governance is the foundation of our ability to manage change."
- *Deanna Santana*

Balanced Policy Approach ACHIEVED!

City of Santa Clara
The Center of What's Possible

Council Appointees

City Attorney

- Represent and advise the City Council and all City officers in all legal City matters
- Provide legal advice or opinion when requested by the City Council

City Manager

- Chief Executive Officer and Head of Administrative Branch of the City, including Silicon Valley Power
- Executive Director of Stadium Authority

City Auditor

- First professional City Auditor
- Manage annual financial audit contracts for the City and Stadium Authority
- Perform financial, operational and performance audits for the City

Process, People, and Performance

Process

- Manual processes
- Time-intensive Lack of core service processes
- Outdated and inefficient

PEOPLE

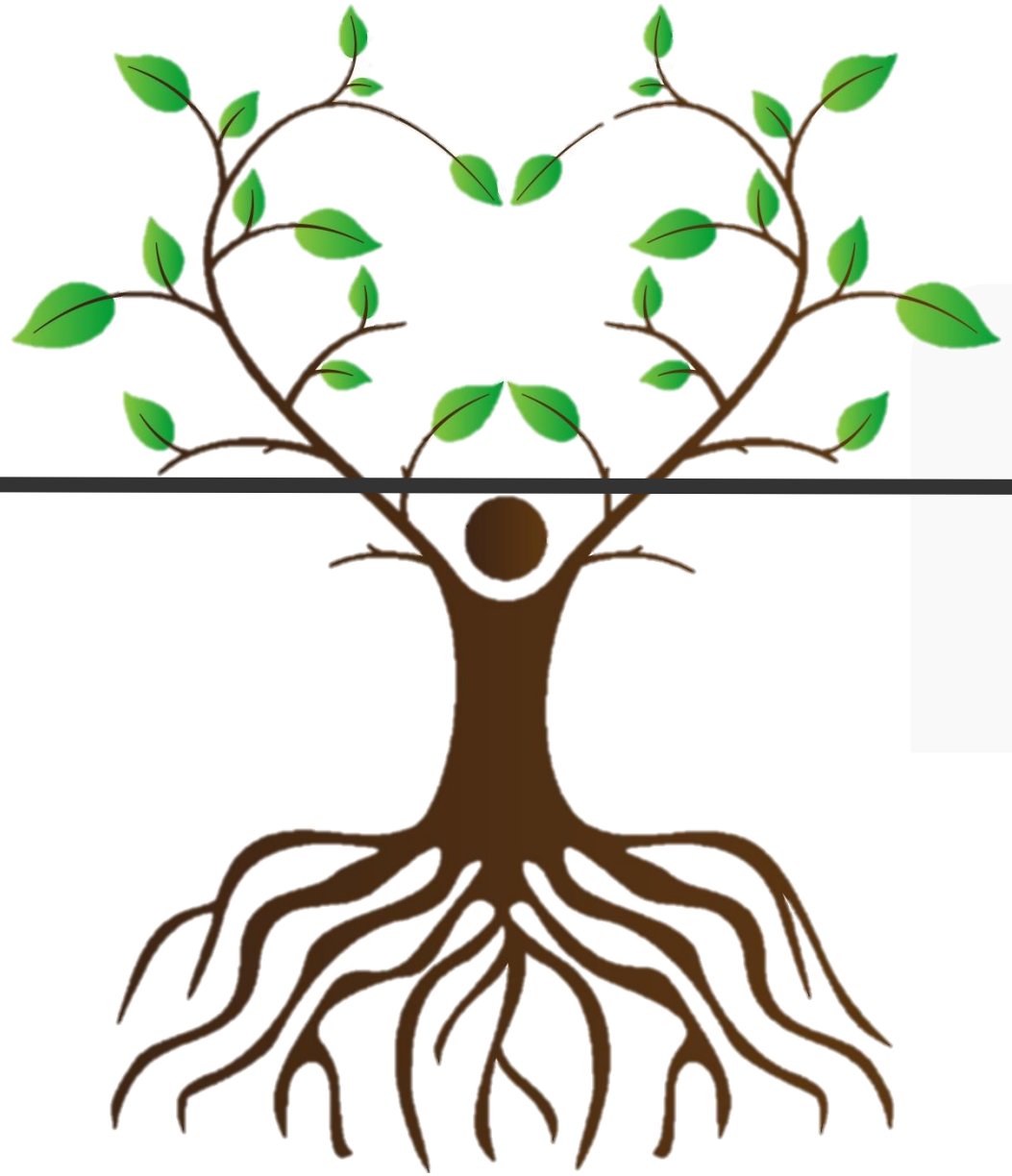
- Current focus
- Need to attract, retain and support high-quality workforce
- Invest in our greatest resource – our employees!

Performance

- Future focus and output

City of Santa Clara
The Center of What's Possible

Organizational Workload



10-20% Council Policy

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

"The key is in not spending time, but in investing it."
-*Stephen R. Covey*

City of Santa Clara
The Center of What's Possible

City Manager's Message

"You can't do today's job with yesterday's methods and be in business tomorrow." -Unknown

Full Time Equivalents Per Capita (as of October 2018)

Cities nearly half our size have more staff per capita.
Comparable city is are far less complex with almost 100 more staff.

CITY	POPULATION	TOTAL FTE	UTILITY	UTILITY % OF TOTAL FTE	SWORN	SWORN % OF TOTAL FTE	TOTAL FTE *(w/o Sworn Safety, Electric Utilties)*	OTHER % OF TOTAL FTE	OTHER FTE PER CAPITA
Palo Alto	66,649	1,041	111	10.66%	188	18.05%	742	71.29%	0.01114
Mountain View	81,527	613			162	26.42%	451	73.58%	0.00553
Santa Clara	**129,604**	**1,116**	**192**	**17.20%**	**308**	**27.60%**	**616**	**55.20%**	**0.00475**
Sunnyvale	153,389	908			201	22.14%	707	77.86%	0.00461
Milpitas	74,865	389			149	38.30%	240	61.70%	0.00321
San Jose[1]	1,051,316	6,205			1808	29.14%	4,397	70.86%	0.00418
Cupertino[2]	64,127	202					202	100.00%	0.00315

City of Santa Clara
The Center of What's Possible

**San Jose and Cupertino are outliers*

Three Lines of Service

City of Santa Clara

Silicon Valley Power

Stadium Authority

Santa Clara – Not Like Other Cities

Vibrant and Complex Organization with Unconventional Lines of Service

City of Santa Clara

Convention Center

Regional Wastewater Facility

Major Data Center for Silicon Valley

Amusement Park

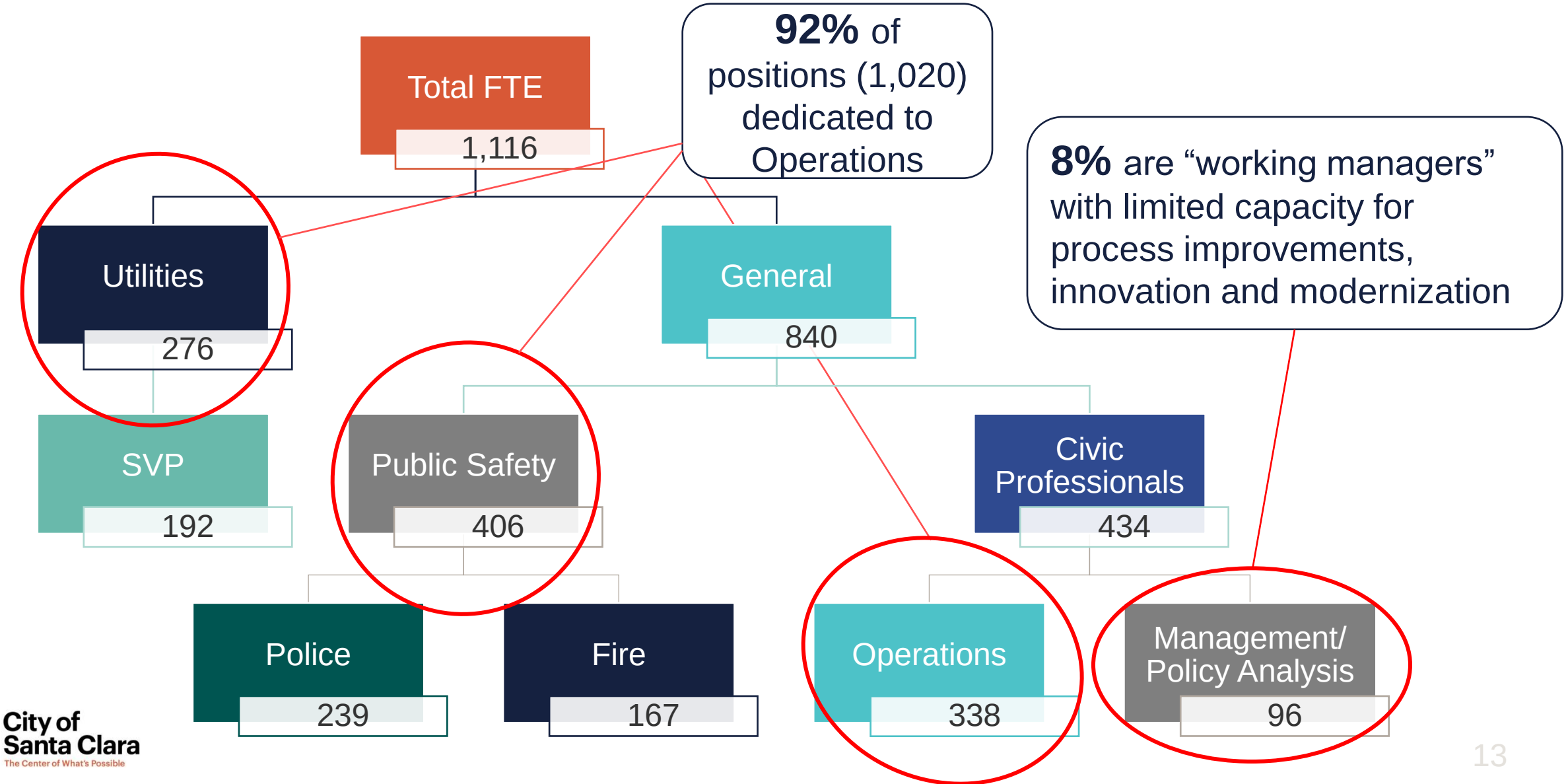
Educational Institutions

Major Regional Shopping Centers

City of Santa Clara
The Center of What's Possible

Fiscal Year 2018-19 Overview of City Full-Time Equivalents

WE ARE BUILT FOR OPERATIONS

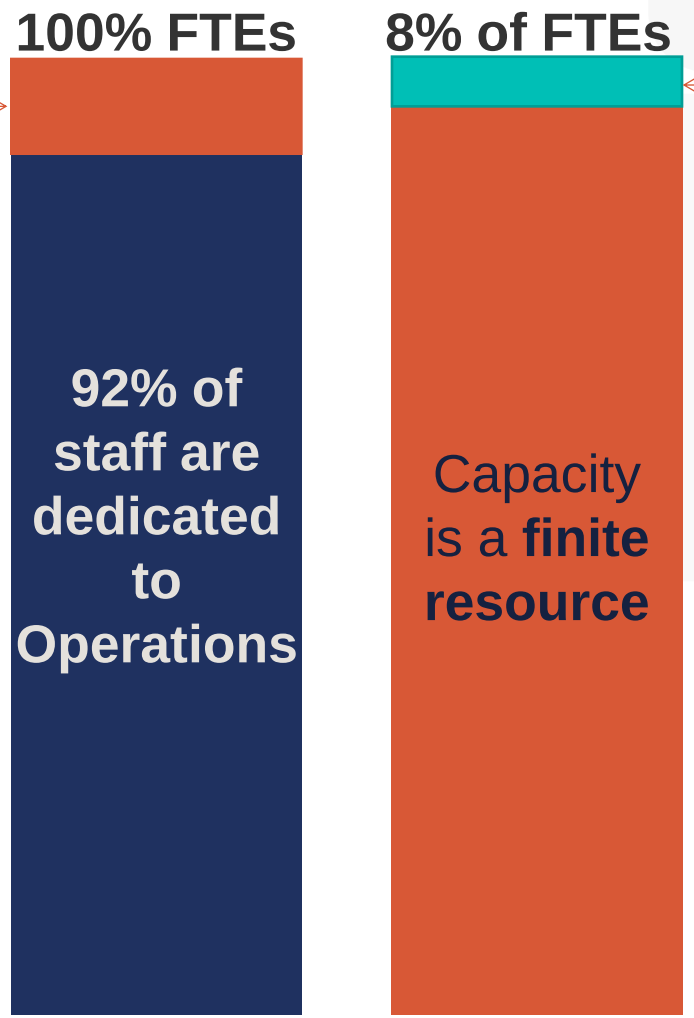


City of Santa Clara
The Center of What's Possible

Center of What's Possible

Innovation and Transformation require dedicated capacity

8%
management, unanticipated workload, transformation, innovation, and initiatives



>5%
of these hours are dedicated to innovation. This mean that an average manager has about 8 hours/month do focus on process improvement, innovation, etc.

Santa Clara managers are also part of operations and have dedicated duties.

Note: Not to scale.

City of Santa Clara
The Center of What's Possible

Context of Adding Value

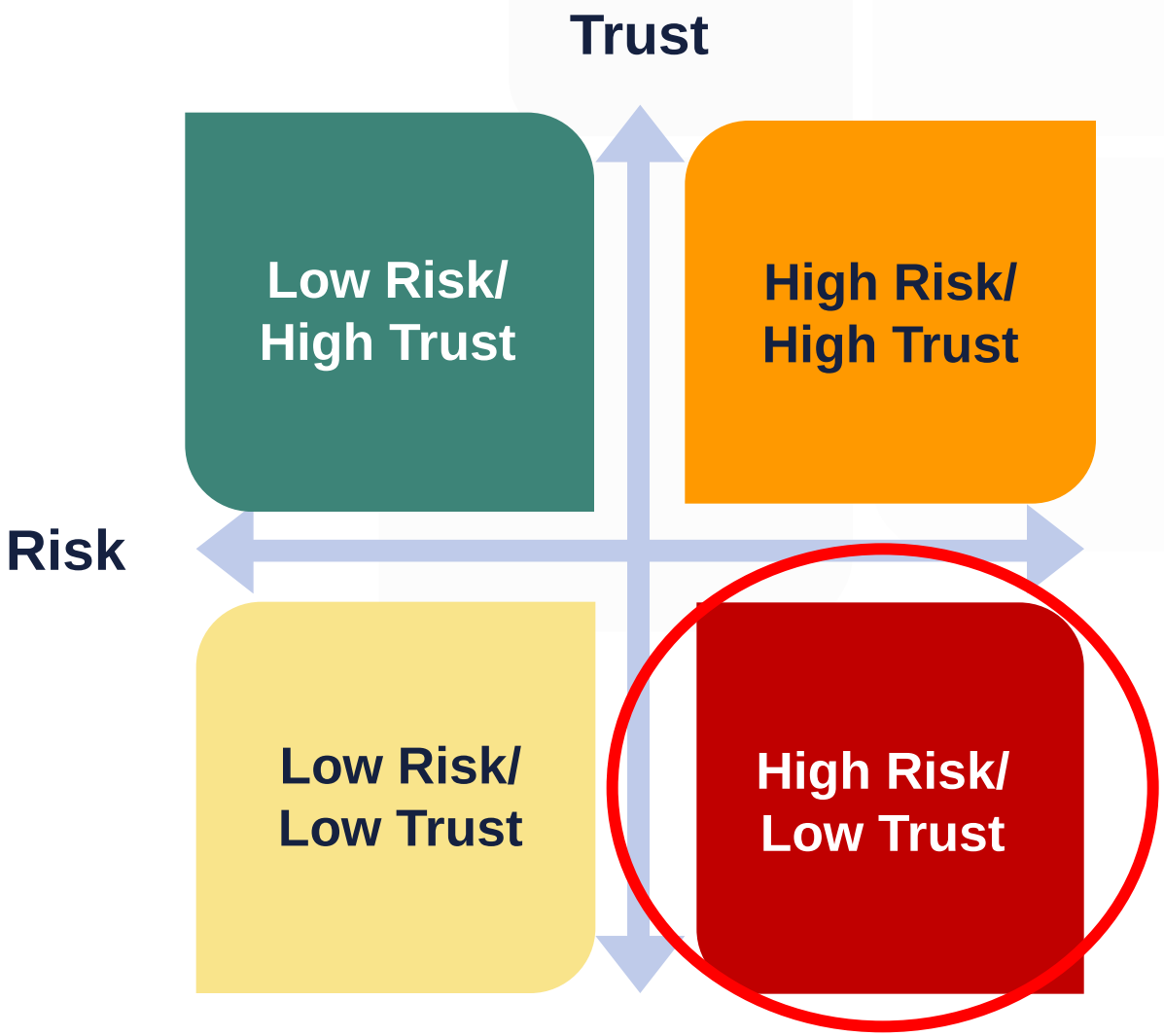
Effective Governance is our Foundation to Drive Change. An effective leader adds value, no matter the environment.

When I started…

- Entered with deferred/delayed Council Priorities
- Council desire to reform organizational weaknesses/gaps
- Mutual desire to serve Santa Clara well

Abilities of a good City Manager:

- Manages complexity
- Financial astuteness
- Strategic value
- Instills trust



City of Santa Clara
The Center of What's Possible

City Manager's Core Services

Support City Council with Strategic Policy Development

Legislative Strategy, Fiscal Management, and 10-Year Forecast. Integrate the use of data to inform policy making.

Operations

Ensure optimum operations and service delivery, monitor staffing resources needs, address vulnerable business operations, and focus on workforce and bargaining unit agreements.

Advancing the Organization

Supporting service improvements that achieve efficiencies, stabilize systems for service delivery, manage risk, and promote customer service.

Managing Capacity and Workload

Balancing workload and capacity to ensure that the workforce supports the City Council.

Capacity < Workload

City of Santa Clara
The Center of What's Possible

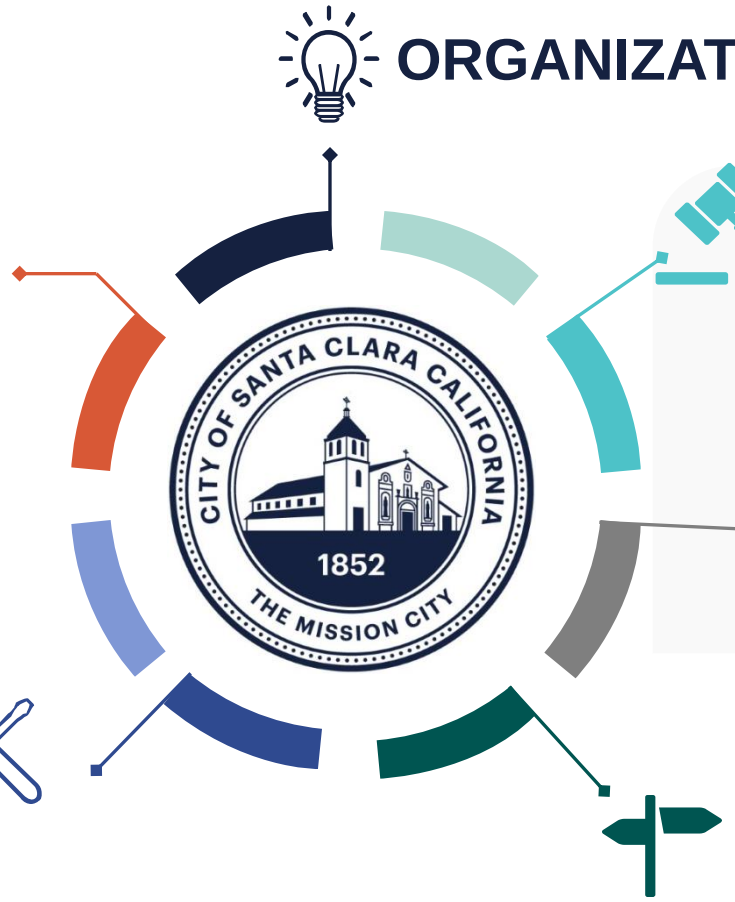
Summary of Identified Gaps - January 2018

2018 WAS MARKED WITH SIGNIFICANT PROGRESS!

- Lack of citywide risk management function
- Lack of citywide performance audit/management reviews
- Decentralized citywide procurement and contract management process
- Administrative processes are manual
- Lack of use of data for decision-making
- Lack of intergovernmental relations function
- Lack of stable leadership and change management
- Absence of workforce development program
- Lack of “management grip” and ability to speak to it
- Deferral/delay of critical projects
- Lack of pacing, both for workforce and City Council
- Lack of dedicated communications function and plan

State of the Organization

2018 Progress by Category



ORGANIZATIONAL TRANSFORMATION

COUNCIL SUPPORT & RELATIONS

FISCAL SUSTAINABILITY

LONG-TERM STRATEGIC PLANNING

ADMINISTRATIVE IMPROVEMENTS & MODERNIZATION

REMAINING ORGANIZATIONAL GAPS

Always being mindful of Prioritizing Workload (Capacity < Workload)

City of Santa Clara
The Center of What's Possible

Organizational Transformation

State of the Organization: 2018 Progress

Transforming an Organization Needs Council Support, Strategic Focus and Deliberate Pacing

City Manager's Value System
- Reinforced core values, ethics, and expectations. Regular communications.
- Friday in the Field Initiative - 2019

Stabilized Leadership
- Unprecedented vacancy rate in CMO-filled key "Acting" positions
- Gaining Management Grip
- Functional Oversight within CMO

Workload Alignment to Council Priorities/Directives & Workplans for Initiatives

Organizational Development Efforts
- Executive Team Engagement
- Quarterly Management Meetings & Trainings
- Changed fiscal approach and practices

Using Data to Make Informed Decisions
- More analysis in Council reports
- Implemented various audits
- Began efforts to track data where useful

Meeting Management
- Improved meeting management process and pacing of organization
- Weekly Executive Leadership business meetings
- New tools and technology

City Council Support and Relations

State of the Organization: 2018 Progress

Rebuilding trust between Council and the organization by intentional governance, effective processes, and keeping Council and the community informed

Keeping the Council Informed

- 1:1s, study sessions, informational memos, CM blog, email updates, City Manager/Executive Director reports, etc.
- Increased study sessions or informational briefings with Council
- Policy Development and Presentation

Community Outreach Plans

- Articulating community outreach plans through Council reports and communication

Addressing Deferral/Delay of Initiatives

- Paced policy items for Council consideration that had been deferred or delayed, as well as working to pace each Council Agenda
- Many former Council initiatives have been addressed or are in progress of being implemented

Greater Transparency of Council Agendas and Directives

- Provide routine reporting to Council through information reports, Tentative Meeting Agenda Calendar, and new Council Referral Matrix

City Council Support and Relations

State of the Organization: 2018 Progress

Rebuilding trust between Council and the organization by intentional governance, effective processes, and keeping Council and the community informed

Legislative Priorities and Positions

- Developed Legislative Advocacy Positions for Council review to better align staff resources with Council priorities
- Enables timely response and advocacy to respond to Council Legislative Priorities

Addressed Administrative Failures

- Reduced confusion and adverse impacts caused to Councilmembers, e.g., travel, contract management, PRAs, audit function, minutes, policy implementation, etc.

Fiscal Sustainability

State of the Organization: 2018 Progress

Financial Sustainability is our #1 Priority. From there, All Priorities are Possible!

Refined Fiscal Outlook

- Developed 10-year financial plan
- Corrected $8.5 million budget shortfall to $1 million without cuts to service or jobs
- Two unknown assumptions in outlook: CalPERS reforms and economic slow down

Proposed Two-Year Budget Cycle

- For both the City's Operational and Capital Improvement Plan (CIP)

Aligned Investments to Council Priorities

Building Financial Reserves

- Ended FY 2017/18 under budget by $17.7 million, allowing City Council to allocate additional funds to various reserves
- Budget Stabilization Reserve to be at $78.3 million

Developed Revenue Strategy

- Developed revenue generating strategy through implementing a Commercial Cannabis Tax
- Studied other potential opportunities for future consideration
- Positioned for future initiatives

Long-Term Strategic Planning

State of the Organization: 2018 Progress

Common Vision and Strategies Prepare Us for the Future

- **Overall Strategic Vision and Innovation for the Organization**
- **Strategic Plans Underway or Developed**
  - Land-use plans for key economic areas
  - SVP Strategic Plan
  - Infrastructure Inventory
- **Stadium Authority Business Management**
  - Established Stadium Authority's role in governance
  - Referral tracking system and/or requests from Property Manager and Board
- **Santa Clara Downtown Visioning**
  - Worked directly with community to develop new vision
- **City Place Settlement Agreements**
  - Worked to protect the City of Santa Clara and its assets during large development projects
- **Workforce Training and Development**
  - Beginning to invest in organizational training programs

Administrative Improvements and Modernization

State of the Organization: 2018 Progress

"You can't do today's job with yesterday's methods and be in business tomorrow." -Unknown

Improved Procurement Processes

- Hired seasoned Procurement Manager and Contracts Manager
- Launched Online Bidding and Surplus Property Sales

Established Audit Function

- Filled position with certified public accountant will conduct auditing programs for City & Stadium Authority
- Audit Workplan = Performance Improvement

Improved Coordination of 34 IT System Upgrades

Public Records Act Information Request

- Hired Records Manager to centralize and streamline process, support proper records management, etc.
- Higher quality due diligence on records
- Modernize our administrative practices

Risk Management

- Hired Risk Manager
- Risk management program/workplan to be developed

Administrative Improvements and Modernization

State of the Organization: 2018 Progress

"You can't do today's job with yesterday's methods and be in business tomorrow." -Unknown

- **Digitize Administrative Processes**
  - Purchased document management system and beginning to digitize records
  - DocuSign for Stadium Authority
  - Customer Relationship Management system (MySantaClara) relaunch
- **Tracking and Transparency for Capital Projects**
  - Began process to launch management system for City's 800 capital projects to provide real-time status and information
- **Better Agenda and Report Management**
  - Granicus and Legistar implementation
- **Modernize/"De-Risk" Business Processes**
  - Beginning to develop programs with new key staff hires
- **Developed Prevailing Wage Program**
  - Addressed non-compliance issues and developed citywide training program

Remaining Gaps

State of the Organization: 2018 Progress

Under Resourced Programs or Need for Modernization

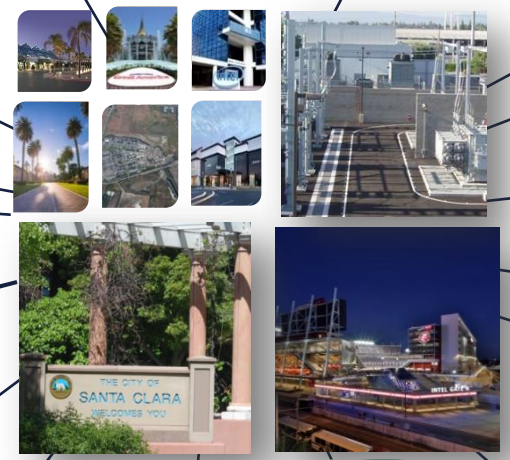
- Sustainability Program and Resources
- Improve City's Real Estate Asset Management
- Citywide Risk Program
- Process Integrity of Business & Administrative Programs
- Citywide Public Records Program
- Continuous Improvement Methods
- Increased Marketing and Usage of Citywide CRM
- Internal Performance Auditing
- Developing an Economic Development Program/Small Business Focus
- Organizational Development Program Citywide

City of Santa Clara
The Center of What's Possible

Operational & Workload Metrics

Data as an Asset – Our Data Tells A Story

Major Drivers of Workload



- Personnel Management & Employee Relations
- Risk/Claims/ Litigation
- Day to Day Operations
- PRAs & Information Requests
- Council Priorities & Initiatives
- Strategic Leadership/ Organizational Transformation
- Operational Improvement & Modernization
- Boards, Commissions & Committees
- Operational Initiatives & Service Priorities
- Decentralized Procurement
- Communications & Social Media
- State & Federal Laws & Compliance
- Budget Development & Fiscal Management
- Policy and Legislative Support to Council
- Community Engagement
- Large Scale & High Volume of Development Projects
- Manual CRM & Admin Process

City of Santa Clara
The Center of What's Possible

Public Records Act (PRA) & Information Requests

Major Drivers of Workload – PRA/Information Requests Consume Capacity

Systems

- Lack of e-discovery software
- Decentralized and manual process
- Tech tools exist, but no capacity to implement

- **1,321** Public Records Requests received in 2018*
- **Average of 110/month PRAs**
- **Impact of 2019 laws** (increases workload)
  - SB 1421 – requires disclosure of peace officer records for certain types of incidents
  - AB 748 – regarding access to body-worn camera video & audio

Staffing

- Lack of training in processing PRAs
- Limited staffing resources do not respond to implementing tech tools
- Better quality control of PRA

Note: No Data for 2017. We have begun tracking this workload/capacity impact.

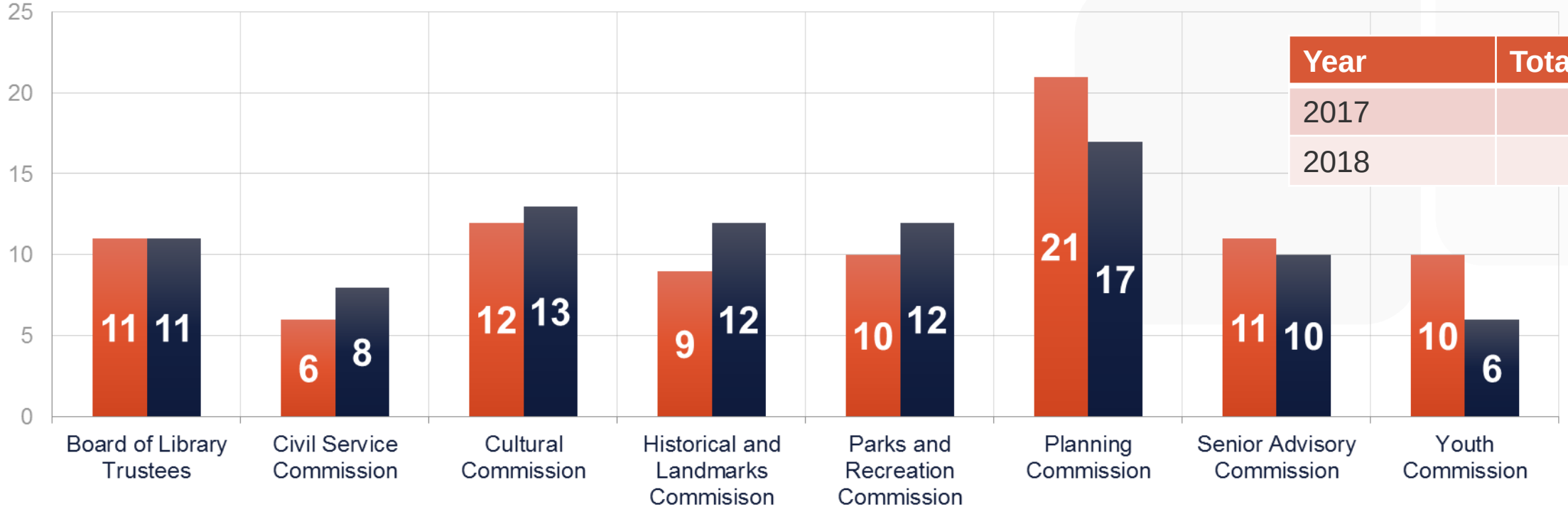
City of Santa Clara
The Center of What's Possible

**Number is approximate based on available tracking systems.*

Boards and Commissions

Major Driver of Workload – Boards and Commission Meetings

- Boards and Commission meetings **remain high. Average of 8 meetings/month.**
- Requires significant resources to support meetings (preparation, publication and noticing)



Year	Total
2017	**90**
2018	**89**

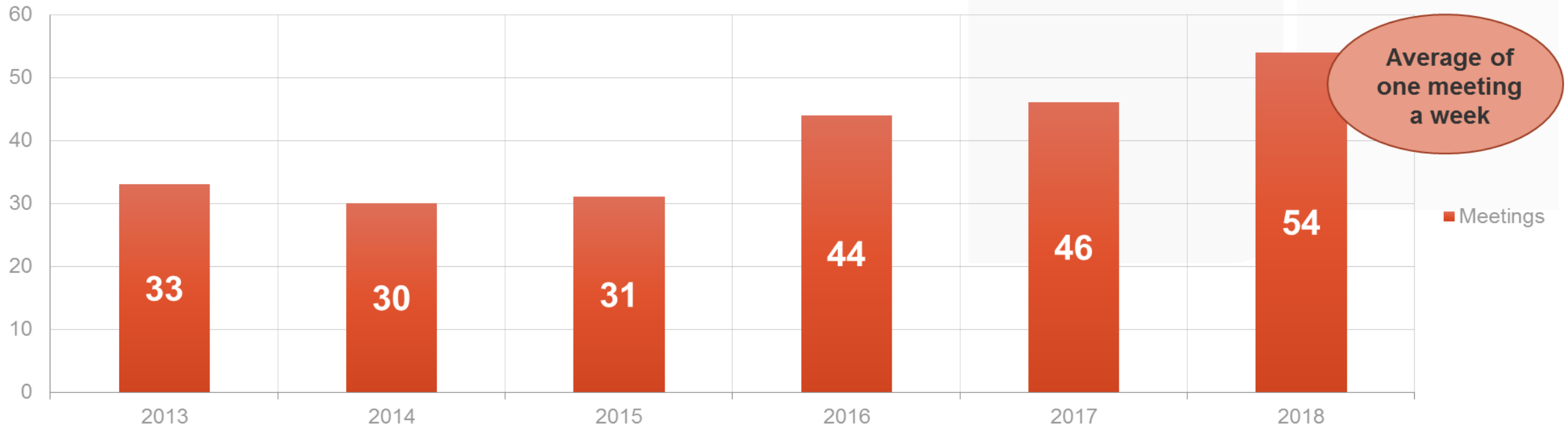
City of Santa Clara
The Center of What's Possible

Policy and Legislative Support to Council

Major Drivers of Workload – City Council Meetings have increased

64%⬆

- City Council/Stadium Authority meetings have increased 64% since 2013
- Year-to-Year increase of **17%** since 2017



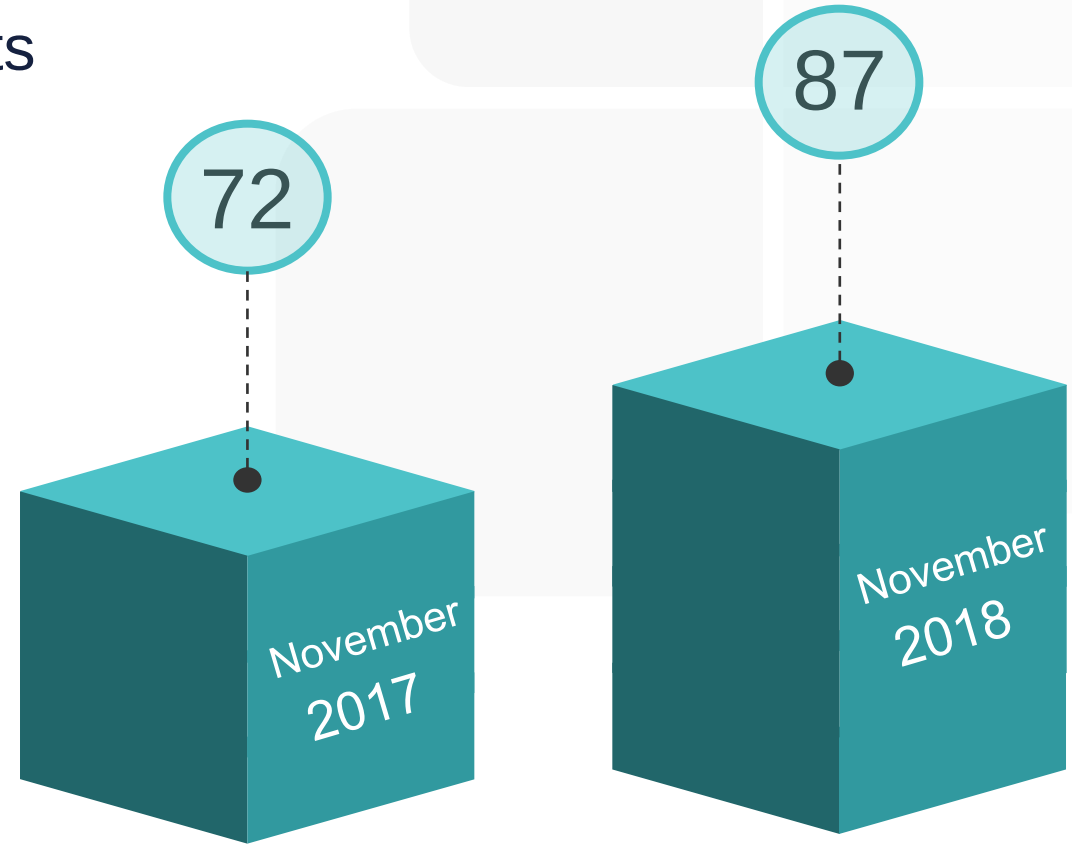
City of Santa Clara
The Center of What's Possible

Policy and Legislative Support to Council

Major Drivers of Workload – More Reports to Council on Average for Each Meeting

21% YTY increase of staff reports

- Increased thoroughness of reports
- More robust analysis and comprehensive information for Council decision-making
- Additional informative sections included in agenda: Tentative Meeting Agenda Calendar (TMAC), Council Referral Matrix, and City Manager Information Reports
- Additional attachments provide more transparency

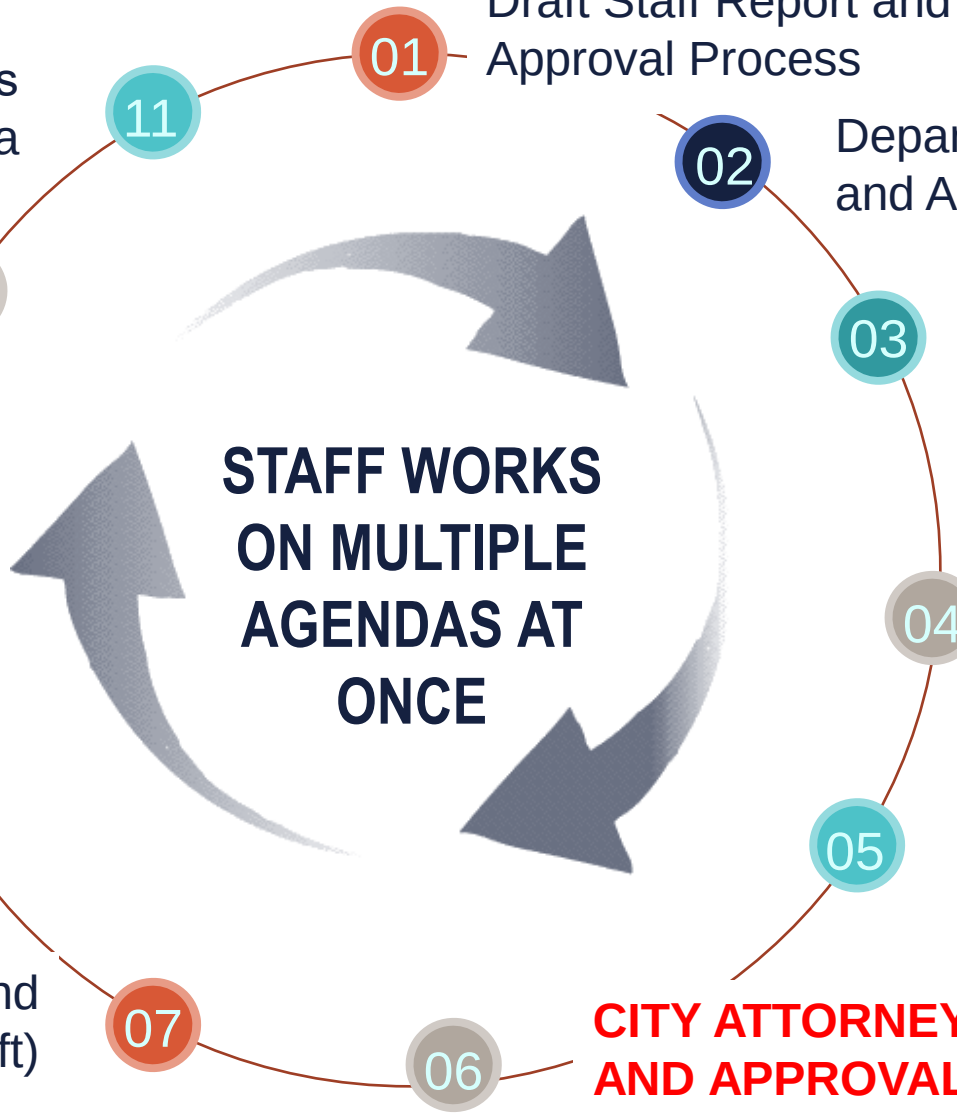


Average 44 reports per Council Meeting Agenda

City of Santa Clara
The Center of What's Possible

Policy and Legislative Support to Council

Major Drivers of Workload – Reports to Council Require Robust Review ***(Does not include PPT Development)***



01 Draft Staff Report and Initiate Approval Process

02 Department Head Review and Approval

03 Assistant Director of Finance Review and Approval

04 Director of Finance Review and Approval

05 Assistant City Attorney Review and Approval

06 **CITY ATTORNEY REVIEW AND APPROVAL**

07 Department Head Review and Approval (Redraft)

08 Assistant City Manager Review and Approval

09 Chief Operating Officer Review and Approval

10 **CITY MANAGER REVIEW AND APPROVAL**

11 Assistant City Clerk's Office Posts Agenda

Time for redraft if needed

City Santa Clara
The Center of What's Possible

Policy and Legislative Support to Council

Major Driver of Workload – City Council Referrals

122 Total number of Council Referrals since October 2017*

93 Referrals Closed to Date

51 Required a Report at a Public Meeting (Council, Board or Commission)

25 Required a Written Follow-up in City Manager Biweekly or Information Memo

13 Implemented Based on Council Direction

3 Will be Addressed through the Next Budget Process

- **Avg. 8 new referrals/month**
- **Avg. 7 closed/month**
- **2019 = 29 Open Referrals**

City of Santa Clara
The Center of What's Possible

**Numbers do not include referrals made after 1/15/2019*

Policy and Legislative Support to Council

Major Drivers of Workload – Summary of Data Trends

- City Council meetings have increased
- Boards and commissions meetings remain high
- More Reports to Council are produced -- more thorough and informative. Software remains “area of growth” for staff. Tech transformation takes time.
- Now tracking Council referrals, to track full workload of Council Agenda cycle.
- Significant City resources dedicated to transparent government and improved engagement

Council Priorities & Initiatives

Major Driver of Workload

City of Santa Clara

1. **Fiscal Sustainability/Revenue strategy**
2. **Downtown Revitalization Efforts**
3. **Council Redistricting Process (Measure N) & Council Governance discussions**
4. **Cannabis Business Tax Program Implementation (Measure M)**
5. **Affordable Housing Policy**
6. Sale of Former Redevelopment Agency assets by Successor Agency
7. Full implementation of Prevailing Wage Program
8. Santa Clara Square, NVIDIA and other large developments
9. **Employee Survey**
10. **Human Resource Reforms**
11. **City Place-O&M and Parking Agreements, title, and risk management**
12. **Related Risk Program and Engineering Solutions**
13. New Water and Sewer Development Fees
14. **Solid Waste and Recycling Procurement**
15. New Capital Projects Database
16. Salary Setting Commission
17. Emergency Preparedness Training and Awareness
18. **Labor Negotiations – 5 Open Tables**
19. **Agrihood DDA**
20. BART Partnership Agreements
21. Civic Center Master Plan
22. Multiple Land Use Specific Plans
23. Council Policy Manual Updates & Restructuring
24. Administrative Policy Manual Updates and Restructuring
25. **Mobile Transportation Policy**
26. **New State Laws – Implementation**
27. **CityPlace – Pre Construction work and Risk Management Program**

City of Santa Clara
The Center of What's Possible

Large Scale Development Projects

Major Drivers of Workload – Large Scale & High Volume of Development Projects

Downtown Revitalization and Precise Plan

Westfield Valley Fair Mall Expansion

Nvidia (Phase 2)

Tasman East – Housing Developments

Specific Plans (Lawrence Station, Tasman East, El Camino, Patrick Henry, Freedom Circle)

City Place

Kylli Project

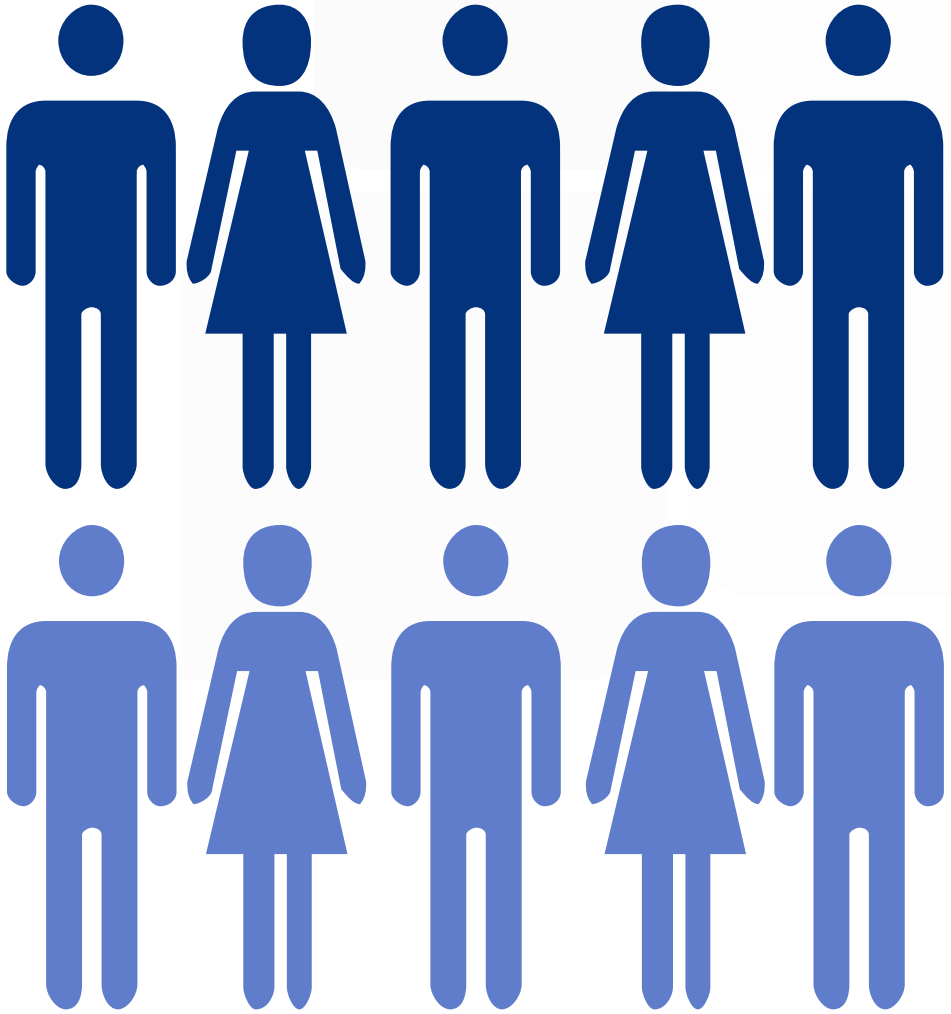
Next phase of Santa Clara Square

City of Santa Clara
The Center of What's Possible

Employee Relations

Major Drivers of Workload – Personnel Management and Employee Relations

- Active negotiation with 5 of 10 bargaining units*:
  - Unit 2 Police Officer's Association (POA)
  - Unit 3, Electrical Workers (IBEW)
  - Unit 4, Engineers
  - Unit 9A, Police Management
  - Unit 10, Public Safety Non-Sworn Employee Assoc.



*All bargaining unit agreements listed expired on 12/22/2018.

Council Priorities & Initiatives -- Distinct Service Areas

Convention Center – CVB - TID

1. Continue to implement City audit findings/recommendations on the SCCC, CVB and TID
2. Transition Strategy/Onboard New Operator for Convention Center and Visitors Bureau
3. Support TID with goals and efforts
4. Fill City Vacancies re Convention Center (1.5 positions)
5. Work with local businesses
6. Continue reconciliation of past operator and remaining audit work
7. Redevelopment Dissolution Workplan
8. Long-term strategy for land use and facility investment

Stadium Authority

9. Compliance with all Agreements
10. Financial transparency and document possession
11. Continue to implement multi-departmental approach to mitigating community impact, including developing a parking plan
12. Ongoing Fire & Safety, Public Health, ADA & Accessibility Inspections
13. Review options for ongoing use of San Tomas Aquino/Saratoga Creek Trail during Stadium events
14. Community Room
15. Complete finance & performance audits
16. CFP Fiscal Reconciliation, Audit, and Financial report
17. Due diligence on 49ers fiscal forecasting – draft budget proposal

Silicon Valley Power

18. PG&E Potential Bankruptcy implications to SVP
19. Chief Electric Utility Officer Recruitment
20. Fill key vacancies based on reorganization
21. Silicon Valley Power Strategic Plan Implementation
22. Large Capital Improvement Projects Management
23. Assess service risk and develop Risk Management program
24. Sustainability efforts
25. Cybersecurity and other safety measures to secure systems

City of Santa Clara
The Center of What's Possible

Measure N Next Steps (tentative)

Council Districting

- **Current Unknowns**
  - Current CVRA status of appeal
  - Impact of 2020 Census on district boundaries
- **Council -- How to Proceed?**
  - Convene a Charter Review Committee (and appoint new members as needed to discuss Charter Amendment)
- **Conduct Public Engagement**
  - Hold Public Engagement Meetings citywide (4-6 meetings) to pose question of how many districts the community prefers
- **Determine Timing**
  - Map out with City Clerk timing of the Charter Amendment to voters
- **Engage Professional Demographer**
  - Engage professional demographer to support data analytics and mapping

Measure M Implementation

Cannabis Business Tax

Economics: Recent research is concluding that **sales tax forecast has not been achieved due to regulations and taxes.**

Community approved "Cannabis Business Tax" by vote in November 2018

Present proposed regulations to City Council for early input February/March 2019

Cannabis Business Tax will allow the City to collect tax if cannabis-related commercial businesses are established in Santa Clara

City Council consideration on health and safety regulations targeted in spring 2019

City of Santa Clara
The Center of What's Possible

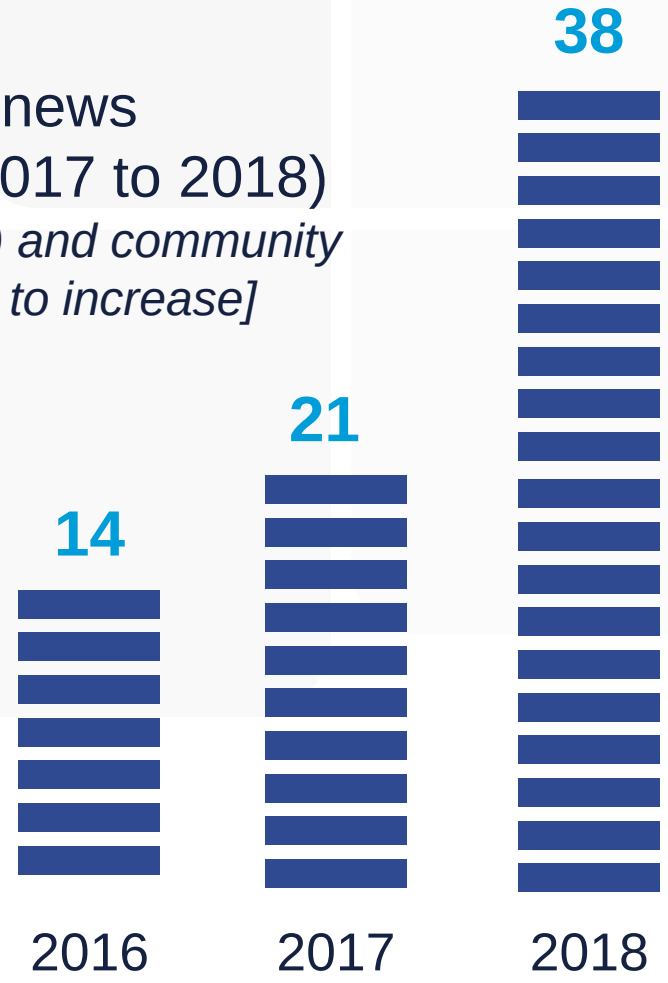
Communications

Major Drivers of Workload – News Releases

81%↑

Increase in City news releases YTY (2017 to 2018)

[Less staff (-1 FTE) and community has stated we need to increase]



Number of News Releases Published YTY

City of Santa Clara
The Center of What's Possible

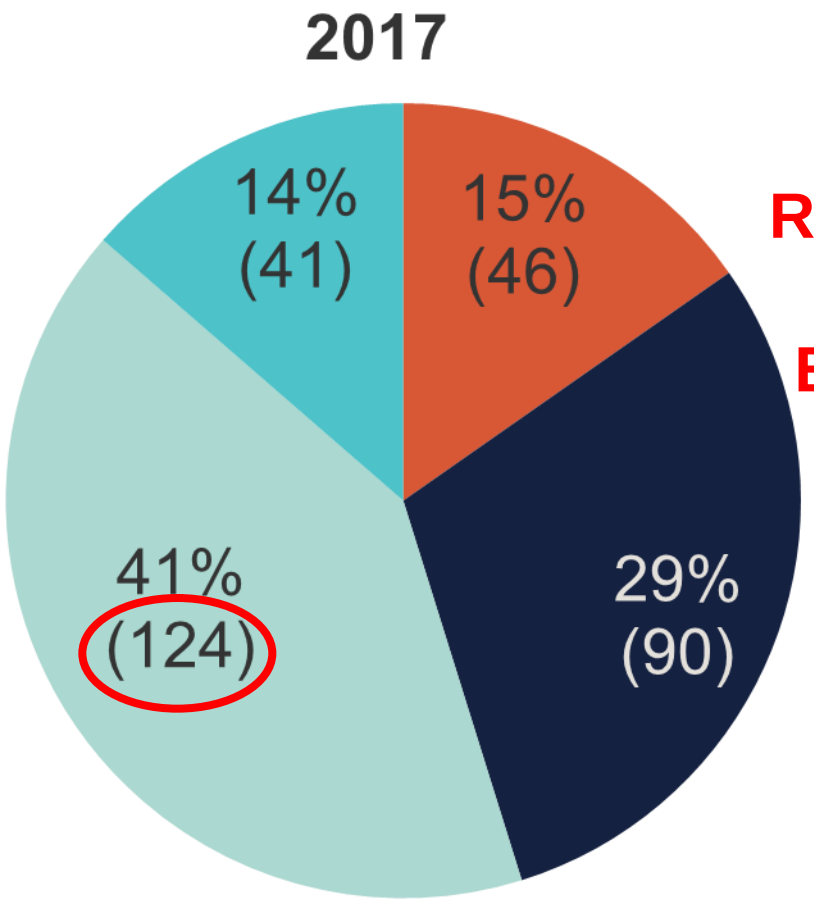
Community Engagement

Major Drivers of Workload – Online and Printed Publications

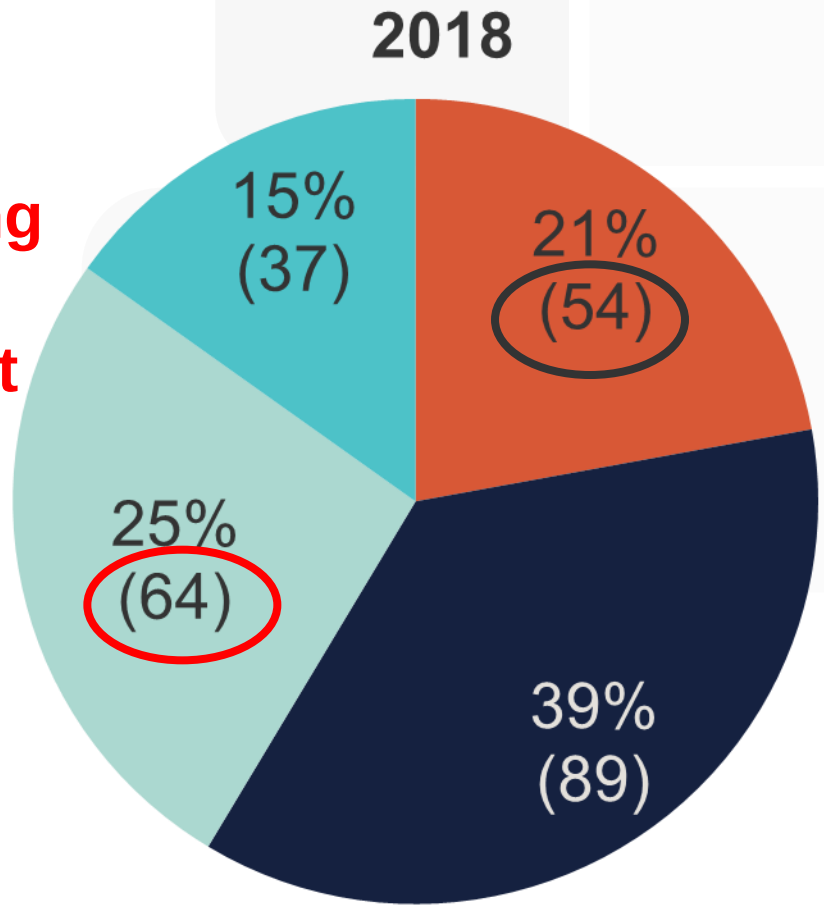
- **Social Media**
  - 6,380+ Facebook followers
  - 7,668 Twitter followers
  - ~25,000 residents/79 neighborhoods use Nextdoor
- **Printed Publications**
  - Modernized Annual City Calendar
  - Santa Clara Newspaper: 56,800+ distribution
  - Mission City Scenes Utility Bill insert distributed to 43,000 residents
- **Online Access**
  - 1.16 million unique visitors annually to SantaClaraCA.gov
  - 43% of website visitors are mobile users
  - 40,500+ active subscribers to eNotify (4,431 added in 2018)
  - 20 Open City Hall surveys conducted

Community Engagement

Major Drivers of Workload – Types of Meetings Held



Capacity Gained by Redistributing Type of Engagement



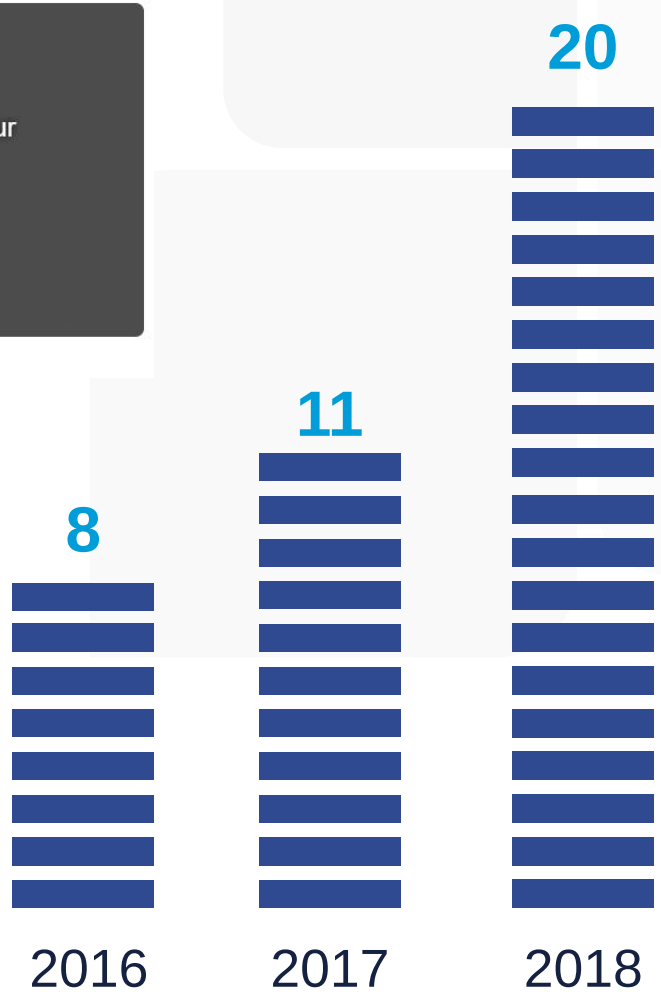
- 2018 ≈ 37 community meetings
- 2017 ≈ 41 community meetings

Council
Boards & Commission
Committees
Community Meetings

City of Santa Clara
The Center of What's Possible

Open City Hall

Major Drivers of Workload – Community Engagement



Number of surveys posted to City's Open City Hall site YTY

150% Increase since 2016 of Open City Hall surveys posted per year

City of Santa Clara
The Center of What's Possible

Open City Hall Surveys 2018

20 Number of online surveys posted on Open City Hall in 2018

1. Seeking Community Input on Programs for Housing & Community Services
2. Santa Clara Convention Center Survey
3. Raymond G. Gamma Dog Park Improvement Project Survey
4. Land Use & Transportation Concepts for El Camino Real
5. Montague Park Rehabilitation Community Survey
6. Provide Input on Proposed Council Districts
7. COURT ORDERED Council Districting Process
8. Silicon Valley Power's Integrated Resource Plan (IRP)
9. 2018 Clean-up Campaign Resident Satisfaction Survey
10. Phase 2: Community Engagement for Issues Related to Levi's Stadium
11. Feedback on District 1 and District 2 Sequence
12. Which draft Council district map do you prefer?
13. Agnew Park Playground Improvements
14. Seeking Public Input on District Voting Lines
15. Community Engagement for Issues Related to Levi's Stadium
16. Seeking Public Input on Draft Ballot Measures
17. De La Cruz Community Feedback Survey
18. Homeridge Park Online Survey
19. The City of Santa Clara Smoking Ordinance Survey
20. El Camino Real Survey

City of Santa Clara
The Center of What's Possible

Open City Hall Surveys 2017

11 Number of online surveys posted on Open City Hall in 2017

1. Santa Clara Minimum Wage Ordinance Survey
2. 2017 Clean-up Campaign Resident Satisfaction Survey
3. Santa Clara's Central Park Survey
4. Improving Communication with Our Community
5. Multi-Unit Housing Smoking Survey
6. Smoking in Outdoor Dining Areas Survey
7. Machado Playground & Park Rehabilitation Survey
8. Bowers Playground & Park Rehabilitation Survey
9. Santa Clara Central Park Master Plan Survey
10. El Camino Real Survey
11. 2330 Monroe Street Community Survey

City of Santa Clara
The Center of What's Possible

Open City Hall Surveys 2016

8 Number of online surveys posted on Open City Hall in 2016

1. Is Google Fiber finally coming?
2. San Tomas and Monroe Park and Community Garden
3. Additional City-Wide Garage Sale in April
4. San Tomas and Monroe Community Park and Garden - Take Two
5. Help Us Redesign Steve Carli Playground
6. Santa Clara Votes Resident Engagement Survey
7. Clean-up Campaign Resident Satisfaction Survey
8. Santa Clara Votes - Post Election Survey

City of Santa Clara
The Center of What's Possible

Resident Response System: My Santa Clara

Major Drivers of Workload - Manual CRM & Admin Process

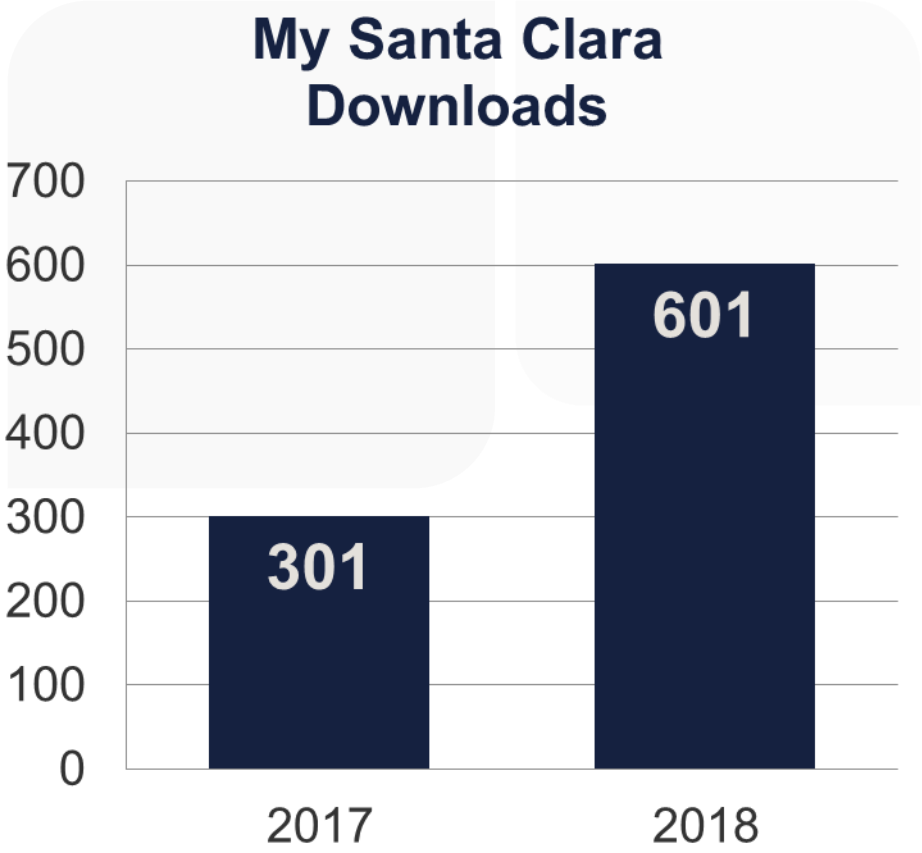
In July 2018, MySantaClara was relaunched to better connect our community with City services.

100%

Downloads increased almost 100% from 2017 to 2018

95%

Increase in average monthly usage after relaunch in July 2018



City of Santa Clara
The Center of What's Possible

My Santa Clara

Major Drivers of Workload - Manual CRM & Admin Process

1,871

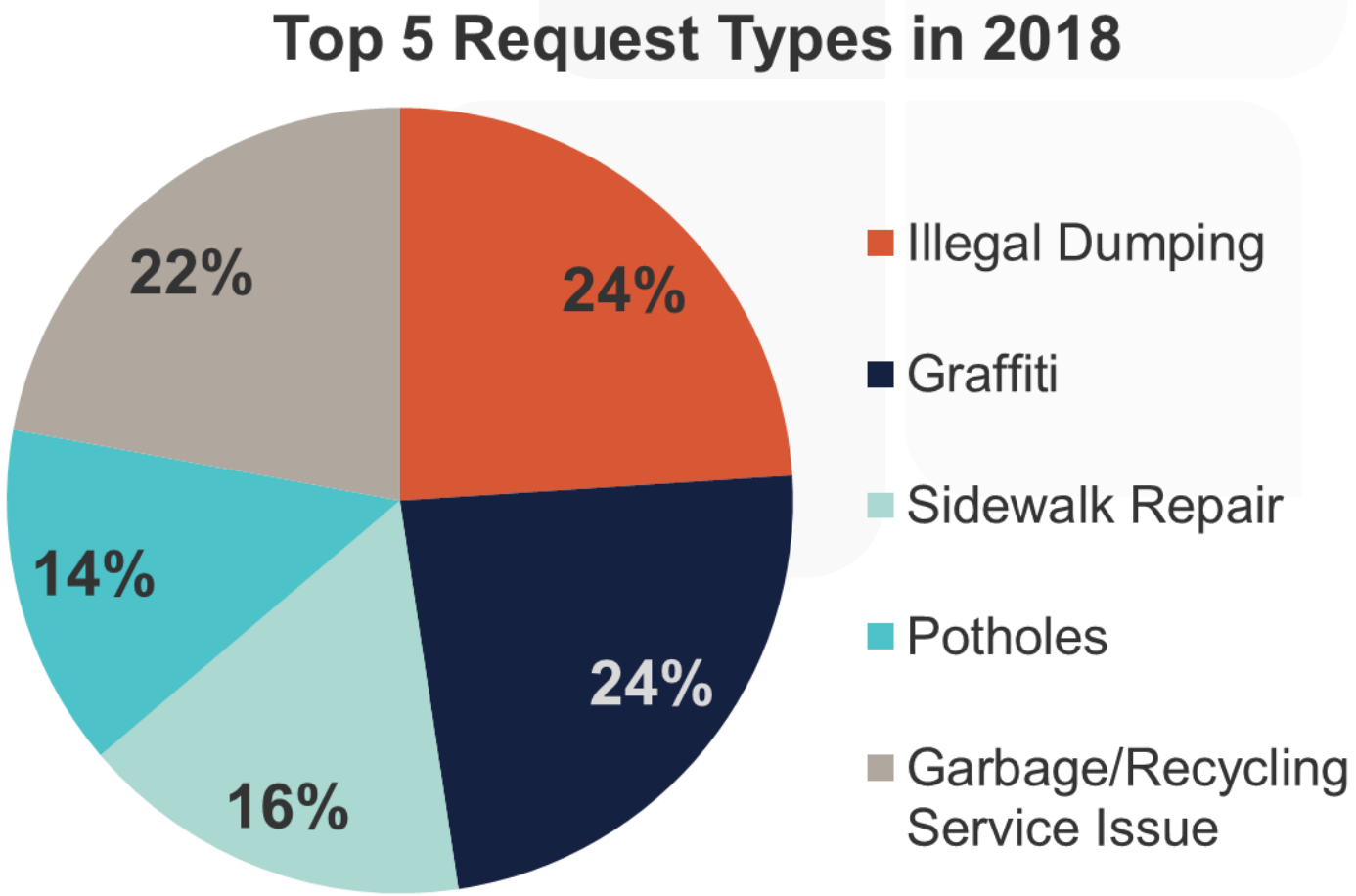
2018 Requests

Total number of requests submitted in 2018

52%

High Demand

Over **50%** of all requests received are for our **Public Works Department**



City of Santa Clara
The Center of What's Possible

“Without continual growth and progress, such words as **improvement**, **achievement**, and **success** have no meaning.”

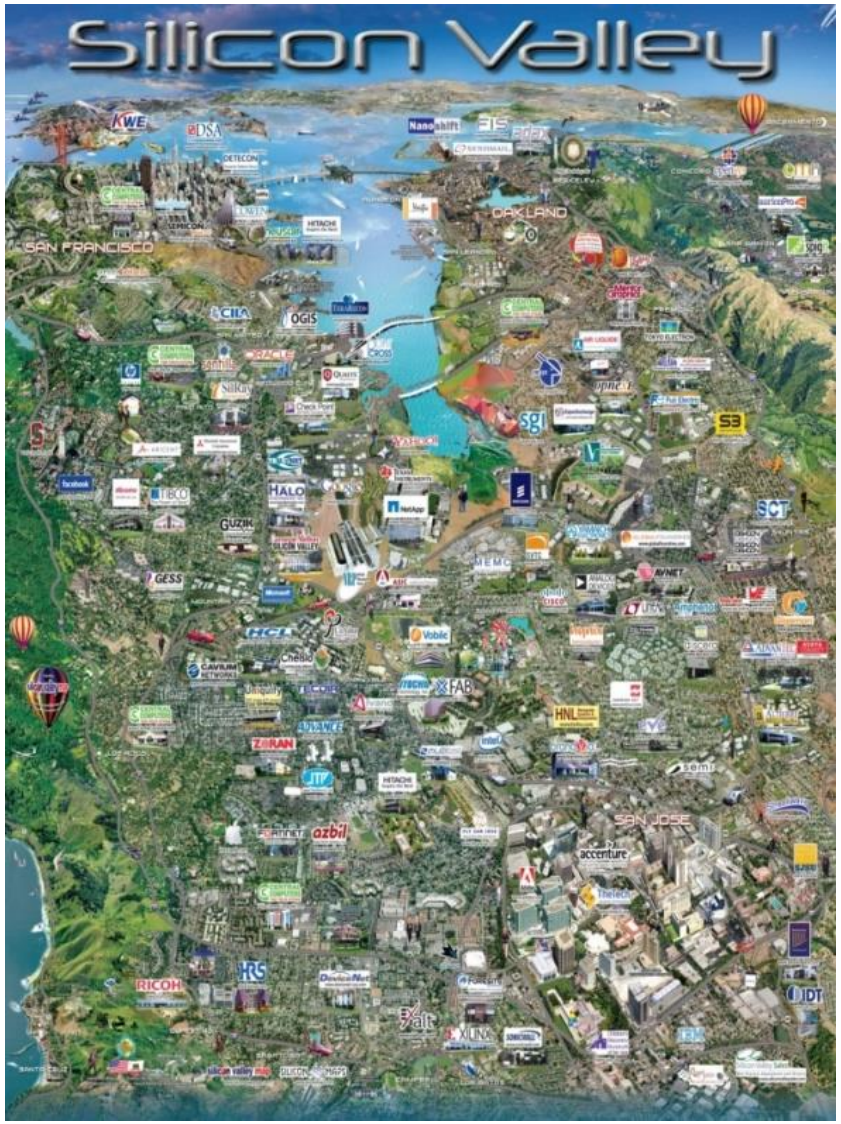
-Benjamin Franklin

Human Resource Metrics

City of Santa Clara
The Center of What’s Possible

Regional Opportunities of Silicon Valley

- Highly complex region/ super competitive Market to recruit and retain
- Community is **engaged** and has **high expectations** for service
- **High cost of living** – people rarely move to the area without a reason, i.e. employment for them or a family member
- Unemployment rate of Silicon Valley **≈ 2.4%** (Dec. 2018)
- Businesses expect the City to move at **their pace**, which is unique to Silicon Valley



City is built for operations– Workforce is our biggest asset and investment

Our workforce must be **highly trained**, **responsive**, and **advanced in service delivery** to meet the needs of our community

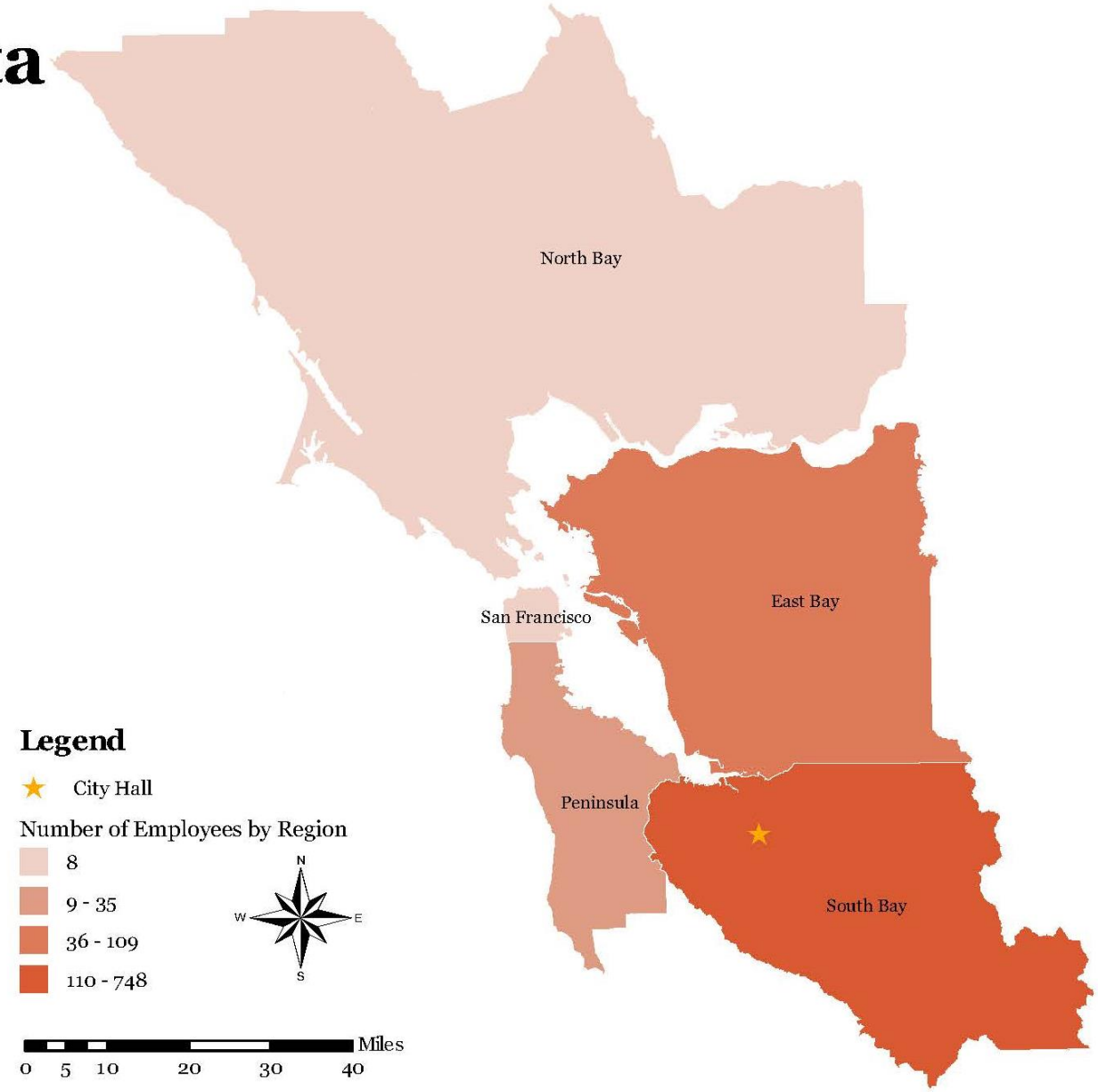
Current systems are not up to par for our workforce

Focus on **People,** Process, and Performance

City of Santa Clara
The Center of What's Possible

Where Do the City of Santa Clara Employees Live?

Region	Employees	Percentage	Proportion
North Bay	8	1	
East Bay	109	11	
Peninsula	35	3	
San Francisco	8	1	
South Bay	748	75	
Other	94	9	



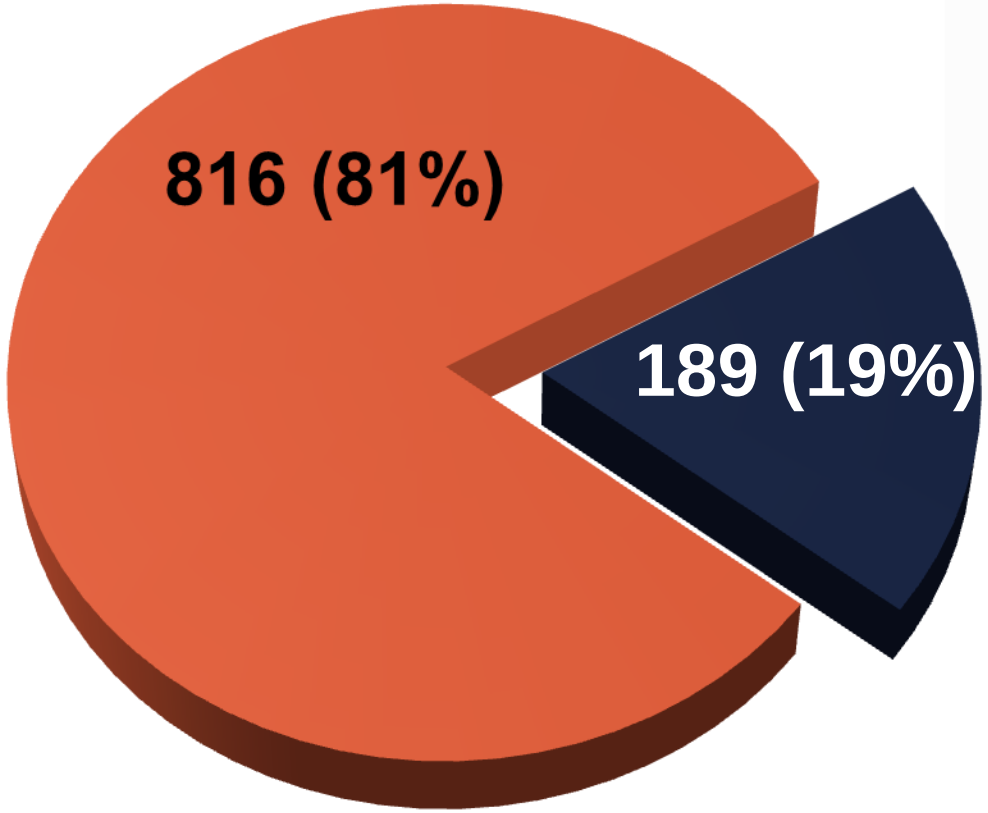
City of Santa Clara
The Center of What's Possible

Retirement Eligibility – Citywide Staffing

81%

- Percentage of our organization for whom retirement is not a motivating factor for leaving (816 full-time employees)
- Our organization needs to dedicate itself to supporting these employees and pursue ways to retain them – in the nation's most competitive job market! They are ours to lose.

816 (81%) employees not eligible to retire based on age



189 (19%) employees eligible to retire based on age

Eligible to Retire
Not Eligible to Retire

City of Santa Clara
The Center of What's Possible

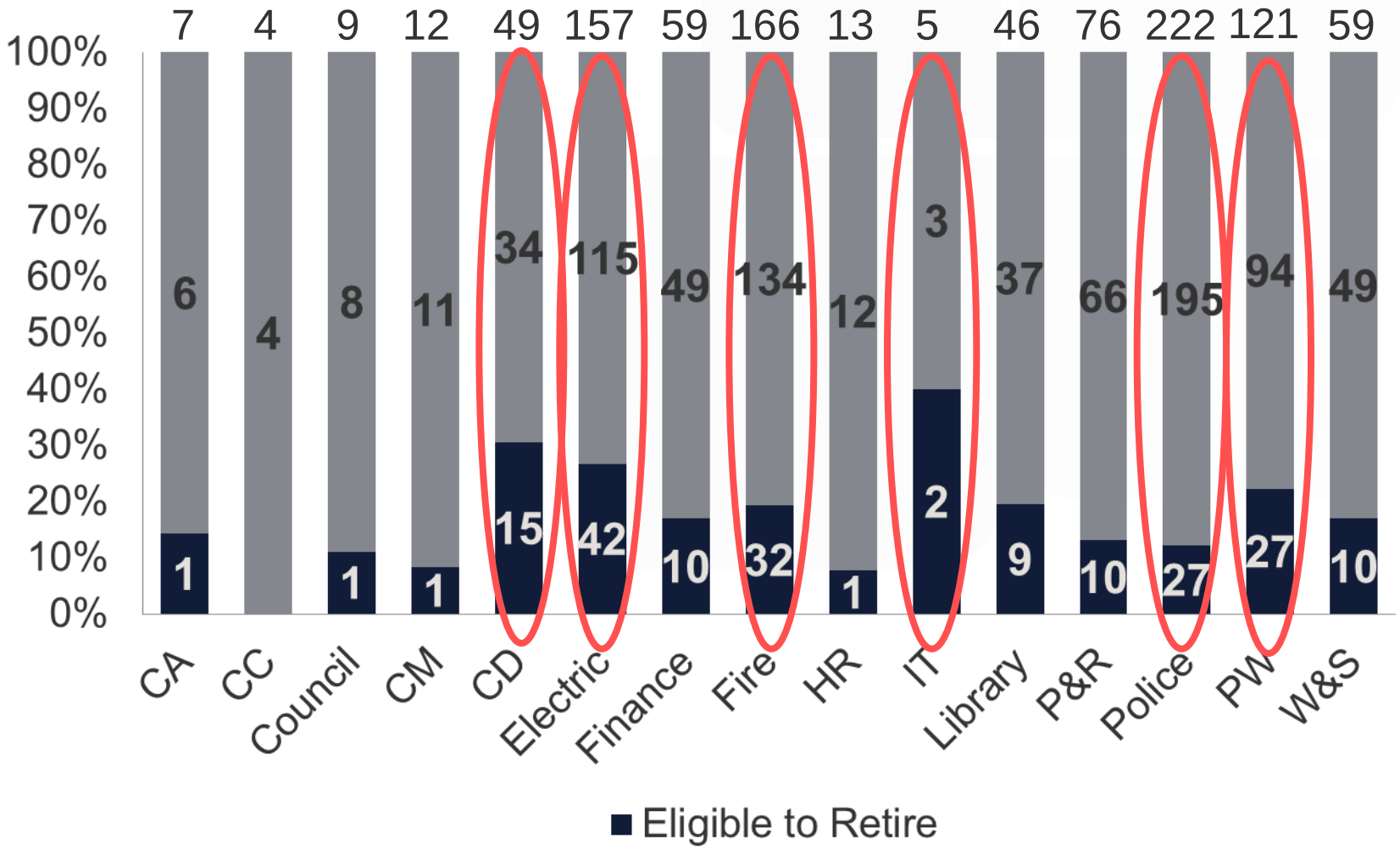
Retirement Eligibility by Department

Challenges:

- Lack of institutional knowledge
- Training needs
- Knowledge gap of Santa Clara

Opportunities:

- Energetic, committed workforce
- Desire training specific to the type of community we serve
- Great long-term career potential
- Can build Executive & Management teams with committed internal staff who have grown with the organization
- Can bring more modernization to Santa Clara



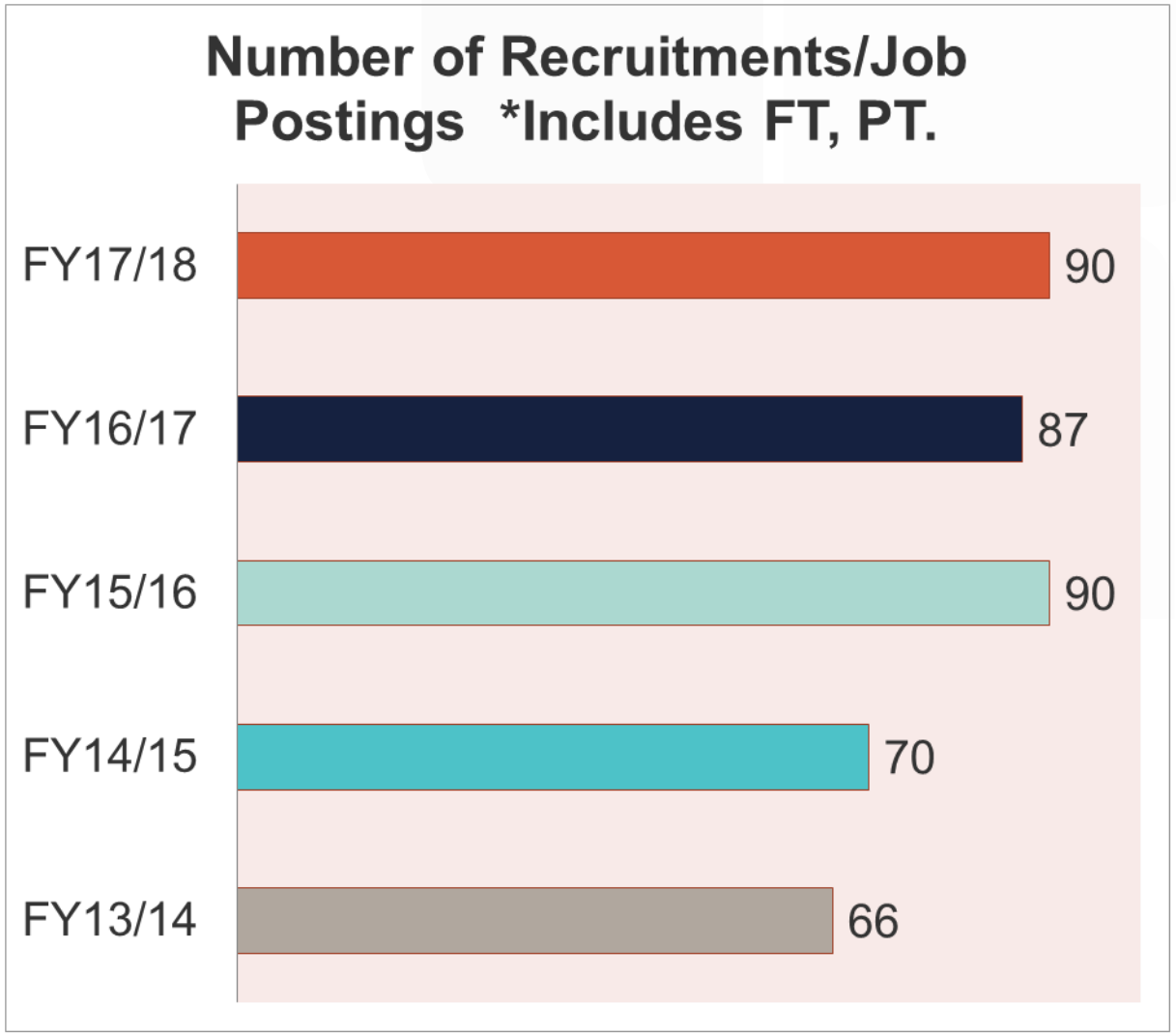
City of Santa Clara
The Center of What's Possible

Recruitments Year to Year

36%

% Increase of Recruitments from FY13/14 --17/18

- Recruitment **increased significantly** in FY2015/16 and has stayed high
- Every recruitment requires staff time to **process** and **review** applications
- Ongoing need to recruit **high-skilled positions** without having increased HR capacity (HR Dept. has only increased by **0.5 FTE** in the last 5 years)



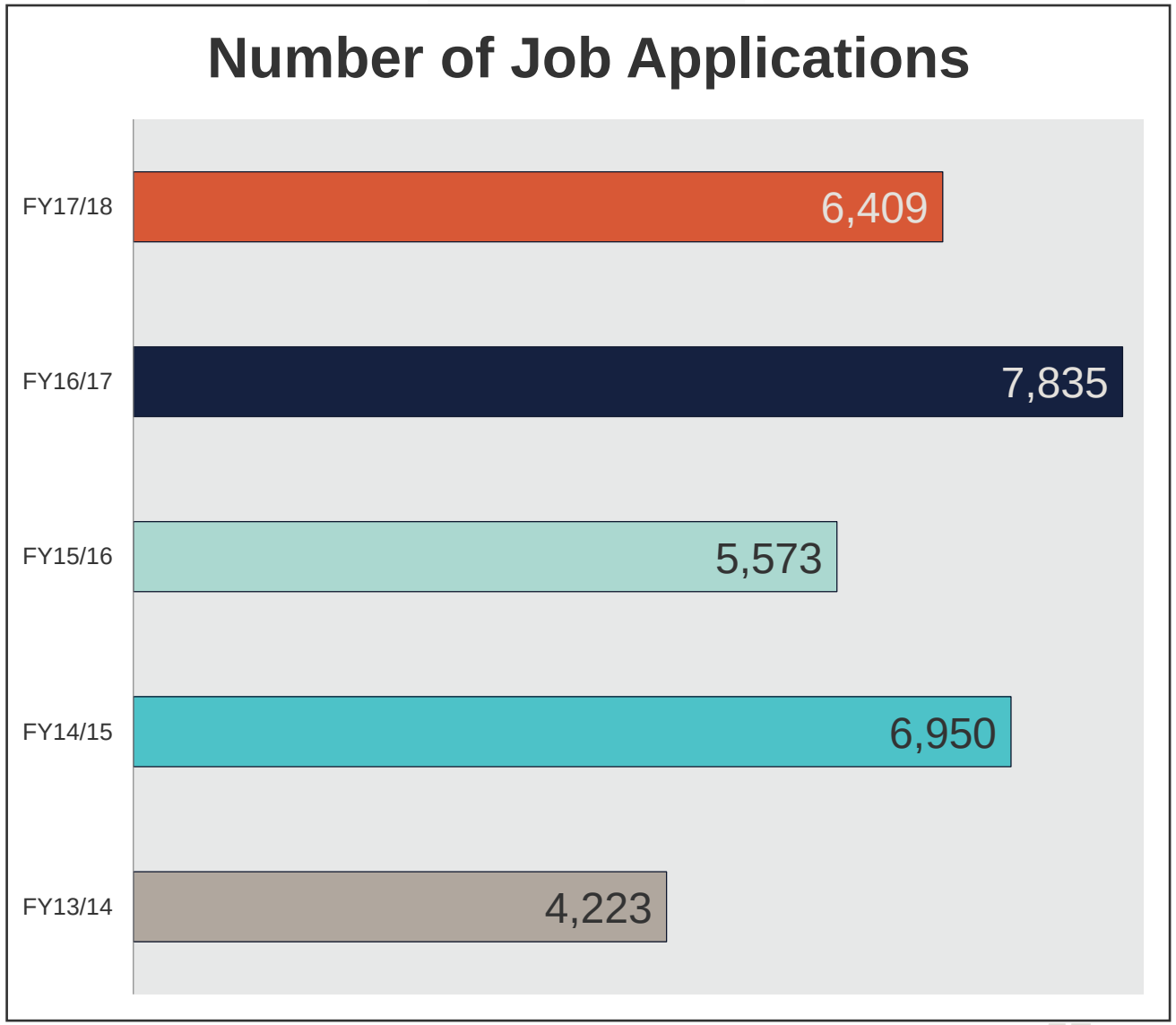
City of Santa Clara
The Center of What's Possible

Applications Year to Year

52%

% Increase of Job Applications from FY13/14 --17/18

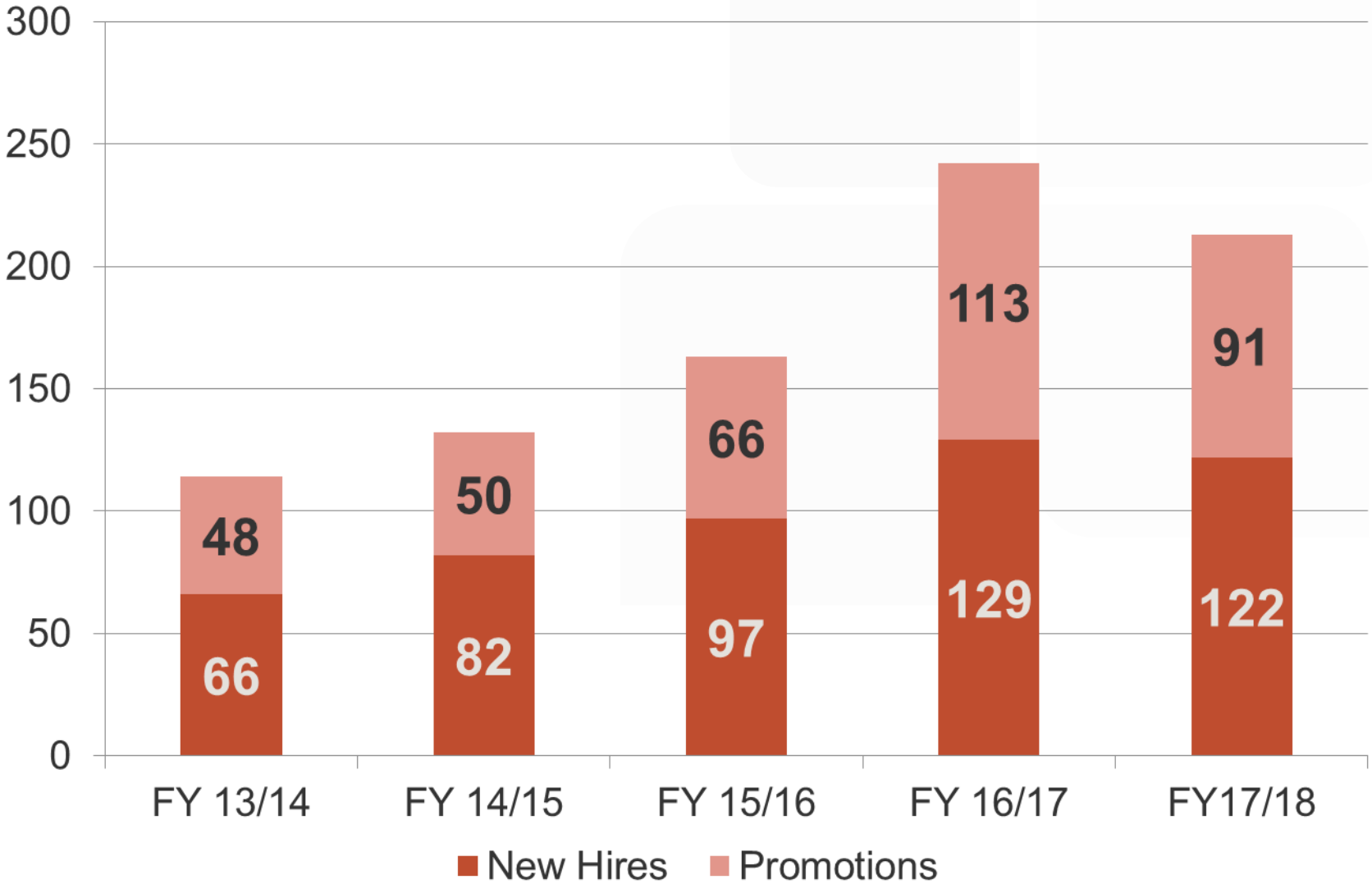
- Applications **remain high** for positions, however numbers have dropped in the last year
- Silicon Valley unemployment rate was 2.4% in December 2018, compared to a national average of about 4%
- HR processes **more applications** without additional resources. Major capacity issue for HR to support organization in the nation's toughest market



City of Santa Clara
The Center of What's Possible

New Hires and Promotions

- Focus on **institutional knowledge and employee development** for workforce
- To maintain our filled staffing levels, we need to both **hire new employees** and **promote from within**
- We need a strategy to remain competitive with retention and recruitment
- **40 – 43% internal promotions data trend**

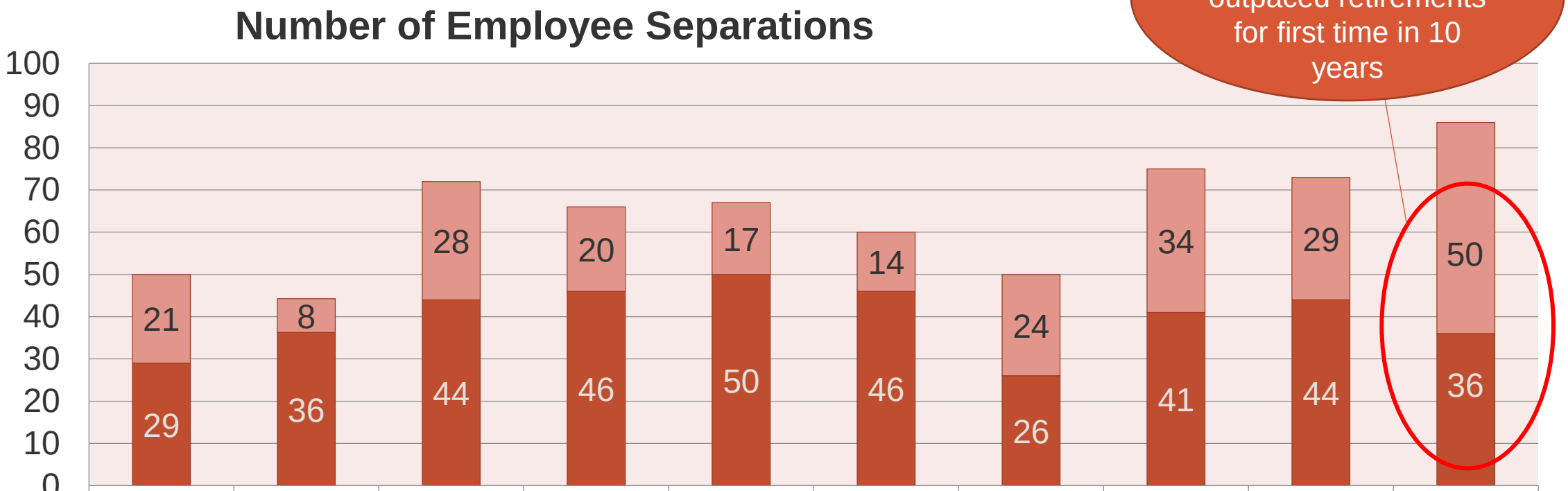


City of Santa Clara
The Center of What's Possible

Employee Separations

- Highly competitive job market – Region recruits from each other and our talent attracts private sector applicants
- High cost of living in Silicon Valley
- Private sector recruitment offers different compensation structure
- The recent federal shutdown & changes in immigration policies (H1B Visa) add more stress to retaining and supporting our workforce

In FY 2017/18, the City's separations outpaced retirements for first time in 10 years

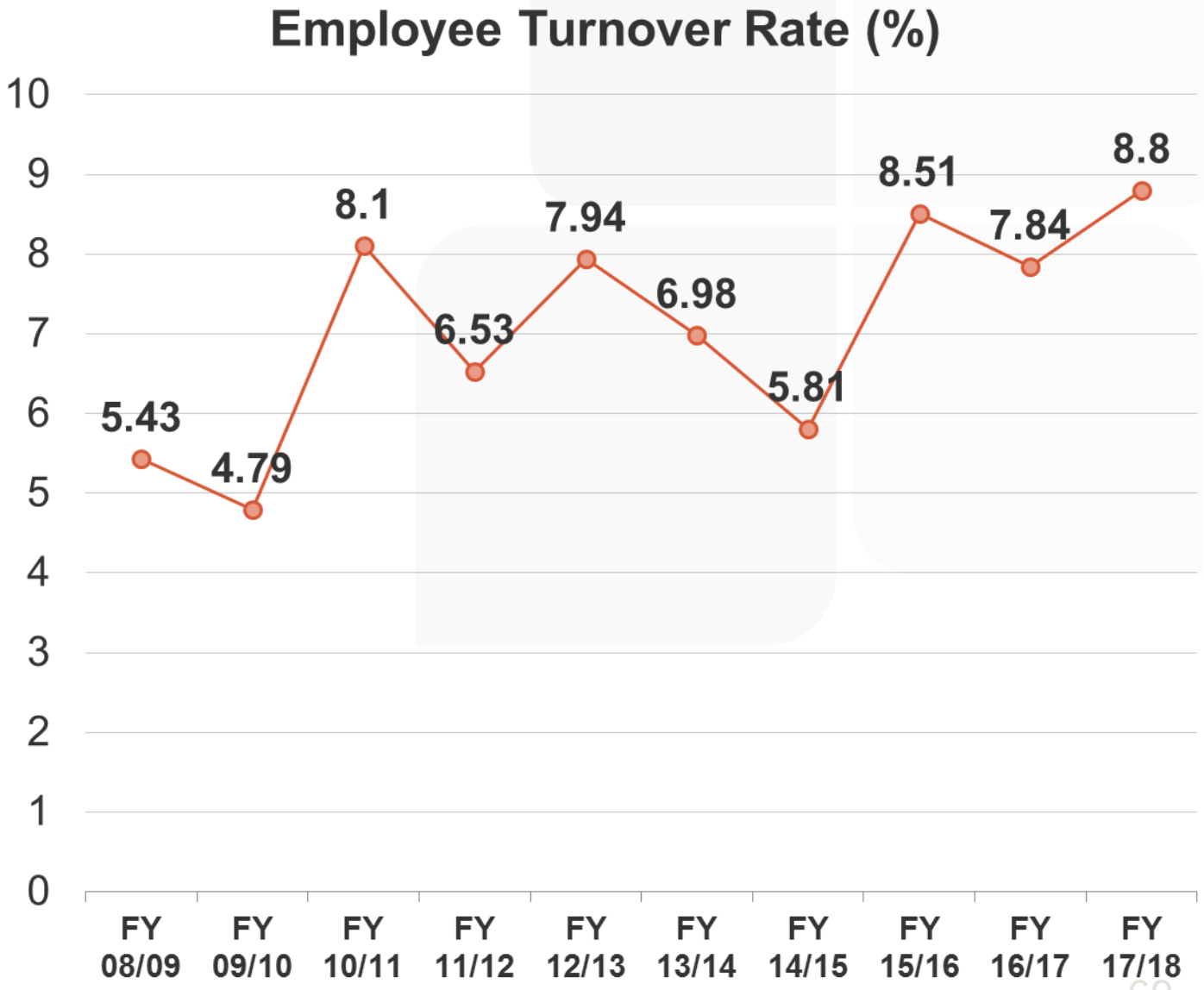


	FY08/09	FY09/10	FY10/11	FY11/12	FY12/13	FY13/14	FY14/15	FY15/16	FY16/17	FY17/18
Separations	21	8	28	20	17	14	24	34	29	50
Retirements	29	36.25	44	46	50	46	26	41	44	36

Employee Turnover Rate by Percent

8.8% FY17/18 Turnover Rate

- **Top Reasons for Turnover:**
  - Retirement
  - Job opportunities elsewhere
  - **Relocation**
- **Steady increase over time**
- **Increased turnover leads to higher organizational costs:**
  - Increased recruitments
  - Constant onboarding new employees
  - Productivity loss
  - Less capacity due to learning/ onboarding



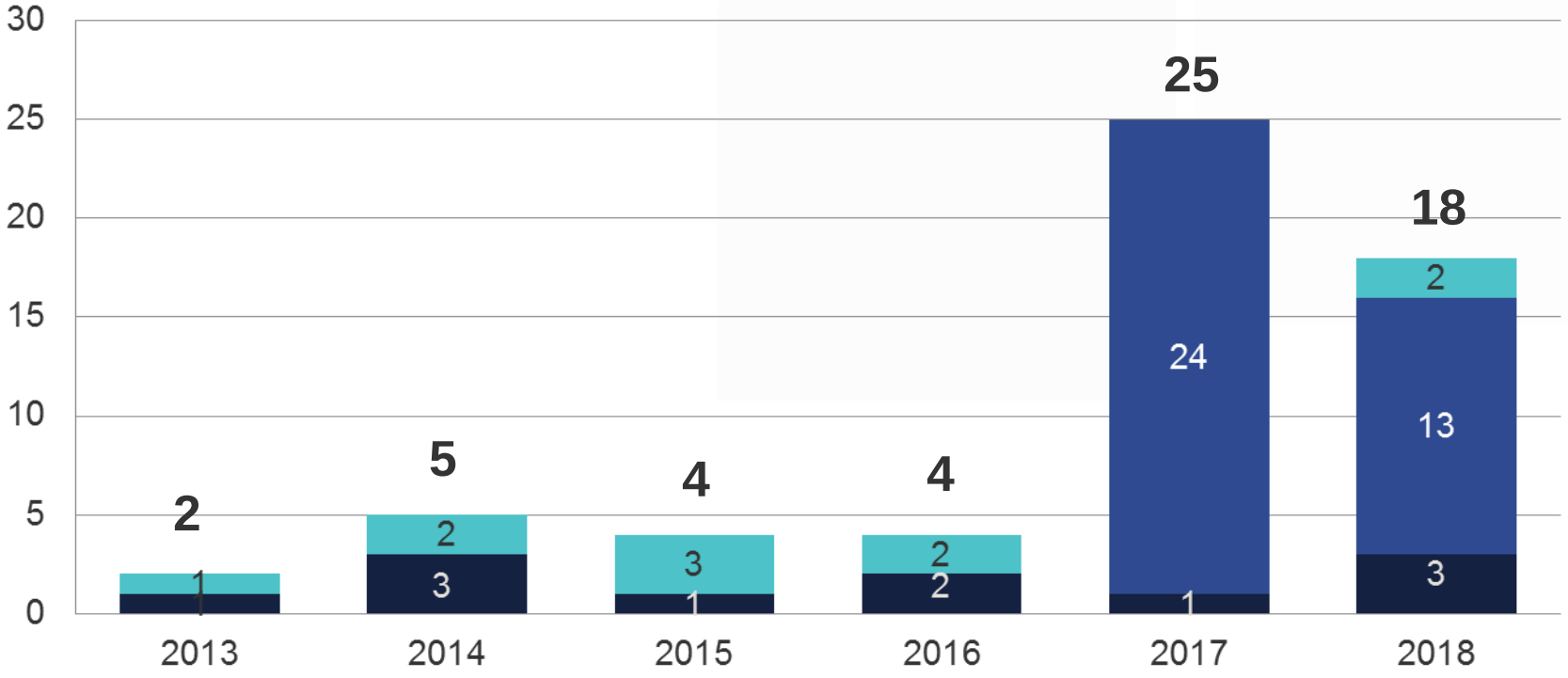
City of Santa Clara
The Center of What's Possible

Workforce Discretionary Training Statistics

Current # of trainings are too low and do not offer high-level of skill-building

HR capacity has **only increased 0.5 FTE** in the last 5 years to support training needs

- **Employee Informational:** Retirement and Benefit information
- **Employee Development:** Citywide training for general work-related skill-building, i.e., supervisory skills, etc.
- **Brown Bags:** Wellness & Informational



Number of Santa Clara Employee Trainings by Type for Calendar years 2013 through 2018 YTD

City of Santa Clara
The Center of What's Possible

Our Data Tells A Story

Investment in employees is key to providing high-quality services

- Santa Clara is at the heart of the most competitive job market in the nation
  - cost of living is high
  - we compete with private sector for workforce
- Complexity of City of Santa Clara requires highly skilled workforce
- Majority of workforce (81%) is not near retirement age
- Recruitments and Applications on the rise YTY – takes staff time to process and review
- In FY 2017/18, separations outpaced retirements for the first time in 10 years
- Turnover rate steadily increasing, which leads to productivity loss and less overall capacity
- Current citywide training efforts lack high-level skill-building opportunities and are infrequent
- HR has only increased by 0.5 FTE to support increased workload and future programs

City of Santa Clara
The Center of What's Possible

Human Resources Conclusions

Investment in employees is key to providing high-quality services

Need staff who are:

- **Skilled** and up-to-date in their field
- Consistently **developing skills**
- **Connected** to organization and community
- Skill Building = Capacity Building

Need trainings focused on **improving workplace** and **individual development** in order to retain quality employees

Need additional trainings that are:

- **Motivational** and **inspirational**
- Focused on **team building** & **breaking silos**
- Focus on **specialized skills**
- Supportive of **intentional staff development**
- **Management** and **leadership** training

An investment in Human Resources is an investment in the whole organization and critical to support our workforce needs.

City of Santa Clara
The Center of What's Possible

Update from Council Appointees

City Attorney
City Auditor

City of Santa Clara
The Center of What's Possible

City Attorney

Providing Legal Advice & Support to the City

City of Santa Clara
The Center of What's Possible

City Attorney’s Office

Existing Internal Resources

FTEs – 7

1 - City Attorney,

2 - Assistant City Attorneys,

2 - Deputy City Attorneys,

2 - Admin Support

0.5 - As Needed Office Clerk

Budget: $1.7 million (does not include outside counsel budget)

Overview of Legal Services

- The City Attorney's Office oversees all claims and litigation.
- In 2018, we managed the following:
  - Active litigation matters: 47
  - Claims filed: 95
  - Municipal Code Prosecutions: 25 court appearances
  - Administrative Appeal Hearings: 38 scheduled
  - *Pitchess* Motions: 10 cases filed/served

Overview of Legal Services

- Provide wide range of legal advice to City Council, City Manager, City Departments and Stadium Authority
- Staff City Council, Planning Commission, Civil Service Commission, Council Committees and SVACA meetings
- Prosecute City Code violations
- Defend City in Pitchess discovery motions
- Review and advise on numerous significant Public Records Act responses
- Provide staff trainings on relevant areas of law, such as Brown Act and Public Records Act
- Provide updates on new legislation relevant to the City
- Provide legal support regarding employee discipline before the Board of Review

Key Accomplishments in 2018

- Obtained favorable award in Rent Re-set Arbitration with 49ers
- Obtained dismissal and/or judgment in favor of the City in 8 cases:
  - *Alamand Inc. v. A-Z Bus Sales, Inc., et al.*
  - *D.E. Restaurants, Inc. v. City of Santa Clara, et al. (Breach of Lease)*
  - *Davis v. City of Santa Clara, et al.*
  - *Patel v. City of Santa Clara, et al.*
  - *Salinas-Ibarra v. City of Santa Clara, et al.*
  - *Arafeh v. City of Santa Clara*
  - *Charles v. City of Santa Clara, et al.*
  - *Ismili, Kuo v. City of Santa Clara, et al.*

Key Accomplishments in 2018

- Obtained very favorable settlements in 8 cases:
  - *Campos v. City of Santa Clara, et al.*
  - *Hong v. City of Santa Clara, et al.*
  - *Johnson v. City of Santa Clara, et al.*
  - *Luciano v. City of Santa Clara, et al.*
  - *Nevarez v. City of Santa Clara, et al. (Golf Course)*
  - *Peters v. City of Santa Clara, et al.*
  - *Santa Clara Unified School District v. City of Santa Clara, et al.*
  - *Schmiedeberg v. City of Santa Clara, et al.*
- Obtained 2 appellate level victories
  - *Smith v. City of Santa Clara, et al.*
  - *Wheeler v. City of Santa Clara, et al.*

Key Accomplishments in 2018

- Ballot measures for June 2018 and Nov. 2018 elections:
  - ☑ Measure A: district elections – ranked choice voting
  - ☑ Measure M: cannabis tax
  - ☑ Measure N: advisory measure re: district elections
- Drafted City Ordinances:
  - City Auditor Ordinance
  - Traffic Impact Fee Ordinance
  - Chief of Police Salary Setting Commission Ordinance
  - Claim Settlement Authority Ordinance
  - Taxicab and Pedicab Ordinance
  - City Clerk Responsibilities Ordinance
  - Massage Moratorium Ordinance
  - Cannabis Moratorium Ordinance
  - Electric Scooter Moratorium Ordinance
  - Parking Ratio Data Centers Ordinance

Key Accomplishments in 2018

- Developed regulations related to commercial cannabis
- Completed negotiations, environmental review process and development entitlements:
  - Tasman East
  - 575 Benton Street (Prometheus)
  - Acquisition of Franklin Street Easement
- Environmental review:
  - Gateway Crossings
  - Agrihood projects
- Completed approximately 2,500 legal service requests, which included legal advice, review and negotiation of contracts, leases, licenses, policies and other documents related to the day-to-day operations of the City

Upcoming Policy Issues

- Regulatory:
  - Complete development and implementation of commercial cannabis regulations
  - Complete massage ordinance amendments
  - Complete development and implementation of ADA Transition Plan
- Land Use & Development:
  - Specific Plans for Focus Areas (ECR, Downtown, Patrick Henry & Freedom Circle)
  - Comprehensive Zoning Ordinance Update
- Stadium:
  - Stadium issues related to non-NFL events
  - Stadium audit recommendations and implementation

Upcoming Policy Issues

- Establishment of Community Facilities District for Lawrence Station Area
- Negotiating a development agreement and environmental review for proposed Kylli project (former Yahoo site)
- Convention Center management issues
- Advising newly established Salary Setting Commission
- In 2019, legal work resulting from changes in the law, will include:
  - Changes to taxicab regulations
  - Changes to public entity vehicle impoundment regulations
  - Parking ticket requirements for indigent persons
  - Changes to state guidelines re: document retention for police records
  - Changes to Public Records Act re: police critical incidents and personnel records
  - Unpermitted Camping
  - Sidewalk vendors
  - Mediation disclosures for litigation matters
  - FCC Regulations for Small Cell Facilities
  - Density bonuses for student housing
  - By-right supportive housing in multifamily zones
  - Building permit fee waivers for seniors
  - Zoning ordinance-general plan consistency requirements

Operational Constraints

- Antiquated workflow – too much paper, too much manual processing
  - Work request processing
  - Contract processing
  - Public Records Act
  - Matter management (filing system)
  - Insurance compliance(EBIX)
- Lack of Risk Management resources
- Insufficient work space

City Attorney's Office Summary

Provide timely legal services of the highest quality to the City Council, policy makers and staff with a commitment to professionalism.

- Continue to provide legal advice and support on matters initiated by the City Council, City Manager's Office and City Departments
- Assist with 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, Kylli, Convention Center and other developments are significant workloads
- Stadium Authority efforts are significant
- Business Process improvements will take resources

City Auditor’s Workplan

Establishing Performance Audits in the Organization

City of Santa Clara
The Center of What’s Possible

City Auditor’s Office

Background

On June 26, 2018, the Council voted to move the position of the City Auditor to the Finance Department and assigned the responsibilities to the Assistant Finance Director.

The Council also voted to expand the duties of the City Auditor to conduct in-depth financial and performance audits for the City.

These actions corrected the misalignment in governance structure of an elected City Clerk serving concurrently as a Council Appointee

Council empowered the City Auditor to conduct audit and make recommendation to strengthen accountability and improve efficiencies and effectiveness of City programs and business processes.

City Auditor also serves as Santa Clara Stadium Authority Auditor

City Auditor’s Office

Existing Resources	FTEs – 3 Contractual Service Budget: $200,000
	Manage the annual financial audit contracts for the City and Stadium Authority
	Perform financial, operational, and performance audits for the City (Ordinance 1982)
	Audit and approve all bills, invoices, payrolls, demands or charges against the City before payment (City Charter, section 909)

City of Santa Clara
The Center of What’s Possible

90-Day Observations

City Auditor's Office

High-risk environment

Lack of policies and procedures

Heavy reliance on decentralized functions

Outdated workflow with heavy reliance on paper and manual processes

Lack of knowledge in performance management or program performance

Absence of an independent review and recommendations

City Auditor's Office Accomplishments

- Completed the Annual Audit Work Plan for FY18/19 and FY19/20
- Completed the Stadium Authority's audit services RFP
- Completed the Political Action Committee's campaign disclosure audit
- Completed the Annual Cash Disbursement review for FY17/18
  - Purchase card review was 10 months behind for FY17/18
- Implemented greater internal controls over the check stock issuance process to include chain of custody

City of Santa Clara
The Center of What's Possible

Audit Work Plan FY19 & FY20

1. Develop an Audit Framework
2. Develop a Fraud Policy
3. Establish a whistleblower hotline for fraud, waste, abuse, and other unethical incidents
4. Performance Audit of the Vendor Master File and 1099 Reporting
5. Reviews of Financial Procedures and Controls for the Stadium Authority
   - Non-NFL Events' revenues
   - Financial reporting policy
   - Review past transactions re: Construction Fund and Public Safety costs
6. Annual Cash Disbursement Audit
7. Citywide Fraud Risk Assessment (contracted service)
8. Manage the annual external financial audit contracts for the City and Stadium Authority (contracted service)

Audit Work Plan FY19 & FY20

Deliverables from the City Auditor's Office
1. Annual Audit Work Plan
2. Annual Audit Recommendation Status Report
3. Semi-Annual Audit Status Report
4. Completed Audit Reports
5. Report on the Whistleblower Hotline

City Auditor’s Office Summary

Continue to promote honest, efficient effective and fully accountable city government through accurate, independent and objective audits

- Continue to reintroduce an audit function and pre-audit work processes
- Establish a whistleblower hotline for fraud, waste, abuse, and other unethical issues
- Carry out the projects in the Audit Work Plan
- Recruit and train audit staff
- Promote greater accountability

Key Administrative Area Updates:

Human Resources Assessment
Contract Management &
Procurement Reforms

City of Santa Clara
The Center of What's Possible

Human Resources Department

Strengthening our Workforce, Improving Basic Functions, and Recruitment/Retention Practices

City of Santa Clara
The Center of What's Possible

First 90 Days

- Team is very committed to serving our customers
- Systems and procedures are manual, outdated and/or undocumented
- Transaction based, not strategic partner with operating departments
- Unable to easily obtain and analyze data due to complex and/or outdated HRIS/Payroll systems
- Concerns regarding payroll errors, lack of appropriate internal controls, risk of potential HIPPA violations
- Lack of investment in employee development
  - People are our greatest investment, people deliver the services our community relies upon

Human Resource Importance

Organizational Development	Depends in part on effective and efficient internal service providers
Role of Human Resources	As an internal service department, Human Resources is critical to the success of the operating departments and the City's ability to increase organizational capacity
Organizational Assessment	City engaged Management Partners to perform an organizational assessment of the Human Resources Department to identify strengths and areas of opportunity in our ability to support the organization

Organizational Assessment

- Study conducted in August 2018
- Commissioned to address various issues that had arisen:
  - Payroll errors
  - Pay increases without proper documentation
  - Risk of potential HIPPA violations
  - Confidentiality disclosures of personal information and identity
  - Various other documentation errors

Process

1. Interviewed representatives from all internal departments and all HR staff
2. Focus group discussions with representatives from bargaining units
3. Conducted HR Department workload survey
4. Reviewed policies and procedures

City of Santa Clara
The Center of What's Possible

Key Findings

Positives
• Staff are viewed as responsive and capable
• Strong customer service

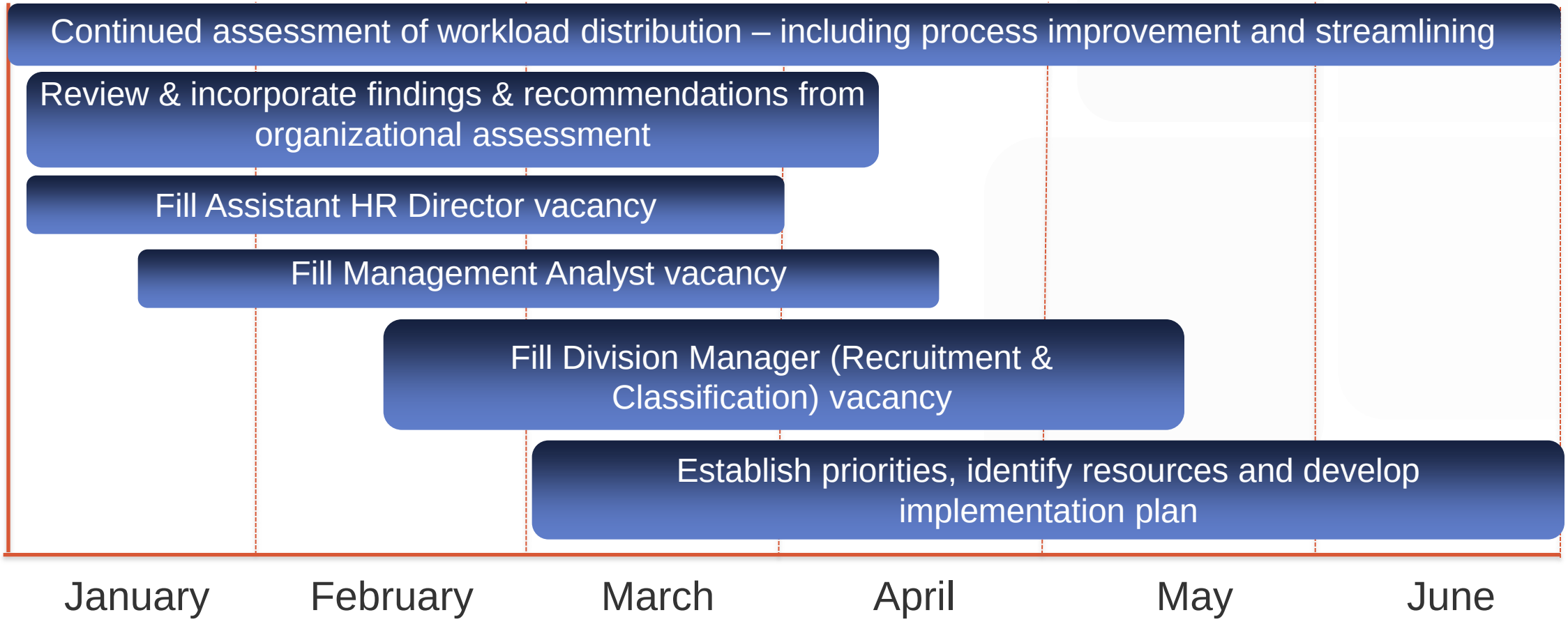
Opportunities
• Lack strategic focus on innovation and process improvement
• Limited by outdated and manual systems and our own past practices
• More robust services on professional development and leadership training needed
• HR/Payroll system (Peoplesoft)
• Current workload prohibits transformational change
• Lacking in resources and focus in two key areas: 1. Employee and labor relations 2. Training and development

Major Recommendations

Management Partners provided 65 recommendations in the following functional areas:

- Staffing levels and organizational structure
- Recruitment and selection
- Classification and compensation
- Employee and labor relations
- Training and development
- Employee benefits
- Equal employment opportunity
- Policies and procedures

6 Month Horizon



City of Santa Clara
The Center of What's Possible

Next Steps

- Commit to **investment in change**
  - Investment in Human Resources is important because it is an **investment in the whole organization**
  - Lead and support **high-quality, cutting-edge** organizational development
  - Our people (City employees) will **transform the organization** but only if we provide them the tools they need
  - Human Resources leads this transformation by **recruiting**, **supporting** and **retaining** staff
- Need to prioritize **key areas** that impact how we provide City services, specifically for highly skilled position needs, such as **Engineers**, **Public Safety and SVP positions**

Next Steps (continued)

- In a **competitive, high-demand** workforce market (Silicon Valley), our organization requires **innovative recruitment** and **organizational support**
- Establish **priorities** on how to invest in our Human Resources Department and develop workplan
  - Include Year 1 through Year 5 strategic workplan tasks
- Identify **necessary resources and investment** required to maintain current service delivery and enhance the organization for future success

Contract Management & Procurement Reform

Improving Basic Functions and Modernizing Practices

City of Santa Clara
The Center of What's Possible

Roles and Responsibilities

- Oversight of Centralized Purchasing
- Surplus Property
- Central Warehouse
- Contract Management

City of Santa Clara
The Center of What's Possible

Tenants of Public Purchasing

- Competition
- Equal Treatment & Access
- Transparency

City of Santa Clara
The Center of What's Possible

Assessment at 90 Days

- Purchasing is highly decentralized
  - Lost market opportunities to compete for best pricing
- Manual processes (or no processes)
- Heavy reliance on City Attorney's Office to write contracts/agreements
- Opportunities to implement several key procurement "best practices"

Assessment at 90 Days

- Long requisition to contract cycle times
- Confusing Purchasing Code
- Need greater separation of duties between requester and sourcing
- Maverick buying (buying without a Purchase Order or Contract)
- Need greater engagement with vendor community to promote bid awareness and how to do business with the City

Assessment at 7 Months… Accomplishments!

- Hiring qualified, professional staff
- Implementation of GovDeals for surplus property sales ($60K sold so far)
- Implementation of BidSync for e-procurement
- Expanded use of Purchase Orders
- Citywide trainings on contract writing and best practices
- New bid templates

City of Santa Clara
The Center of What's Possible

GovDeals®
A LIQUIDITY SERVICES MARKETPLACE

Searches | Help | Contact Us | About Us | Search

Home | Log In | Register | View Country

December 7, 2018, 05:00 PM ET P08

Search Results for Santa Clara, CA

Return to Advanced Search

	1981 Chevrolet P30 ID: 0081	Chevrolet	P30	1981	Santa Clara, CA	12/14/2018 8:00 PM ET	$3,302.00 Bids: 28	View by same:
	2001 Dodge Ram 2500 Reg. Cab Long Bed 2WD ID: 2545	Dodge	BR 2500	2001	Santa Clara, CA	12/20/2018 8:00 PM ET	$1,000.00	View by same:
	Dumbell set with rack ID: 45				Santa Clara, CA	12/17/2018 5:00 PM ET	$275.00 Bids: 7	View by same:
	Bodysmith Leg Lift Machine ID: 46				Santa Clara, CA	12/10/2018 5:30 PM ET	$50.00 Bids: 1	View by same:

City of Santa Clara
The Center of What's Possible

BidSync POWERED BY Periscope

City of Santa Clara

Welcome mgiov

Home | Search | Source | Contracts | Tools

Current Bids

Held Bid

Search

Search

Title | Bid Number

Filter: View bids related to me

Submit

Bid	Description	Time Left	Offers	Packet
CMO-001	MANAGEMENT and OPERATION of the SANTA CLARA CONVENTION CTR. & VISITOR SERVICES RFP	46 min (Dec 7, 2018 3:00:00 PM PST)		
RFQ 001	Recreational Activity Guides RFQ	10 days, 1 hr (Dec 17, 2018 4:00:00 PM PST)	Y	
RFP 18-19-03	RECREATIONAL PROGRAMMING SERVICES RFP	11 days, 0 hrs (Dec 18, 2018 3:00:00 PM PST)		
RFP 18-19-04	GYMNASTICS PROGRAMMING SERVICES RFP	11 days, 0 hrs (Dec 18, 2018 3:00:00 PM PST)		
RFB 18-19-01	ON-CALL WATER MAIN TAPPING SERVICES RFB	26 days, 1 hr (Jan 2, 2019 4:00:00 PM PST)	N	

Opportunities

- **Purchasing touches everything!** From our chairs to computers to paper clips, we rely on these standards and processes to support every branch of service
- **Define the business model** – centralized or hybrid
- **Revise the Purchasing Code**
  - Delegation of contract authority to City Manager
  - Local business preferences
  - Formal bidding thresholds
  - Protest process
- Develop citywide **sustainable** procurement standards and policy

Opportunities (cont'd.)

- **Contracts Management**
  - Writing effective contracts
  - Contract management
  - Contract repository
  - Process streamlining – expand use of purchase orders
- **Citywide Ethics and Process Integrity Guidelines**
- Write new administrative **Policies and Procedures**
- Conduct **procurement trainings**
- Obtain funding for **barcode system for warehouse**
- **Conduct vendor outreach** and write "How to do business with the City" guide
- **Conduct insurance assessment** with City's Risk Manager

Fiscal Outlook

City of Santa Clara
The Center of What's Possible

Fiscal Outlook

- Significant Progress with 10-Year Fiscal Plan and Corrective Forecast Adjustments
- Pension Costs Continue to Rise
- Property Tax decrease due to 49ers appeal
- Revenue - Tax volatility
  - 31% of General Fund dependent on volatile revenue sources
    - Sales Tax
    - Transient Occupancy Tax
- Liabilities for Other Post Employment Benefits (OPEB)

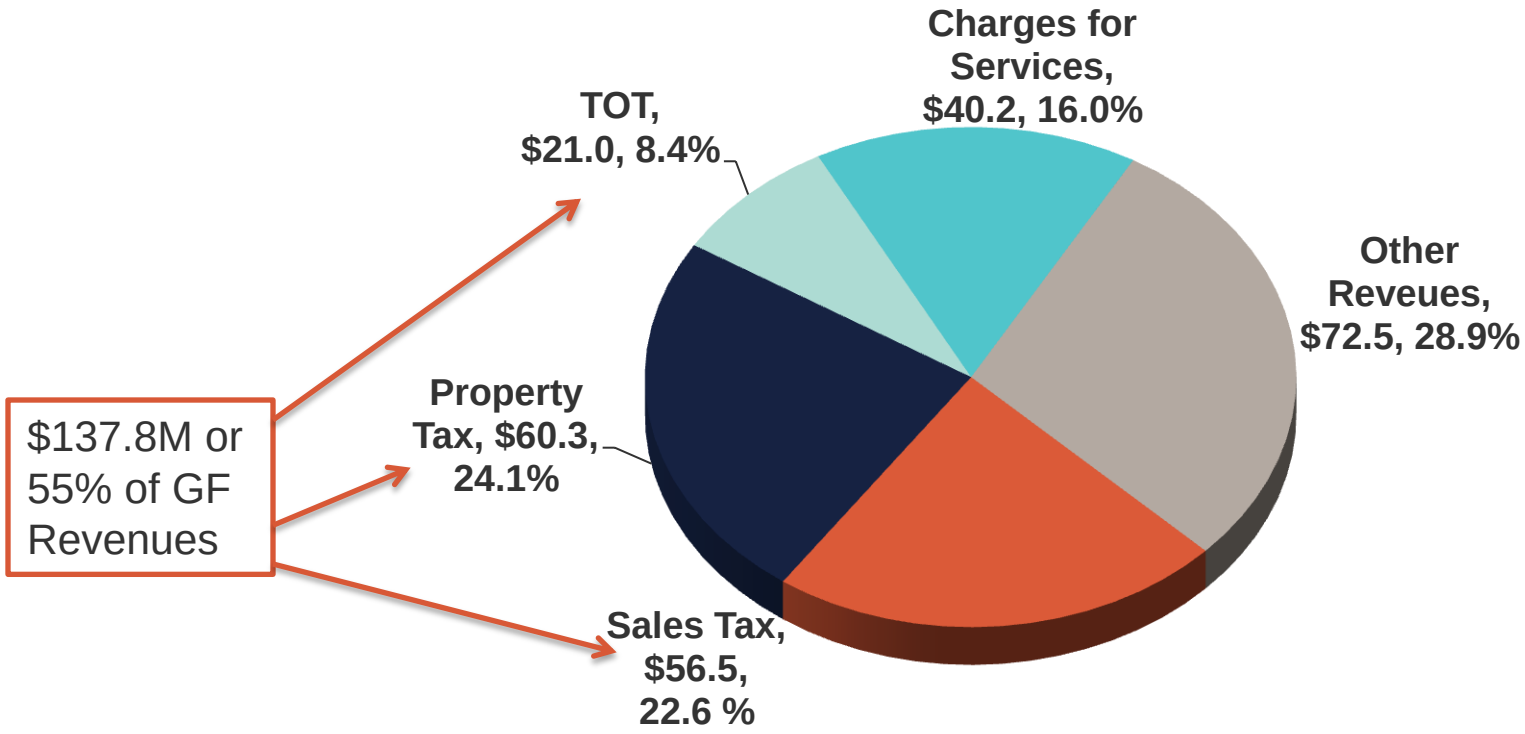
Fiscal Outlook

- Unfunded Infrastructure and increasing demands for service
- Need for Strategic Plan on revenue opportunities and expenditure management
- City Council has continued to build up reserves, with one-time funds, and continues to adopt strong budget principles
- There are predictable events that will adversely impact our fiscal outlook, e.g., economic slow down, CalPERS reform actions, etc.

2018/19 Citywide Annual Operating Budget = $860.9M

Fund Type ($ millions)	2017/18 Adopted	2018/19 Adopted	Increase or (Decrease)	% Change
General Fund	$221.6	$250.5	$28.9	13%
Special Revenue Funds	$7.2	$14.6	$7.4	103%
Internal Service Funds	$15.8	$17.5	$1.7	11%
Enterprise Funds	$484.5	$578.3	$93.8	19%
Total	$729.1	$860.9	$131.8	18%

2018/19 General Fund Resources = $250.5M



Fiscal Outlook

31% of GF Tax Revenue is Volatile

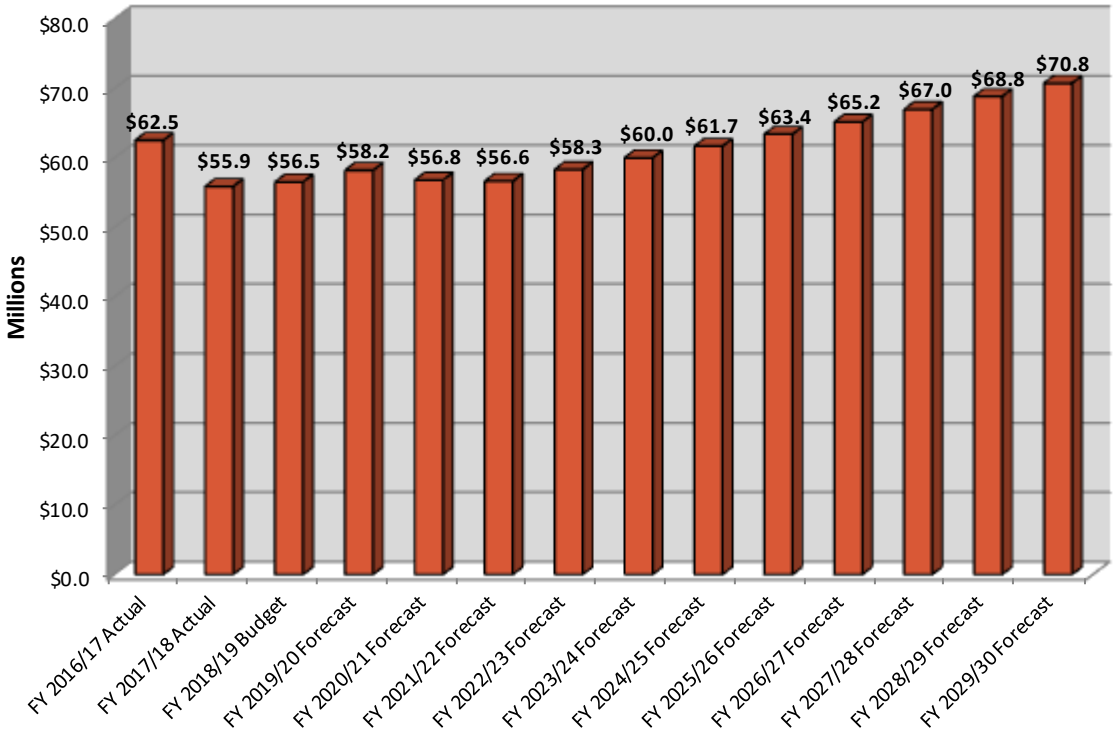
Revenue Source	Stable	Trend	% of General Fund
Sales Tax		↔	23%
Property Tax	☑	↑	24%
Transient Occupancy Tax (TOT)		↔	8%
Total			55%

2018/19 General Fund Appropriations by Type = $250.5M

Expenditure Category	2017/18 Adopted	2018/19 Adopted	Increase or (Decrease)	% Change	% of Total GF Budget
Salary and Benefits	$170.2	$184.9	$14.7	9%	74%
Services and Supplies	38.0	38.1	0.1	(0.3%)	15%
Interfund Services	10.2	11.3	1.1	11%	5%
Capital Outlay	0.7	0.9	0.2	29%	-
Debt Service	2.5	2.5	-	-	1%
Transfers-Out	-	12.8	12.8	100%	5%
Total General Fund	**$221.6**	**$250.5**	**$28.9**	**13%**	**100%**

Sales Tax

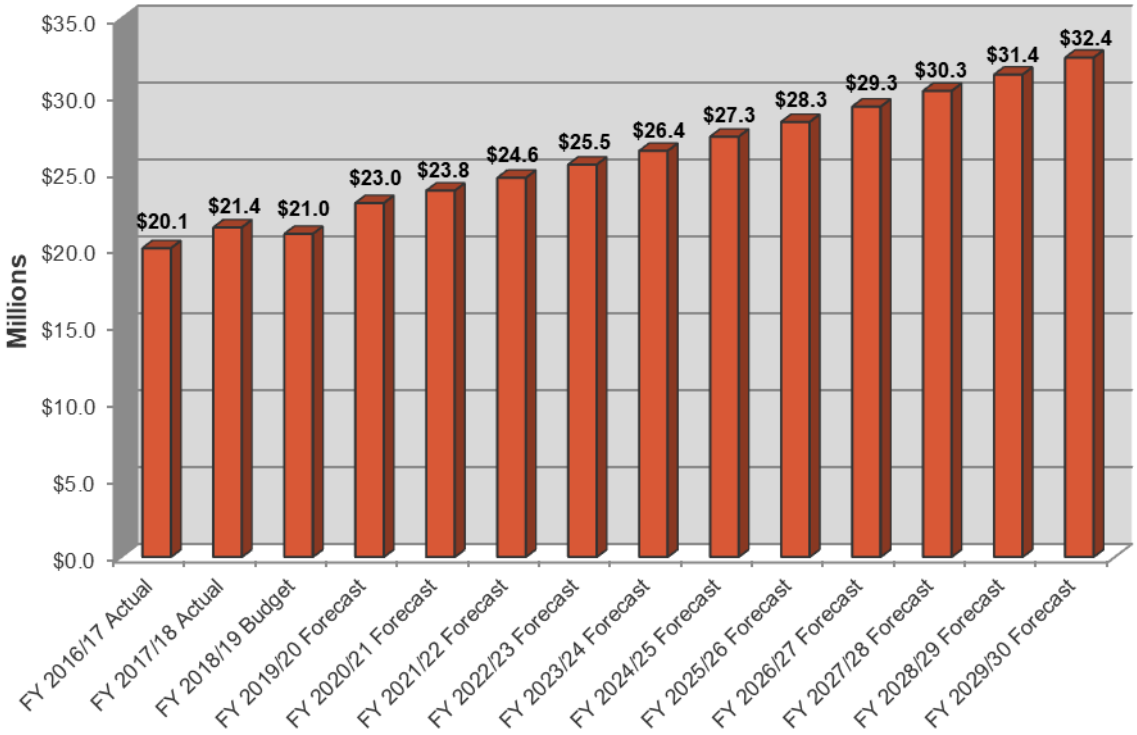
- 2nd Largest General Fund Revenue Source
- Business to Business sales make up almost half of the City's Sales Tax



FY 2016/17 includes one-time $7.0 million true-up payment due to the unwinding of the State's Triple Flip.

Transient Occupancy Tax (TOT)

- 3rd Largest General Fund Revenue Source
- Economic downturn could negatively impact these revenue sources



Fiscal Challenges

Rising Pension Costs

- Managing three impacted categories: retirees, classic members, and new employees (under PEPRA)
- Change in budget methodology decreased forecasted CalPERS costs from prior year
- 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 CalPERS rates provides structure/framework for fiscal management

Fiscal Challenges

Rising Pension Costs:

- Majority of Actuarial Accrued Liability is due to Retirees
- Current Assets are not sufficient to cover Retirees portion
- 63% of Miscellaneous and 75% of Safety hires in FY 2018/19 were PEPRA

64% of Miscellaneous and 71% of Safety Accrued Liability is due to Retirees

PLAN FUNDED STATUS - MISCELLANEOUS

	June 30, 2016	June 30, 2017
Active AAL	$ 216,100,000	$ 222,300,000
Retiree AAL	417,800,000	449,600,000
Inactive AAL	23,600,000	25,300,000
Total AAL	657,500,000	697,200,000
Assets	396,900,000	432,100,000
Unfunded Liability	260,600,000	265,100,000
Funded Ratio	60.4%	62.0%

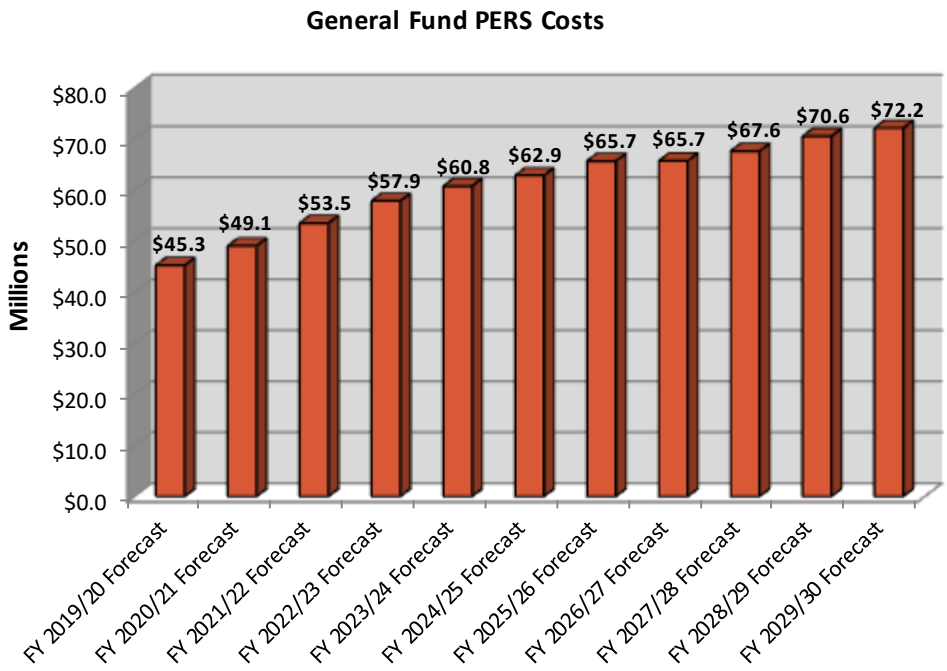
PLAN FUNDED STATUS - SAFETY

	June 30, 2016	June 30, 2017
Active AAL	$ 187,100,000	$ 206,400,000
Retiree AAL	495,000,000	516,600,000
Inactive AAL	6,800,000	5,600,000
Total AAL	688,900,000	728,600,000
Assets	445,000,000	481,000,000
Unfunded Liability	243,900,000	247,600,000
Funded Ratio	64.6%	66.0%

Fiscal Challenges

Rising Pension Costs:

- Predicted to increase $33.4 million (all funds) by FY 2029/30 when compared to FY 2019/20 costs
- Current UAL of $516 million
- FY 2029/30 Fixed UAL costs will reach
  - $31.7 million for Miscellaneous
  - $32.2 million for Safety



Fiscal Challenges

- **Pension Trust**
  - Pension Trust Funding for all Funds included in 2018/19
  - UAL of $516M
  - Reserve funded 4% of total UAL

FUND	Pension Reserve Balance as of June 30, 2018 ($ millions)	YTD Pension Trust Contribution ($ millions)	Total	% of Fund UAL
General Fund	$12.124	$3.849	$15.973	4.1%
Electric	$3.489	$0.729	$4.218	4.5%
Water	-	$0.139	$0.139	0.7%
Sewer	-	$0.060	$0.060	0.8%
Water Recycling	-	$0.010	$0.010	1.0%
Solid Waste	-	$0.020	$0.020	0.5%
Total	$15.613	$4.807	$20.420	4%

Source: CalPERS GASB 68 Report

Fiscal Challenges

Liabilities for Other Post Employment Benefits (OPEB)

- Unfunded Accrued Liability (UAL) equals $28 million
- Currently 31% 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
  - Included in the City's 2017/18 Comprehensive Annual Financial Report (CAFR)

Source: CalPERS GASB 75 Report

General Fund Reserves as of December 2018
(One-Time Funds)

FUND TYPE	CURRENT BALANCE ($ millions)	REQUIREMENTS
Budget Stabilization Reserve	$63.3	90-day or 25% of budgeted appropriations
Capital Projects Reserve	**$24.5**	**$5 million min. reserve target**
Land Sale Reserve	$21.2	Net proceeds from sale of City owned land, unrestricted
Building Inspection Reserve	$ 9.6	Development fees restricted to fund Building Division costs
Total	**$118.6**	

Summary of Reserve Funds
(One-Time Funds)

Reserve Type	July 1, 2017 Beginning Balance	July 1, 2018 Beginning Balance	Proposed Contribution for Dec 2018	2018/19 Use of Reserves	Total Reserve Balance	Estimated One-time Increase in 2019	Estimated 18/19 Reserve Balance
General Fund Budget Stabilization (BSR)	$50.0	$55.1	$9.1	($0.9)	$63.3	$15.0	$78.3
General Fund Capital Projects	$32.8	$31.0	$3.6	($10.1)	$24.5	-	$24.5
Land Sale Reserve	$39.3	$29.1	-	($7.9)	$21.2	-	$21.2
Building Inspection	$8.4	$12.4	$0.4	($3.2)	$9.6	-	$9.6
Special Liability	$0.5	$3.8	$2.2	($2.0)	$4.0	-	$4.0
Pension Trust (all funds)	$5.0	$15.5	$4.8	-	$20.3	-	$20.3
Electric Rate Stabilization	$87.0	$121.0	-	-	$121.0	-	$121.0
Total	**$223.0**	**$267.9**	**$20.1**	**($24.1)**	**$263.9**	**$15.0**	**$278.9**

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

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 2020/21 & 2021/22 Budget Process

Fiscal Challenges – Unfunded Projects and Infrastructure

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

Ten-Year Financial Forecast

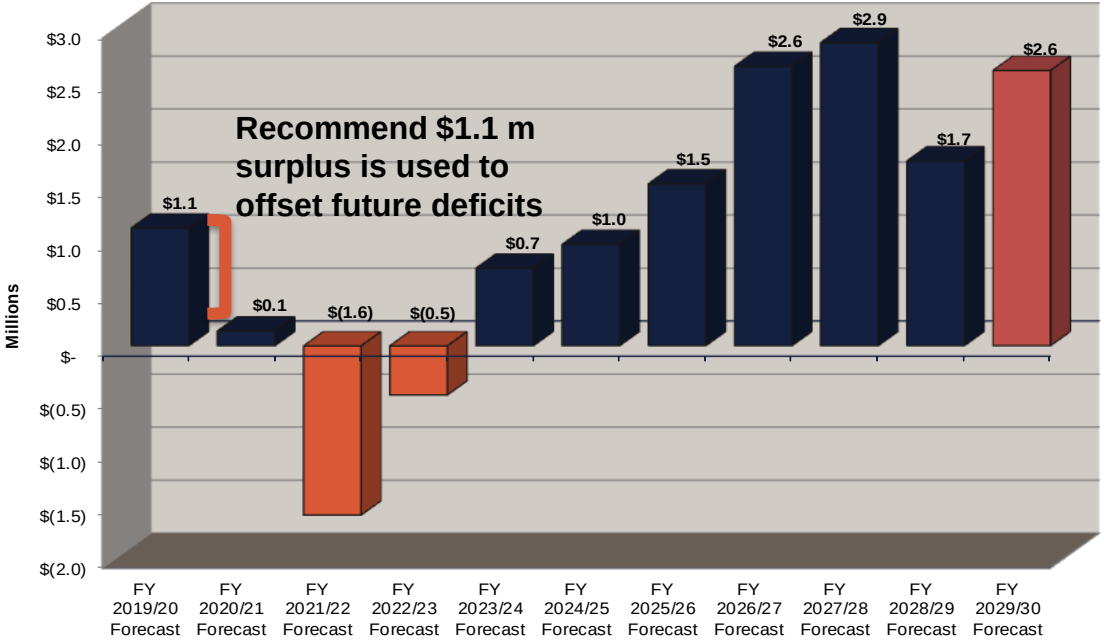
- Established Ten-Year Financial Forecast
- Projected Deficits/Surpluses if solved with ongoing dollars (concept of Net Operating Margin)

City of Santa Clara
The Center of What's Possible

10 Year Financial Forecast Development and Assumptions

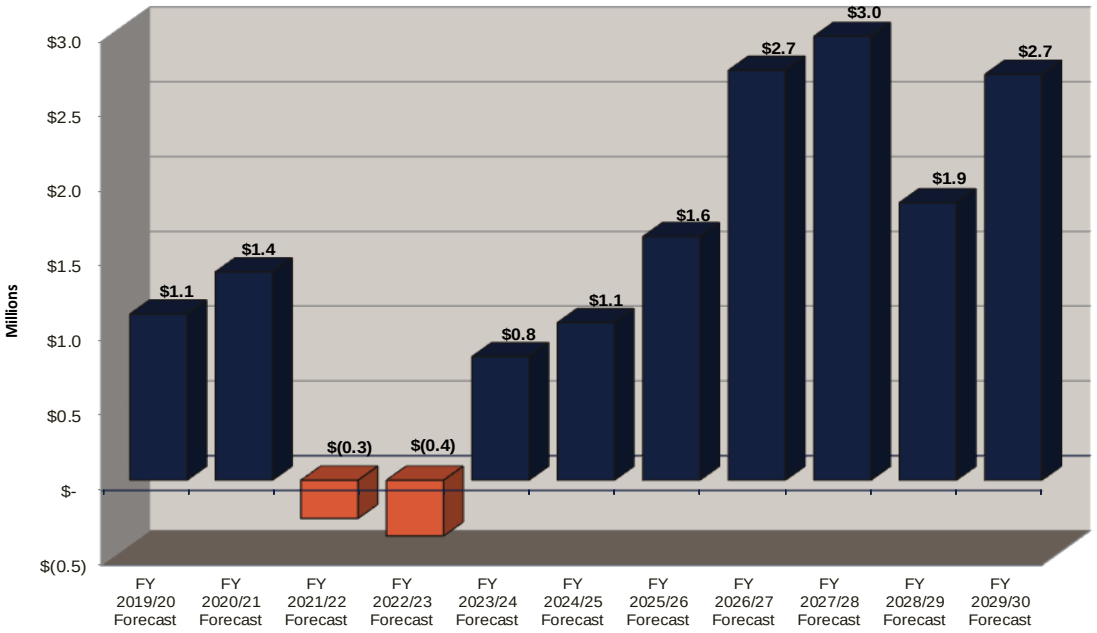
- **CalPERS** – Implemented current CalPERS direction/methodology for payments and reflected accordingly in budgeting practices and financial forecast
- **Economic Slow Down Strategy** – Modest economic slow down assumed
- **Revenue and Expenditure Update** – Review of all revenue and expenditures
- **FY 2019/20 Base Budget Review** – Includes modest increases of Base Budget expenditures to maintain current service levels

January 2019 General Fund Net Operating Margin – Base Scenario



January 2019 General Fund Net Operating Margin with 1% TOT

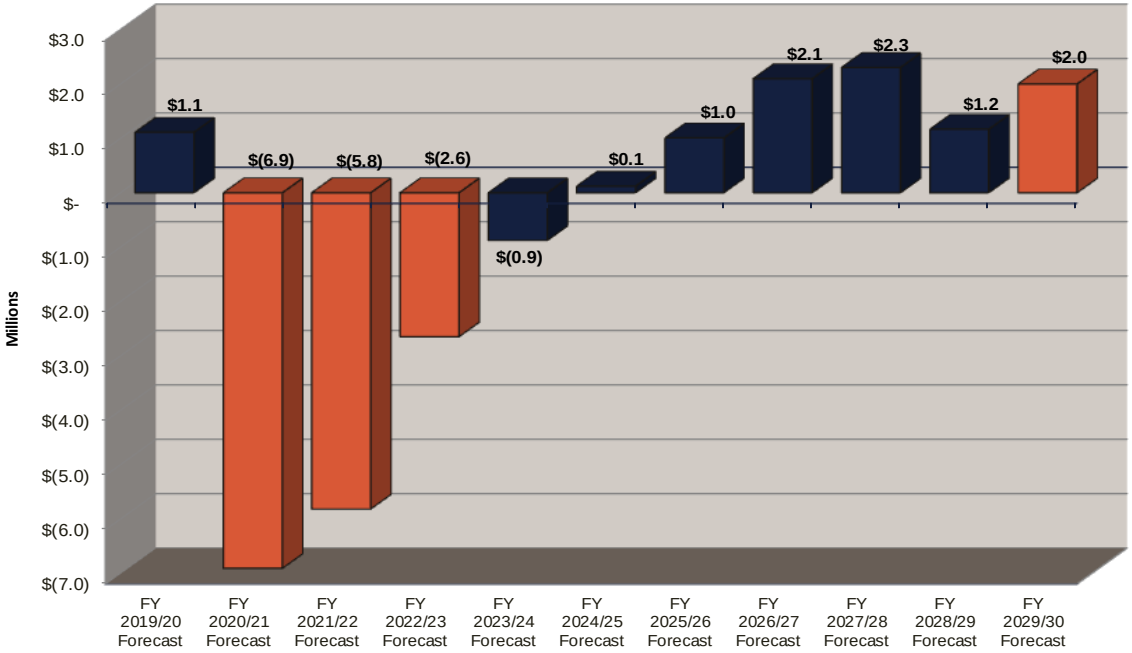
- 1% TOT Ballot Measure would solve ongoing deficits
- 1% Electricity Utility User Tax Ballot Measure could bring additional $2-$4 million ongoing (not reflected)



Deeper Recession Scenario – Major Drivers

- **Sales Tax – Consultant data reflecting a recession in FY 2020/21**
  - Overall decline 9.5% in FY 2020/21 and 3.8% decline in FY 2021/22
- **Transient Occupancy Tax – volatile and driven by hotel occupancy and room rates**
  - Revenues are volatile and declines would follow similar trend to Sales Tax
- **Property Tax – delayed and moderate effect due to timing of property assessments and Proposition 13 cap**
  - Assume growth drops to 5% in FY 2021/22 and 4% in FY 2022/23
- **Assume lower interest rates during recession**

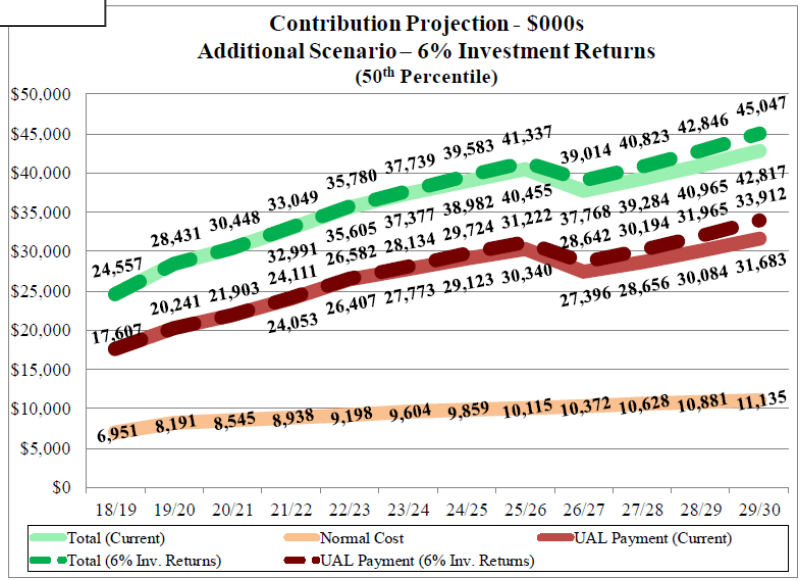
General Fund Net Operating Margin Recession Scenario



6.5% vs 6% CalPERS Investment Return Scenario

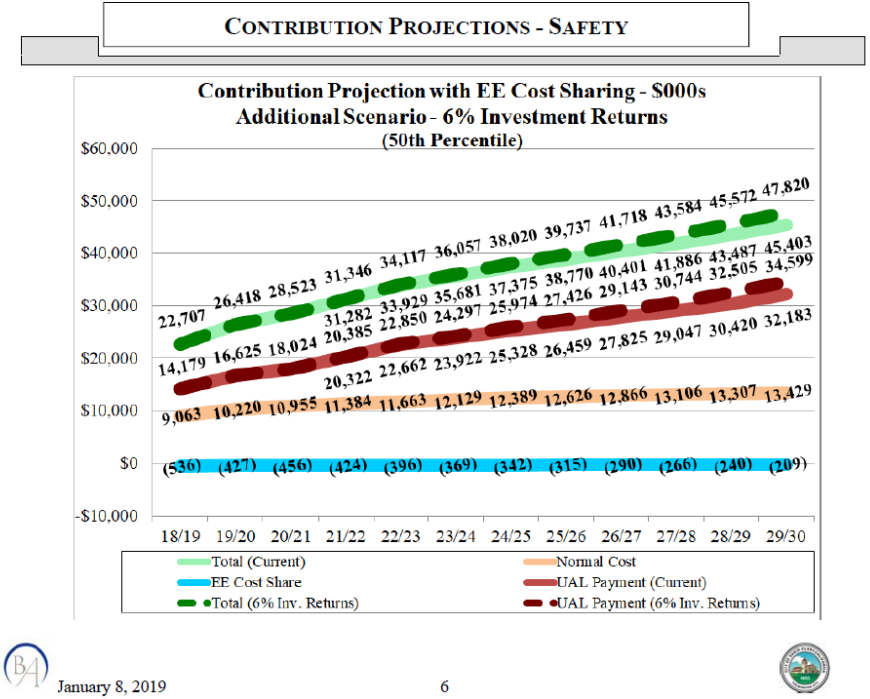
Lower actual investment returns = higher UAL Payment

- Current Scenario (solid lines) assumes 6.5% returns over 10-Yr Period
- Increases $58k in FY 2021/22 to $2.2m in FY 2029/30
- Each year's investment shortfall "loss" would be amortized for 20 Years
- Total $9.0m All Funds ($5.3m GF) over the 10-Year Forecast



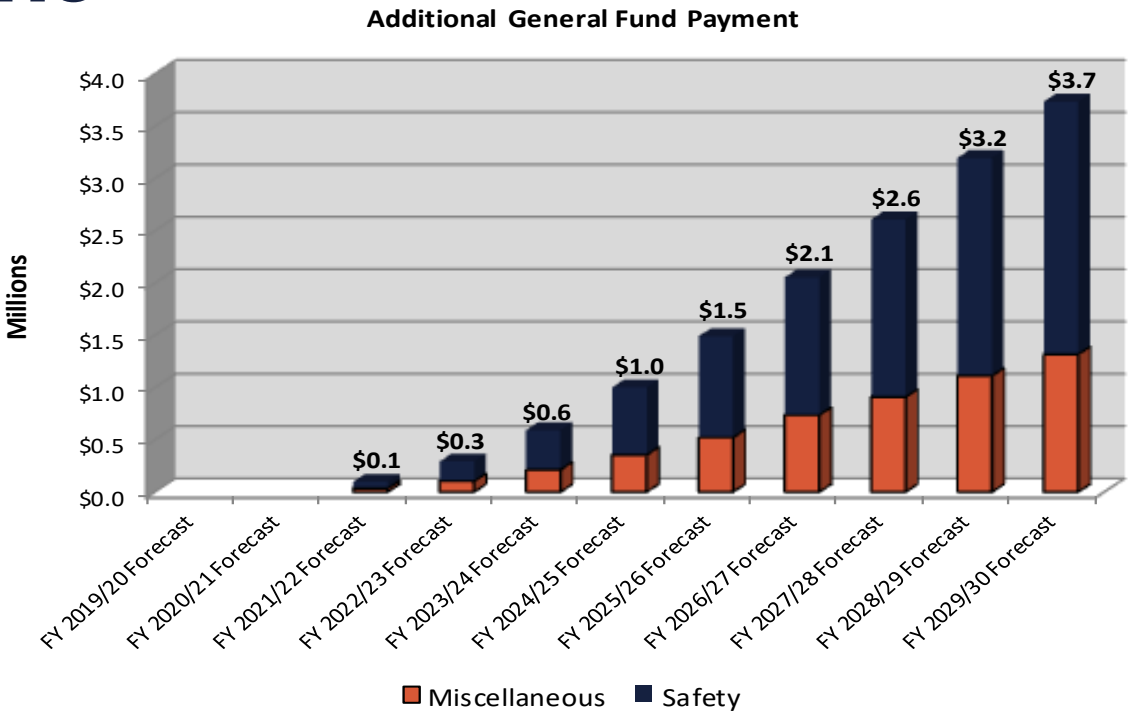
6.5% vs 6% CalPERS Investment Return Scenario

- Lower Investment returns = higher Unfunded Accrued Liability (UAL)
- Increases $64k in FY 2021/22 to $2.4m in FY 2029/30
- Each year's investment shortfall "loss" would be amortized for 20 Years
- Total $9.8m over the 10-Year Forecast



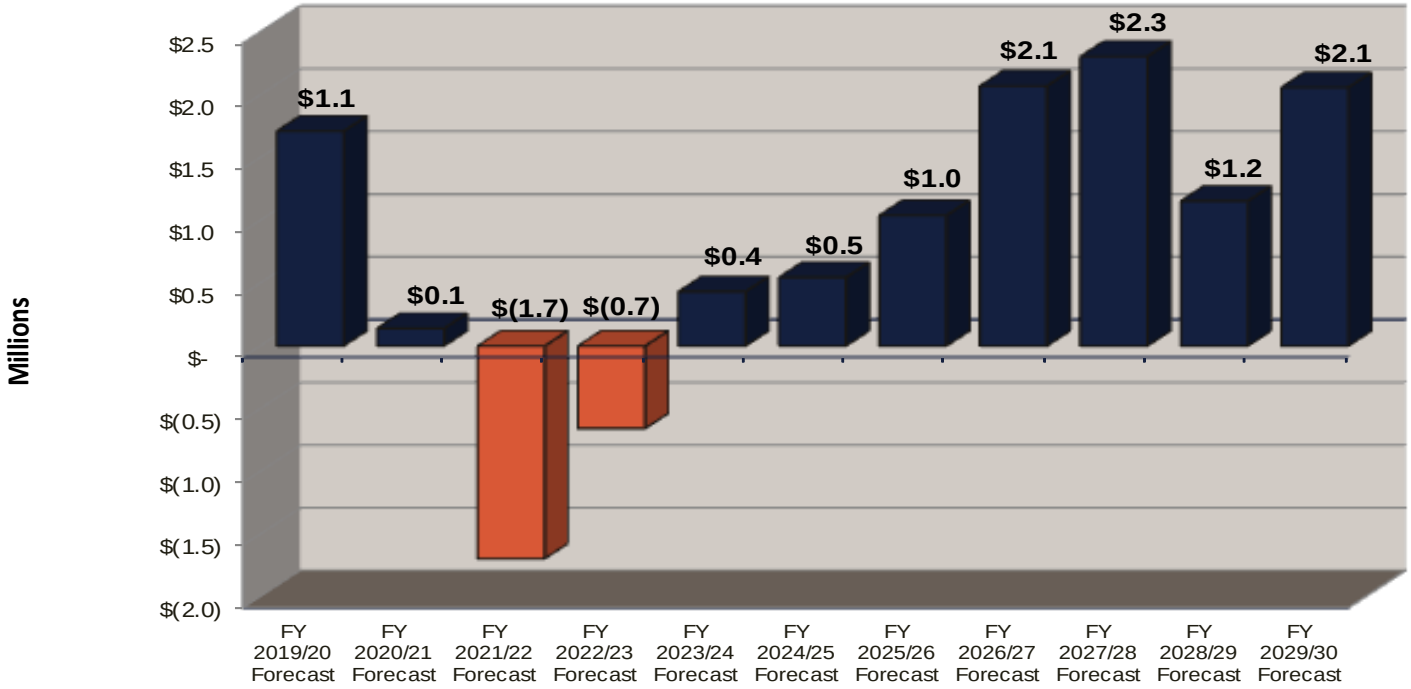
January 8, 2019 6

6.5% vs 6% CalPERS Investment Return Scenario

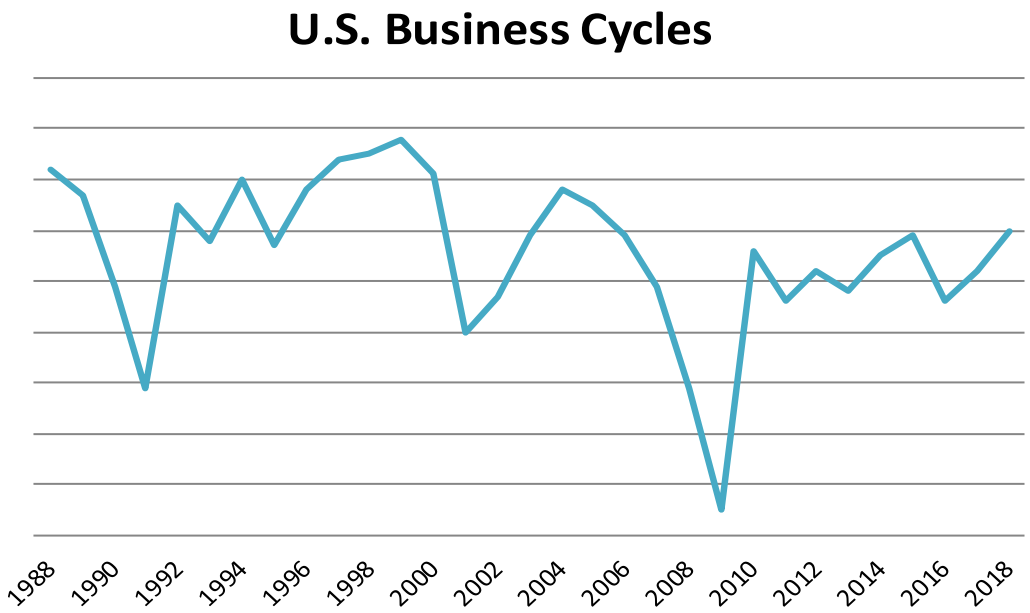


Total Increase of $15.1 Million

General Fund Net Operating Margin Base Scenario with CalPERS at 6%



Potential Impacts to Forecast



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

- Currently on track to become the longest expansion
- June 2009 to current
- 116 + months

Note: Based on Annual GDP Growth

Potential Impacts to Forecast

- Decrease in Stadium Authority revenue
- Labor negotiations and expenditures beyond assumptions
- CalPERS actuarial changes or any CalPERS reform actions
- Infrastructure Operating Budget impacts
- Economy
- State/Federal Legislative Changes
- Further refinement of major tax revenue projections
- Development Projects:
  - Revenue Impact
  - Staffing

Budget Work Plan for FY 2019/20 & 2020/21

- Two-year Operating Budget Development currently underway
- Update to the two-year Capital Improvement Plan (CIP)
  - Moved to a two-year CIP budget in the prior year
  - Updates to the CIP for 2019/20 will be limited and included as part of the Operating Budget Report to Council
- Stadium Authority Operating, Debt Service, Capital Budget and Marketing Plan
  - Study Session scheduled for March 6, 2019
  - Board action scheduled for March 19, 2019

FY 2019/20 & 2020/21 Budget Approach

Overall budget approach

- Continuing to 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 costs

FY 2019/20 & 2020/21 Budget Approach

Potential New Revenue Sources

- Community benefits programs
- Review of current taxes including TOT and Business License Tax Rates and Methodology
- Development of new revenue (e.g., UUT) and review other revenue opportunities
- Review of fees and charges for adjustment to full cost where appropriate (Study underway)
- Consideration of potential new or modernization of impact fees (Study underway)

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

- Adopted a two-year CIP Budget in FY 2018/19. Adjustments to the FY 2019/20 CIP included in the Annual Budget
- Incorporated City Council Priorities for fiscal alignment
- Departments focused on approved projects in prior Capital Budgets
- Address health/safety issues and serious deferred maintenance needs
- Long-term budget decisions based on using data from the Ten-Year Financial Plan

FY 2019/20 & 20/21 Annual Operating Budget

- New Format for Budget
  - Greater level of detail and increased transparency
  - Budget format has not changed since the 90's
  - Budget will include beginning and ending balances for all funds
- Long-term fiscal decision making (Self-solve budget requests)
- Continue community engagement and transparency efforts
- Limited number of personnel/new vehicle requests will be considered

FY 2019/20 & 20/21 Annual Operating Budget

- Improve business processes (may require use of one-time funds)
- No longer beginning with a status quo budget for the base year
  - Departments were asked to develop their base budgets and they were submitted in December 2018
- Requests should only be made for items that can be completed or be well underway in FY 2019/20 & 2020/21
- Use of other funds before use of the General Fund – Shift expenditures from General Fund to other funds where appropriate
- All budgets will be scrutinized regardless of funding source

FY 2019/20 Stadium Authority Budget/Marketing Plan

- Budget process began in November 2018
- Worked with StadCo/ManCo to receive all required documents
- Budget adoption in March 2019

Date	Stadium Authority Budget Schedule
March 6, 2019	Study Session to review Proposed Stadium Authority Budget
March 19, 2019	Adoption of Stadium Authority Budget

FY 2019/20 & 2020/21 Budget Calendar

Date	City Budget Schedule
January 31 and February 1, 2019	Adoption of Budget Principles
April 9, 2019	Study Session to review the Proposed Municipal Fee Schedule
April 23, 2019	Public Hearing and Adoption of Proposed Municipal Fee Schedule
May 7, 2019	Study Session to review Annual Operating Budget and Ten-Year Financial Plan
June 4, 2019	Public Hearing for the Proposed Annual Operating Budget, Ten-Year Financial Plan, and CIP Budget
June 25, 2019	Public Hearing and Adoption of Proposed Annual Operating Budget, Ten-Year Financial Plan, and CIP Budget

Update on Council Policy Priorities

City of Santa Clara
The Center of What's Possible

City Council Policy Priorities

Promote and Enhance Economic and Housing Development

Enhance Community Engagement and Transparency

Enhance Community Sports and Recreational Assets

Ensure Compliance with Measure J and Manage Levi's Stadium

Deliver and Enhance High Quality Efficient Services and Infrastructure

Sustainability (Recommended)

Maintain Adequate Staffing Levels (**Recommended: Manage Strategically Our Workforce Capacity and Resources**)

City of Santa Clara
The Center of What's Possible

Promote and Enhance Economic and Housing Development

1. **Franklin Street Option Agreement and Downtown Revitalization and Precise Plan**
2. **City Place and Santana West** – Settlement Agreements
3. **Specific Plans** for Lawrence Station (Completed), Tasman East (Completed), El Camino Real, Patrick Henry and Freedom Circle
4. **Next phase of Santa Clara Square** – housing and build-out needs
5. **Business Relations – Need for More Small Business Outreach** – North Santa Clara – CityPlace, Yahoo! Site, Cedar Fair, Tasman East
6. **Affordable Housing Policy, Land, and Funding**
7. **Major Developments that Require Focused Attention and Review** (Tasman East, Coleman Gateway, Kyli, SCU projects, NVIDIA, etc.)

Promote and Enhance Economic and Housing Development

8. **Prevailing Wage** – implement tracking system for prevailing wage support and training for both vendors and City staff.
9. **Convention Center**: (1) Convention Center Assessment, (2) Initiate Feasibility Study for Expansion Options of the Convention Center, (3) Determine Operating Model for the Convention Center
10. **Historic Preservation Inventory**
11. **Collaboration with NOVA** – Small Business Development, Expanded Services
12. **Westfield Valley Fair Expansion**
13. **City Place Planning and Initial Phase of Project Delivery** – Phase 1

City of Santa Clara
The Center of What's Possible

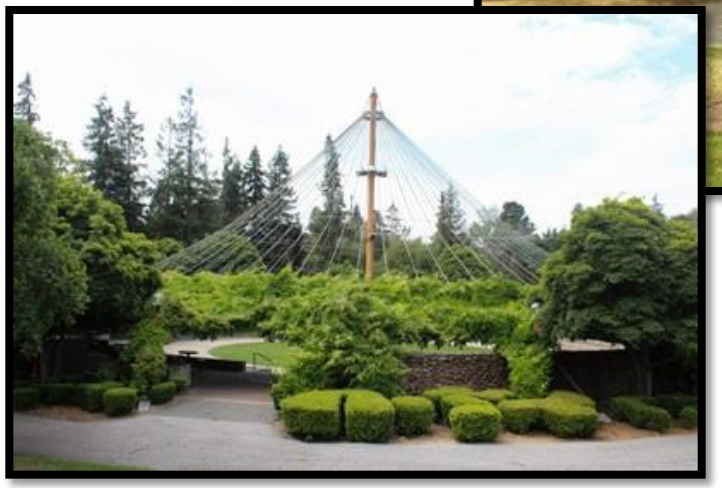
Enhance Community Sports and Recreational Assets

1. **Celebrated Grand Opening** for:
   a) San Tomas and Monroe Neighborhood Park and Community Garden
   b) Reed and Grant Sports Park Ground Breaking
   c) Central Park Annex Ribbon Cutting
   d) Mission Library Rebuild and Reopening
2. **Bookmobile Implementation**
3. **All Inclusive Park** – after losing grant opportunity, worked with County to increase Santa Clara's potential grant allocation from $1M to $1.8M

City of Santa Clara
The Center of What's Possible

Enhance Community Sports and Recreational Assets

4. **Several Park Master Plans Approved by Council and Underway**
   a) Bowers Park
   b) Machado Park
   c) Homeridge Park
   d) Montague Park
5. **Park Fee Review and Update**
6. **Central Park Master Plan** – explore inclusive park elements to increase accessibility of City parks



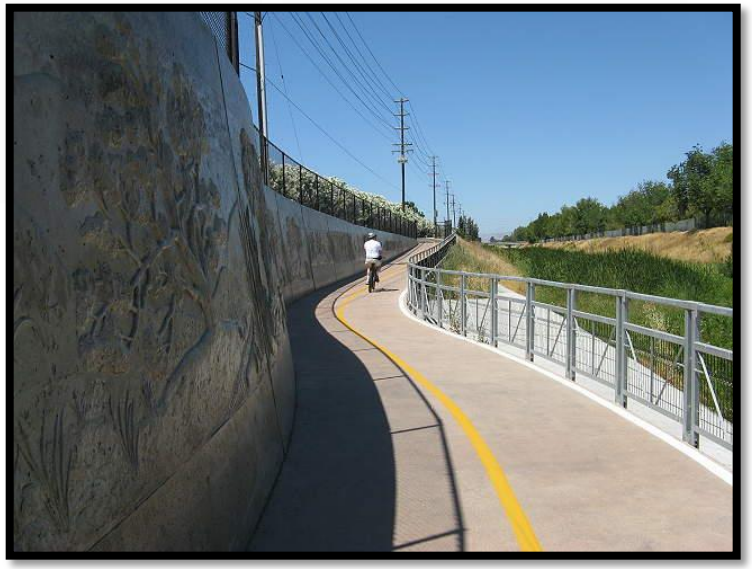
City of Santa Clara
The Center of What's Possible

Deliver and Enhance High Quality Efficient Services and Infrastructure

1. **Smart City Santa Clara** – Goal is to establish Santa Clara as a Smart City
2. **Citywide Facility Condition Inventory and Assessments**
3. **Roadway Priorities for Multimodal Improvements**
4. **IT Project Pipeline** (CAD, RMS, DocuSign, Document Management, Financial System Upgrade, Website Update, etc.)
5. **Streamline City-wide Purchasing Policies**
6. **Surplus Property Sales (GOVDeal) and Online Bidding**
7. **Contract Management and Training**
8. **Coal and Carbon Free Electricity** – Since January 2018; SVP Implemented
9. **Contract Compliance, Risk Management, and Oversight of Contracted Services**

City of Santa Clara
The Center of What's Possible

Deliver and Enhance High Quality Efficient Services and Infrastructure



10. **Convention Center Operations and Service Delivery Model**
11. **Cannabis Ordinance** – Policy Development
12. **Massage Parlor Ordinance**
13. **Tobacco Ordinance**
14. **Audit Program Implementation**
15. **Capital Projects Management** (200+ Projects, Transition from Manual to Automated Tracking)
16. **Infrastructure Efforts**, e.g., Long-Term Water Access, Regional Sewage Issues (TPAC)
17. **Response to Regional Development Projects**, e.g., Cupertino San Jose
18. **Traffic Fee Impact Update**
19. **Safe Routes to School Program**
20. **Minimum Wage and Worker Retention Policy**

City of Santa Clara
The Center of What's Possible

Maintain Adequate Staffing Levels

(**Recommended**: Manage Strategically Our Workforce Capacity and Resources)

1. **City's Workload > Staff Capacity/Levels:** We have less resources than surrounding cities and are far more complex, how we use our capacity requires more strategy.
2. **Deficit refinement/budget due diligence saved dozens of positions in year 1** (40-50 positions). This came by deliberate decision to reduce process, which opened up capacity.
3. **Organizational Development Efforts** – Executive Management training and development to keep skills sharp and modern. Training and develop require capacity.
4. **Civic Scholars Program** – Flexible, no-cost opportunity for working adults to complete BA degree
5. **Hired key staff vacancies:** Recruitment and Retainment of Staff need a Reboot!
6. **Civic Center Master Plan** to address space needs
7. **Cannabis Tax Measure** and tax implementation will produce revenue, but also draw resources
8. **Good labor relations and negotiated contracts.**

Completed 5 MOUs – Year 1	Initiated 5 MOUs – Year 1
• Fire (IAFF Unit 1) • Fire Management (Unit 9B) • AFSCME (Unit 6) • SC Employee Association (Units 5, 7 & 8) • Misc Management (Unit 9)	• Police (Unit 2) • Police Management (Unit 9A) • IBEW (Unit 3) • Engineers (Unit 4) • Public Safety Non-Sworn (Unit 10)

City of Santa Clara
The Center of What's Possible

Enhance Community Engagement and Transparency

1. **Established City Manager Blog**
2. **Connecting with residents** through website, social media, the City Newspaper, community events, community meetings, commissions, etc.
3. **Expanded City's online reach** by joining Nextdoor.com
4. **Transparency in funding local campaigns** – Dark Money Ordinance
5. **Use of Peak Democracy** for online community surveys
6. **Implementation of enhanced/robust community research efforts** (e.g., Stadium Authority Model)
7. **Information Memos** as part of executive report out at Council meetings
8. **Worked with Mayor to hold State of the City in the community**

The Newspaper for City of Santa Clara Residents & Businesses — Winter/Spring 2018

Inside

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

See inside for Annual Clean-Up Campaign Information — pages 14-15

Voters to consider Council election change on June 5

A ballot measure to change the way Santa Clara elects members of the City Council will be considered by voters during the Gubernatorial Primary Election on Tuesday, June 5.

If approved, the City Charter would be amended so that Council members are elected to represent one of two districts. (How to divide the City into two districts will be determined at public hearings in the spring.) Each district will have three Council members and only residents of the district will vote for those Council positions. Currently candidates run for a specific Council seat, which does not represent a geographical district, and are elected by all voters in the City.

The June 5, 2018 Gubernatorial Primary Election is the first step in the transition process. If the Charter Amendment measure passes in June, then in the November 2018 election two Council members would be elected to four-year terms for District 1 by residents living in that district. Voters throughout the City will also elect a Mayor for a four-year term in November 2018.

The second phase of the transition would occur in 2020, when voters in District 1 would select a Council member for a two-year term and voters in District 2 would select three Council members for four-year terms.

To be eligible to vote in the June 5 election, residents must be registered to vote by May 21. Requests to vote by mail ballot must be received by May 29. More information on how to register and request mail ballots can be found on the Santa Clara County Registrar of Voters website, SCCgov.org, and from the Santa Clara City Clerk's Office, 1500 Warburton Ave., 408-615-2220 or the website SantaClaraVotes.org.

Ranked Choice Voting in the future

Currently, Santa Clara uses plurality voting, where the candidate who receives the most votes is elected. A new type of voting method – a form of Ranked Choice Voting – could be put in place beginning as early as the 2020 election if the City Charter amendment measure is approved in June 2018. In this method, voters rank candidates on their ballot in order of preference and candidates must receive a certain threshold of voter support to be elected. More detailed information will be provided to voters before the system is put into place.

All of these election changes were recommended by a Charter Review Committee appointed by the City Council.

Central Park Annex coming soon

A new public park is nearly complete between Kiely Boulevard and Miles Drive. It includes areas with native grasses and creek upland habitat, as well as a new playground, picnic area, grass lawn and restroom. Prometheus Development will turn over the two-acre park to the City at a public dedication event to be scheduled in early 2018.

Council goal-setting session in January

The public is invited to attend the City Council's goal-setting session on Jan. 19-20 from 8:00 a.m. to 5:00 p.m. at the Santa Clara Convention Center.

The entire session will be live streamed on the City's YouTube and Facebook channels. City priorities will be determined for the next two years during this session.

For information, call the Mayor/Council Office at (408) 615-2250 or check the City website at SantaClaraCA.gov.

Fire Department helps fight wildfire

The Santa Clara Fire Department dispatched Engine 90 and a crew of four firefights to Southern California on Dec. 5 to help fight the massive wildfire in Ventura County. The team was assigned to structure protection. Explosive, gusty winds – clocked at more than 75 mph – fed the fire that destroyed 150+ homes in one night. Wind-drive fire embers made for tenuous conditions. At press time, the fire had scorched more than 236,000 acres but was slowly coming under control.

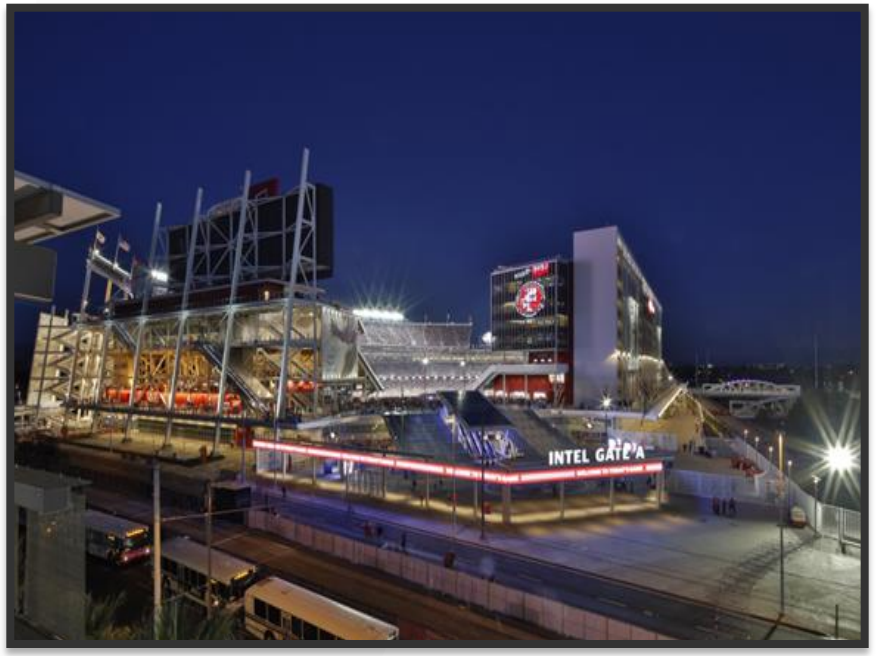
Connect with Santa Clara

City of Santa Clara
The Center of What's Possible

Enhance Community Engagement and Transparency

9. **Community programs:**
   - Leadership Santa Clara
   - Neighborhood Watch
   - Boards & Commissions
10. **Re-Launched City's app, MySantaClara** with expanded service options and increased accessibility to City staff and resources
11. **Developed a 10-year Fiscal Outlook** to provide better transparency for residents to review and understand the City's fiscal outlook

Ensure Compliance with Measure J and Manage Levi's Stadium



1. **Completed comprehensive audit status monitoring** framework of Stadium costs and financial reporting. Findings from comprehensive audit of Stadium were implemented, which led to an updated approach to managing the contracts and other processes.
2. **Set aside $630,000** for establishing a **Community Room** at the Stadium.
3. **Negotiated Concessionaires Agreement** for Levi's Stadium. Monitoring workforce retention.
4. **Implemented real-time noise monitoring program**.
5. **Established telephone number** to receive input from residents.
6. **Conducted robust community engagement** process on impacts of the Stadium to establish solid data for future improvements.
7. **College Football Playoff (CFP) National Championship** – Agreement to ensure no losses to Stadium Authority or City.

Ensure Compliance with Measure J and Manage Levi's Stadium

8. **Independent Auditor Function** – took action to obtain in-house and external independent auditors to address specific Board direction (such as reconciling public safety expenditures charged to "Construction Fund"), as well as ongoing needs.
9. **Improved Budget Transparency** – separated Stadium Authority budget to demonstrate resource revenue and expenditure for the Stadium.
10. **Marketing Plan** – implemented new process to review the draft Marketing Plan in a study session prior to acting on the Plan at a subsequent Board Meeting.
11. **Improved Financial Reporting** – inclusion of the non-NFL net revenue by event type and event revenue and expenses by category in annual report. See 4th Quarter Report for detailed reporting.
12. **SCSA/Levi's Stadium Selected for two projects for study by NYU**– community engagement and financial analysis of regional economic impact of large events.
13. **Accountability to Agreements** – issued several letters to Tenant on agreement provisions that require compliance or improved performance.

Sustainability

Recommended new Council Priority Pillar

Sustainability – Current Efforts

Resources

Mobility

1. **City Facilities & Equipment**
   - Corp Yard Green Business Certification
   - Green Fleet Policy Development
   - Energy efficiency at aging City buildings/funding
   - Green Infrastructure (GI Plan)
2. **Reduce single-occupant vehicle use** (TDM, multi-modal options)
3. **Implement a DPW Environmentally Preferable Purchasing Policy** (EPPP)
4. **Waste Reduction** (Organics Collection)
5. **Install sink faucet aerators**

City of Santa Clara
The Center of What's Possible

Sustainability – Current Efforts

Energy

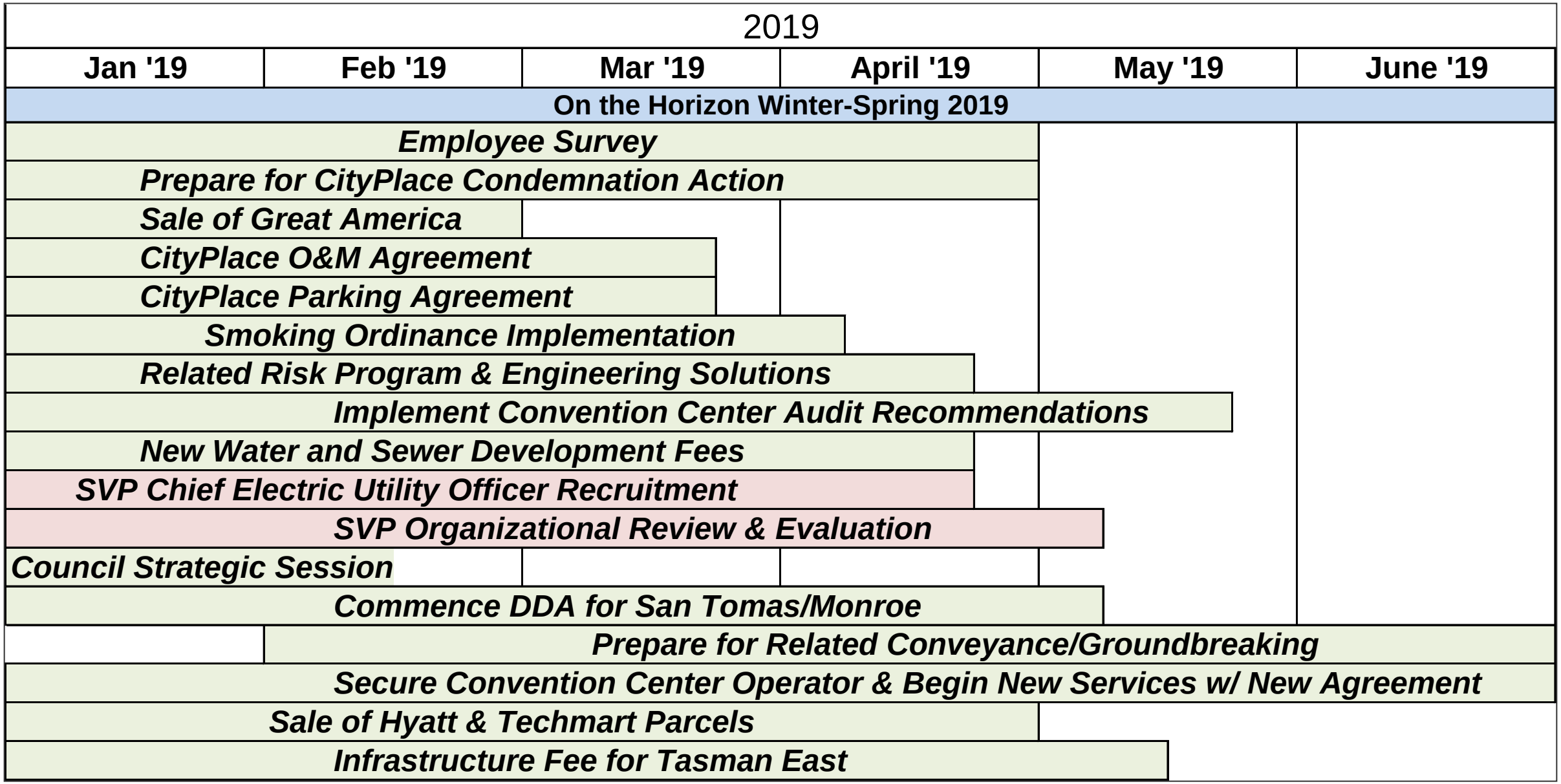
6. **Continue to reduce the use of chemicals**
   - Cleaners with triclosan, fluorescent tubes, aerosolized air fresheners, paper products processed with chlorine, etc.
7. **Properly sort and dispose of waste**
   - Garbage, recycling, plant material, e-waste, universal waste, hazardous waste
8. **Provide energy efficiency, solar incentive and green power programs** to residential and business electric users in Santa Clara, including:
   - Santa Clara Green Power (100% renewable energy)
   - Solar electric incentives
   - Neighborhood Solar Program

City of Santa Clara
The Center of What's Possible

Sustainability – New Initiatives

1. **Transition to bleach-free paper towels** in City facilities
2. **Reduce use of plastics** by focusing on reusable drinking containers for public meetings and reducing the practice of single-use plastic bottles
3. **Increase amount of recycled materials** and decrease use of paper throughout the City through better use of digital tools
4. **City-wide sustainable procurement policy** to guide purchasing through all departments of environmentally preferred supplies

City of Santa Clara
The Center of What's Possible

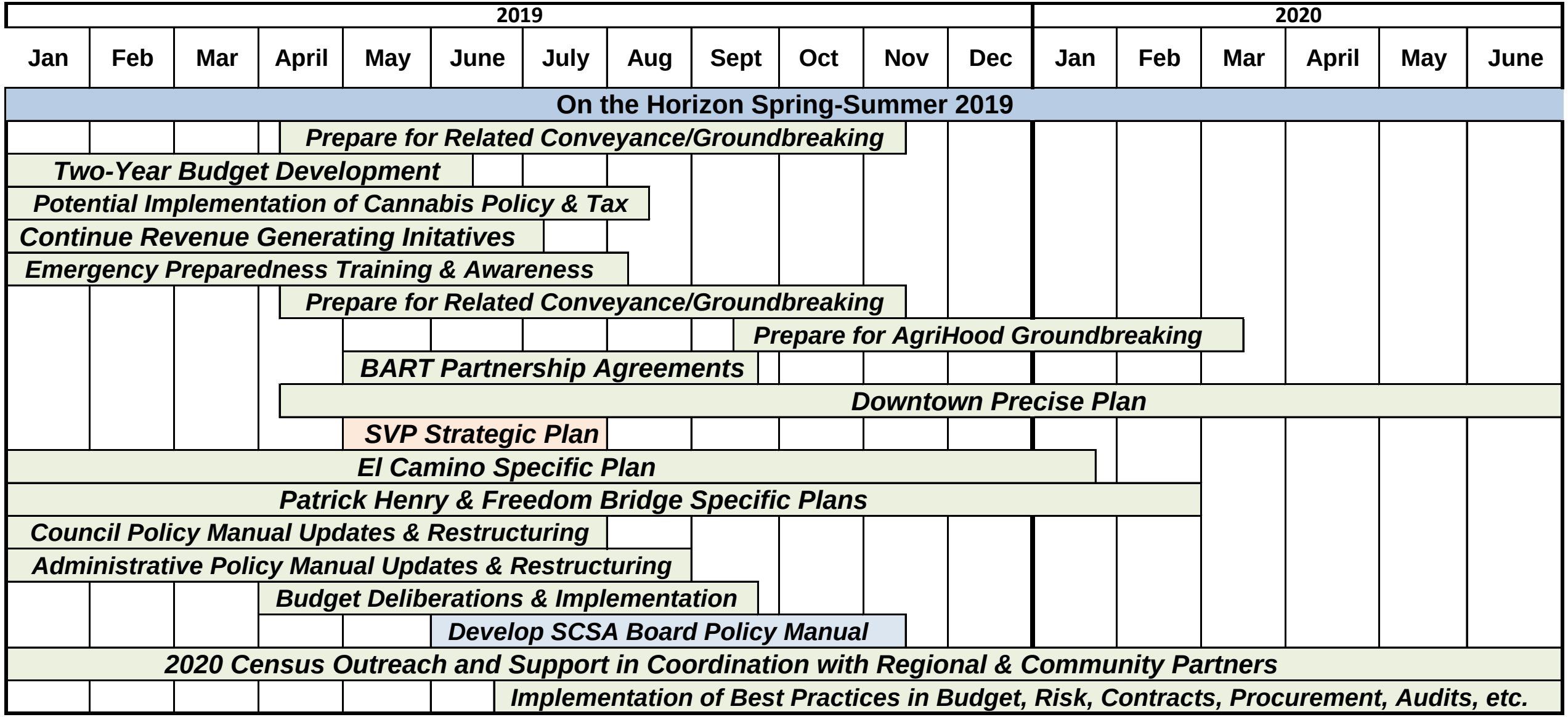


DRAFT – subject to further revision

2019					
Jan '19	**Feb '19**	**Mar '19**	**April '19**	**May '19**	**June '19**
On the Horizon Winter-Spring 2019					
New Capital Projects Database					
Salary Setting Commission Implementation					
First NYU Graduate Student Research Update on Stadium					
Measure N Implementation					
Measure M Implementation					
Two-Year Budget Development					
Continue Revenue Generating Initatives					
Strengthening Emergency Preparedness (Increased Training and Awareness)					
Labor Negotiations					
Community Room Negotiations at Stadium					
Stadium Authority Budget Development & Board Consideration					
Review Public Safety Model for Stadium Events					
CFP Fiscal Reconciliation & Financial Report					
Award of Convention Center & CVB Contract					

Citywide | Silicon Valley Power | Levi's Stadium

DRAFT – subject to further revision



Citywide

Silicon Valley Power

Levi's Stadium

DRAFT – subject to further revision

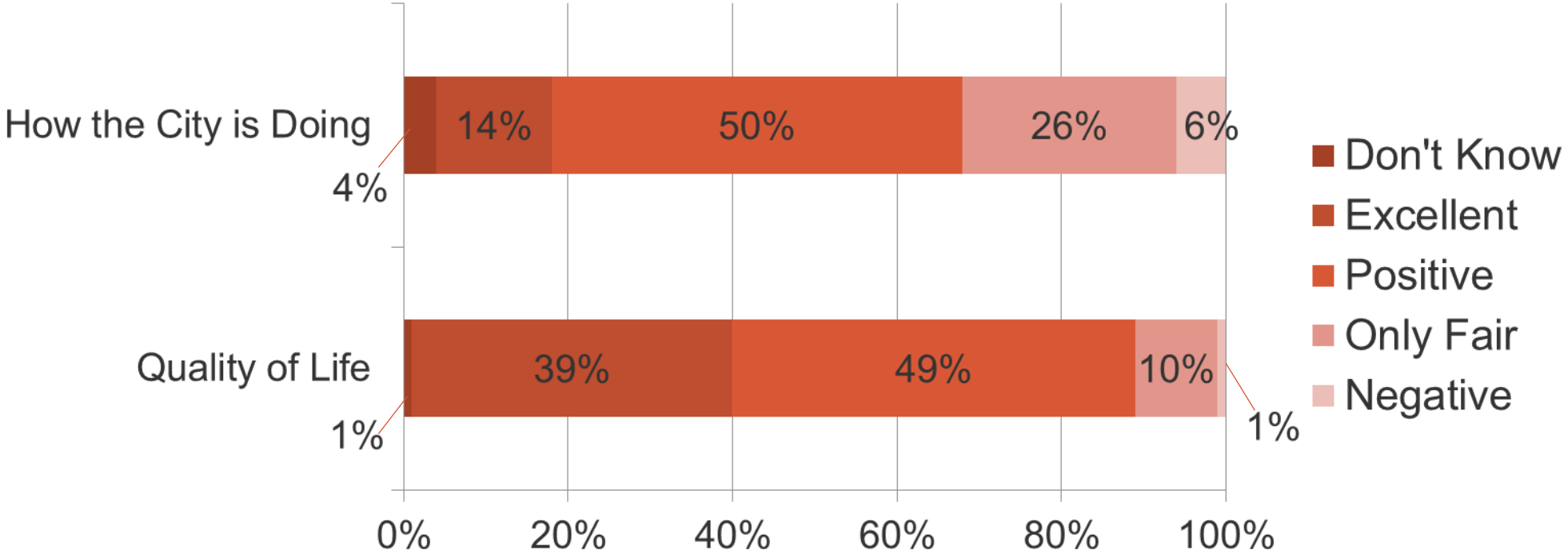
Community Research Statistics

City of Santa Clara
The Center of What's Possible

Community Research Statistics

64% of respondents believe the City is doing an excellent or positive job

88% of respondents believe that quality of life in Santa Clara is positive or excellent

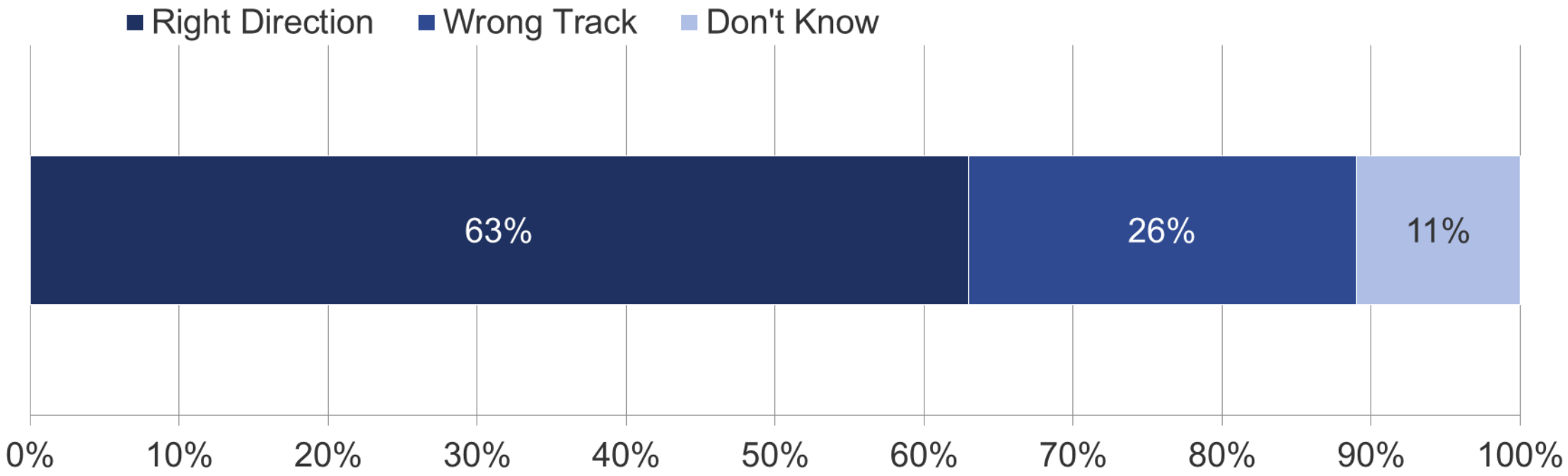


Source: Telephone surveys conducted by EMC Research and The Lew Edwards Group in January and June 2018 with Santa Clara voters

City of Santa Clara
The Center of What's Possible

Community Research Statistics

63% of those polled believe that the City is headed in the right direction.

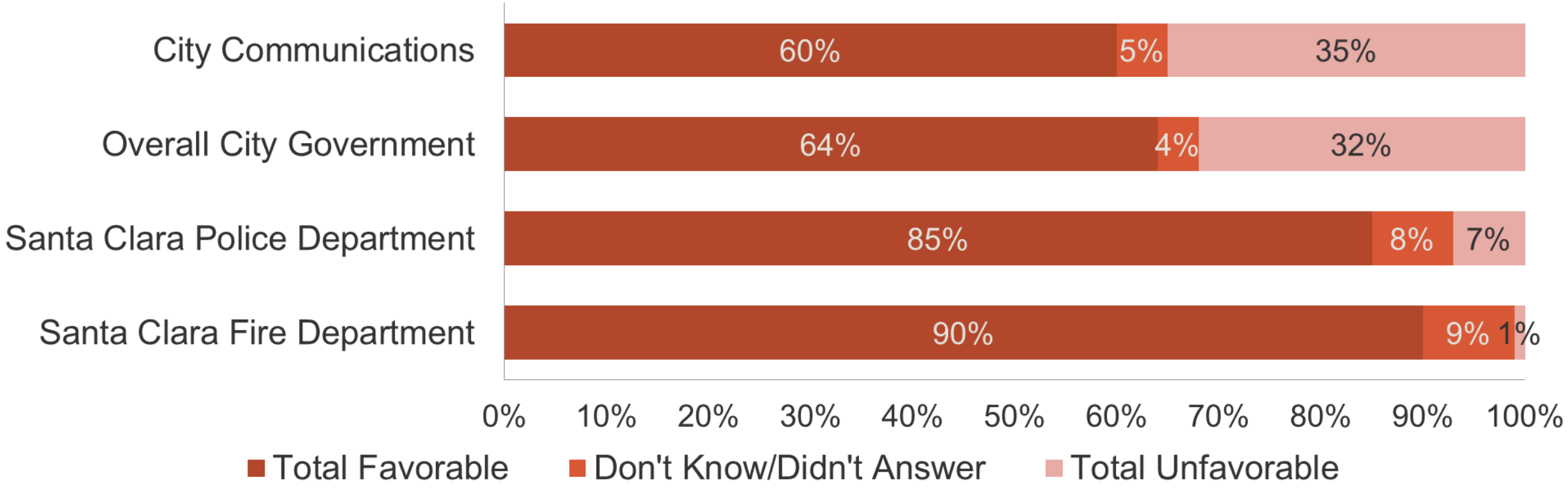


City of Santa Clara
The Center of What's Possible

Source: Telephone surveys conducted by EMC Research and The Lew Edwards Group in January and June 2018 with Santa Clara voters

Community Research Statistics

Overall, voters rate City services very positively, especially public safety:



Source: Telephone surveys conducted by EMC Research and The Lew Edwards Group in January and June 2018 with Santa Clara voters

City of Santa Clara
The Center of What's Possible

Recommendations

City of Santa Clara
The Center of What's Possible

Recommendations for City Council Action:

1. Adopt the 2019-2020 Budget Principles;
2. Accept the 10-year Financial Forecast;
3. Validate Pillars and approve recommended amendments as follows:
   a. **Manage Strategically Our Workforce Capacity and Resources** (changed from Maintain Adequate Staffing Levels);
   b. Addition of a new **Sustainability** Pillar;
4. Approve the City Auditor's Annual Audit Workplan for FY2018/19 (mid-year) and 2019/20;
5. Provide direction to the City Manager to continue to work on the two revenue strategy options (Transit Oriented Tax and the Utility Users Tax) and bring back a work plan for the City Council.

City of Santa Clara
The Center of What's Possible

City of Santa Clara

The Center of What's Possible

Council Strategic Session

Day 2:
Operational Priorities

February 1, 2019

Agenda – Day 2

DAY TWO SCHEDULE (estimated times)			
8:30 – 8:40 am	Set Context for Day 2	12:05 – 12:20 pm	Council Discussion and Questions
8:40 – 8:55 am	Public Presentations	1:00 – 1:15 pm	Public Presentations
8:55 – 9:55 am	Department Operational Priority Presentations	1:15 – 1:35pm	Aligning Council Priorities
9:55 – 10:10 am	Council Discussion and Questions	4:10 – 4:40 pm	Wrap Up/Summary of Day 2/Council Action
10:10 – 12:05 pm	Department Operational Priority Presentations		

Operational Priorities
Human Resources Department

City of Santa Clara
The Center of What's Possible

Existing Resources – Human Resources

	FTEs	Budget
– Employee Benefits and Records	8	$1,847,138
– Recruitment and Selection	7	$1,793,335
Total	15	$3,640,473

Service Delivery to Customer Highlights

HR is an internal service department that supports the 14 City departments, 1116.25 Full Time Employees (FTEs) and approximately 930 "As Needed" employees.

HR provides support in these key areas:

- **Benefits Administration:** new hire orientations; open enrollment; administration of all forms of benefits – health, leaves, retirement
- **Labor Relations:** negotiate labor contracts with ten (10) bargaining units; interpret contracts; meet and confer; review and resolve grievances
- **Employee Relations:** assist employees by interpreting policies and procedures; career coaching and development; listen to employee concerns; mediate and facilitate employee conflict resolution

Service Delivery to Customer Highlights

- **Recruitment, Testing and Selection for all City Employees**
  - 2017/2018 HR conducted 90 recruitments
  - 2017/2018 HR processed 213 new hires and promotions
  - Over the past five years:
    - Recruitments increased by 36%
    - Application processing increased by 52%
- **Conduct Classification and Compensation studies**
- **Staff the City's Civil Service Commission (CSC):** The CSC reviews and approves job descriptions and sits as our Board of Review at personnel hearings

Service Delivery to Customer Highlights

- **Staffs the Salary Setting Commission (SSC)**: The SSC, recently established via Charter amendment, sets City elected officials compensation every two years
- **Safety-related functions**: Manage workers' compensation claims, ergonomic assessments, coordinate the Department of Transportation drug and alcohol random drug testing program and Personal Protective Equipment tests and fittings
- **EEO Office**: provides mandated sexual harassment prevention training per the law, conducts and oversees employee investigations, receives complaints and mediates conflict

Accomplishments

- Hired 122 new employees and promoted 91 employees in FY2017/18
- Streamlined the recruitment process by going paperless with Neogov
- Worked closely with Finance and IT to implement a new method to properly calculate FLSA overtime pay for non-exempt employees
- Provided mandated harassment prevention training for 108 supervisors and refresher non-mandated harassment prevention training for 135 non-supervisors
- Negotiated five (5) successful MOU's in FY2017/18 (IAFF, Fire Management, Employees Association, AFSCME, and Miscellaneous Management)
- With the assistance of the Assistant City Clerk's Office and Communications, recruited for and confirmed members to the new Salary Setting Commission by the Civil Service Commission

Upcoming Policy Issues

- Department Organization Review and development of prioritized implementation plan for resulting recommendations
- Workforce development
- Open bargaining tables include:
  - Police Officers Association
  - International Brotherhood of Electrical Workers
  - Engineers
  - Public Safety Non-Sworn Employees Association
  - Police Management

Operational Constraints

- Staff Resources – HR staffing levels have not kept pace with the increased growth in scope and day-to-day demands of our internal customers
- Capacity to implement strategic initiatives such as workforce development and process re-engineering
- Constraints to accelerating hiring:
  - Highly competitive job market (both public and private sectors), limited pool of candidates
  - Regional cost of living
  - Resource capacity
- Civic Center workspace availability
- Recruitment and retention limitations: private sector employees expect perks (i.e., yoga at work, dry cleaning, fuel, discounts, workplace fun, teaming space, attractive break areas) that City traditionally hasn't provided

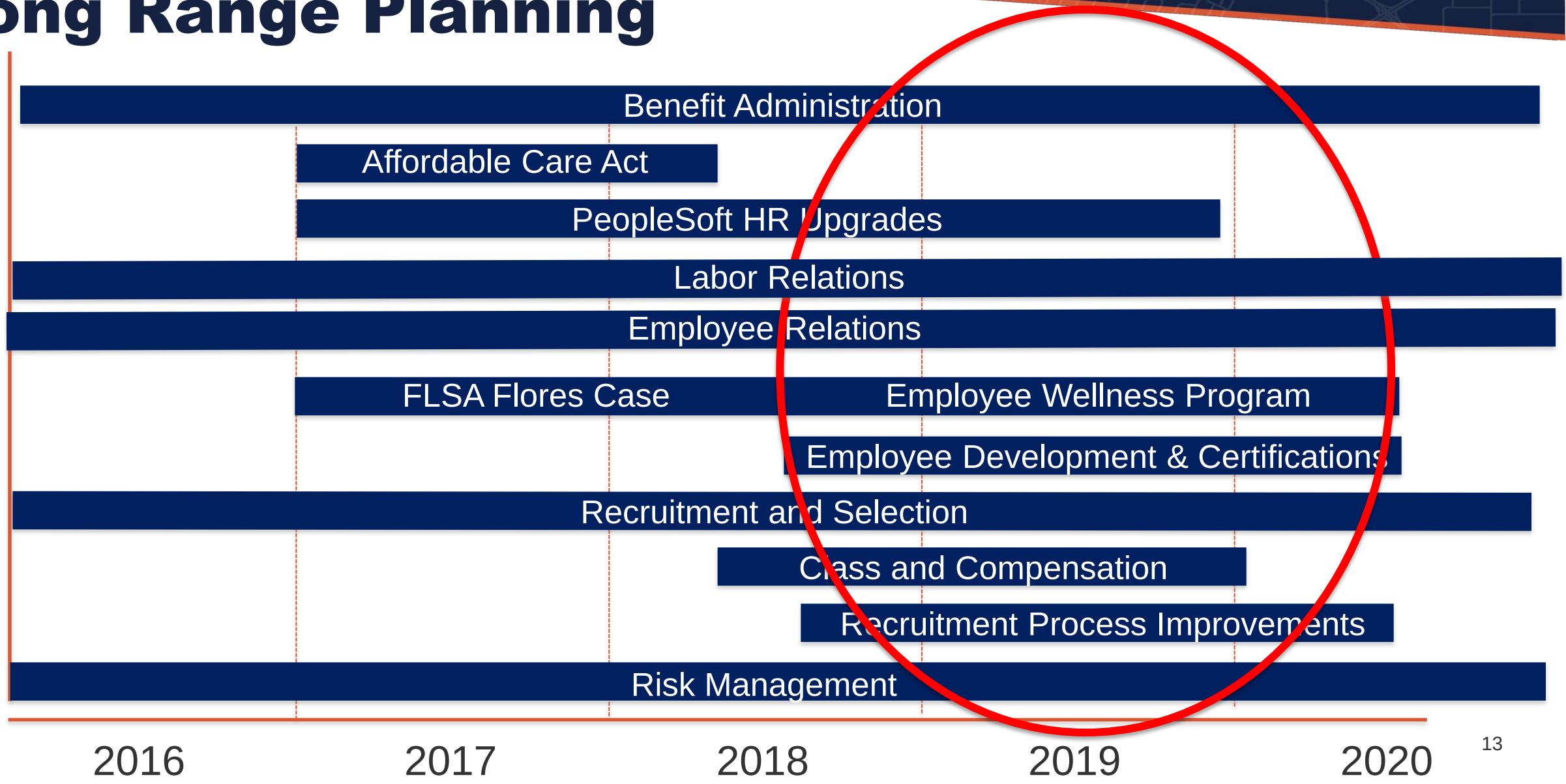
Areas of Opportunity

- Technology improvements to streamline workflow and reduce manual processes
  - training and certification tracking;
  - employee self-service for benefits;
  - online open enrollment;
  - online new employee onboarding;
  - position control; interface from recruitment system to employee database;
  - improved reporting for HR metrics
- Centralized Risk Management function to oversee Workers' Compensation program review and development of safety programs
- Utilizing procurement processes to ensure the City receives the highest value in employee benefit contracts
- Create enterprise-wide training opportunities
- Comprehensive review of job physical requirements and corresponding pre-employment medical screening

Areas of Opportunity

- Conduct a City-wide Employee Survey (in process though delayed due to staffing constraints)
- Staff the Salary Setting Commission and set elected officials' compensation rates for 2019-2021
- Continue to work with Finance/Payroll regarding audit recommendations and internal controls
- Update workplace environment to be responsive to space constraints and staffing needs

Long Range Planning



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
  - Workplace amenities and offerings
  - Workplace environment and personal services
  - Tailored training and development
  - Development plans for individuals

Operational Priorities
Finance Department

City of Santa Clara
The Center of What's Possible

Existing Resources – Finance Department

- FTEs - 65
- Operating $11.7M

- Citywide Fiscal Planning and Administration
- Internal Audit
- Accounting and Financial Reporting Services
- Budget Development and Management
- Debt and Treasury Management
- Utility Billing
- Purchasing and Warehouse Services

Service Delivery to Customers Highlights

- Implementing Advanced Metering Infrastructure
- Selected Vendor for a New Utility Customer Self-Serve Portal
  - Implementation scheduled for January 2019
- Transient Occupancy Tax (TOT) Compliance Audit
- Cost Allocation Plan, Cost of Services and Development Impact Fee Studies underway
- Read 92,000 utility meters and invoiced approximately 62,000 utility accounts each month
- Audit work plan development & implementation

Service Delivery to Customers Highlights (cont.)

- Implementation of online system (GovDeals) for sale of surplus property
- Implementation of BidSync for online vendor management, solicitation of goods and services, and award of contracts
- Restructuring of the Budget Document to provide greater transparency
- Developing a comprehensive two-year Operating Budget
- Implementing a Cannabis Business Tax

Accomplishments

- Implemented PeopleSoft Financial Management System Upgrade
  - Provides Enhanced Self-Service tools for the City's employees
- Completed the first two-year Capital Improvement Plan (CIP) Budget
- Filled key vacancies within the Department such as Assistant Finance Director/City Auditor, Assistant Finance Director, Purchasing Manager, Contracts Manager, Principal Financial Analyst in Budget, and Management Analyst in Budget
- Moved from a five-year forecast to a ten-year forecast
- Transitioned Deferred Compensation Plan provider
- Established an Internal Audit function

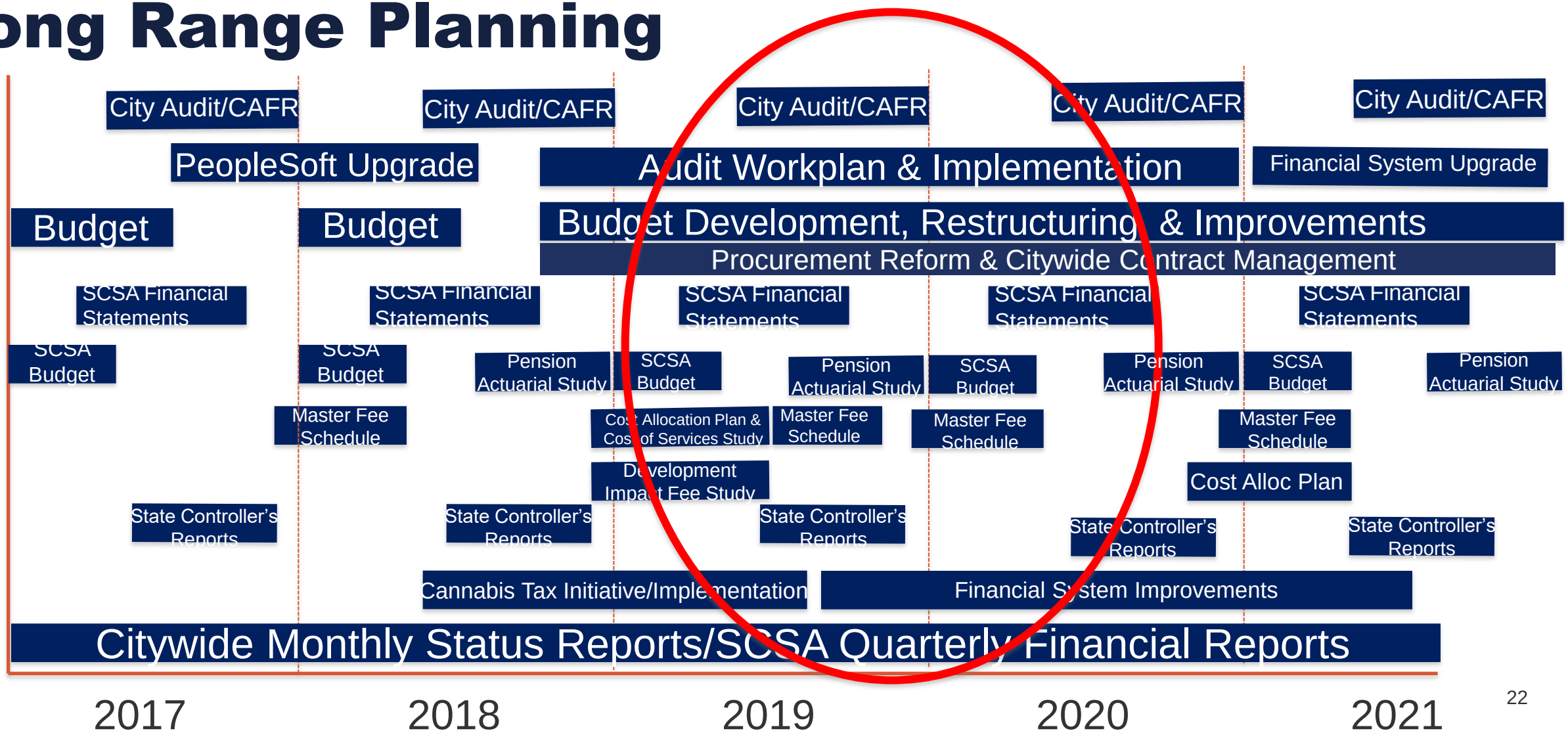
Upcoming Policy Issues

- Continuing to develop strategies to strengthen future budgets
  - Revenue initiatives
    - Transient Occupancy Tax (TOT)
    - Utility Users Tax (UUT)
  - Cost Control Initiatives
  - Use of Reserves
  - Unanticipated Expenditures or Fiscal Impacts
- Purchasing Reform
- Audit Workplan

Operational Constraints

- Need to continue to evaluate City budget for improved practices
- Existing Financial System was not designed for local government fund accounting and is costly to the City
- Continued capacity issues related to heavy workload
- Learning curve for new staff
- Purchasing function is de-centralized
- Fiscal and administrative processes are antiquated and labor intensive
- Paper heavy organization with manual processes
- Current office space is inadequate

Long Range Planning



Areas of Opportunity

- Continuing to improve Budget development practices
- Financial System Improvements to eliminate manual processes
- Streamline departmental 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
- Purchasing and contract management reforms

Finance Department Summary

- Capacity Issues – current staff is stretched, but we continue to make every effort to adequately support departments
- Budget Development – rising pension costs and deferred capital investments
- Department-wide System Upgrades – labor intensive

Operational Priorities
Information Technology Department

City of Santa Clara
The Center of What's Possible

Existing Resources
Information Technology Department

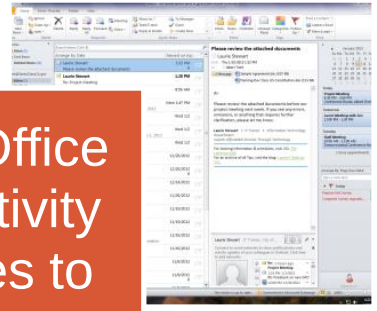
- 8.5 Full Time Employees
  - 7 Full Time with 2 vacancies
    - IT Services Manager – Vacant
    - IT Manager Public Safety – Vacant
  - 1.5 Full Time Employees As Needed
- Outsourced services model

- FY 18/19 Operations budget – $ 11,165,807
- Programs
  - Helpdesk & End User Services
  - Infrastructure & Network
  - Enterprise Applications & Web
  - Enterprise GIS
  - Telecommunications

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 2018:

Support 158 business applications



Email/Office productivity services to 1,587 users

Responded to 6,900 requests from staff

Provided 1,280 telephones & smartphones to staff

Service Delivery to Customers Highlights

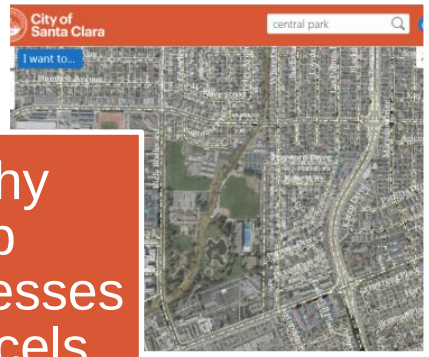
Support 1600 user devices

153 Indoor public Wi-Fi access points at over 40 City facilities

Conducted 97 IT training classes with 470 seats filled

178 public request email searches

1.2 million website visitors
40,500 eNotify subscribers



Trustworthy City Map
59,630 Addresses
29,813 Parcels
1,055 Streets

Accomplishments

- Key projects and upgrades:
  - Police CAD & mobile computer replacement
  - Agenda management
  - Online permit search
  - Parks & Recreation asset & work order management system
  - HR/Payroll management
  - Financial system
  - Fire records management system (RMS)
  - Budget planning
  - Customer Request Management (CRM)
  - Mission Library technology renovation
  - Utility Billing Smart Meter integration

Accomplishments

- Assessed the city application portfolio for risk & opportunity resulting in:
  - 18 applications refreshed,
  - 5 new apps implemented and
  - 8 apps retired
- Focus on citywide business process improvements:
  - Transitioned agenda processing to a workflow/paperless system,
  - Launched employee self service portal for time entry, payroll and benefits
- Selected vendors via RFP for new utility billing portal, utility billing voice response/contact center, permits & land management
- Increased Wi-Fi coverage and performance in City facilities
- Upgraded City Council Chamber's live broadcast equipment and voting system
- Upgraded technology infrastructure for capacity, performance & redundancy

Accomplishments

- Enhanced City cybersecurity capabilities:
  - Prevented ransomware attacks,
  - Improved regulatory compliance of credit card payment systems,
  - Rolled out modernized, web-based security training for staff,
- Introduced IT Executive Governance framework to ensure the investment and use of technology and alignment with short- and long-term goals citywide
- Earned Award for Excellence in Information Technology Practices from MISAC
- Expanded GIS citywide, including the following:
  - Basemap, Staff and Public GIS access, Story Maps, Open Data GIS Portal
  - Asset repository for Water, Sewer & Storm Drain; Electric easements; Parks
  - Electric meters and billing data integration
  - New Public Safety CAD and mobile maps
  - Regional data synchronization for improved land record keeping and first response

Most Critical Layers for City Operations

59,630 City Addresses
29,813 City Parcels (9506 acres)
1,055 City Streets (354.21 miles)

WHY?

CAD Integration
Accela - Permitting
Laserfiche - Documents
HDL - Business Licensing
Harris Northstar - Utility Billing
Lucity - Asset/Work Order

Pipelines
Water: 600 mi
Sewer: 450 mi
Storm Drain: 195 mi
Park Irrigation: 4 mi

Public Safety
CAD
Fire Tablet Command

434 Park Light Poles
102 Park Field Lighting

District Elections Boundary

Stadium Operations
COP
Traffic Cameras

287 acres - Park (50)
180 acres - Landscape
42 Playgrounds
38 Park Buildings
8 Pools

Lucity

30 days Stats for Story Maps
Live Traffic Cameras 1863 views
Parks and Pools 975 views
Development Projects 595 views
Public Safety 258 views
Historic Homes 217 views

Enterprise GIS is providing critical location data and analytics to City's business systems and decision makers.

GIS Applications
InfoMap -Internal City Map Viewer
MapSantaClara - Public City MapViewer
Garage Sale Registration Application
GIS Open Data Portal

Other Ongoing GIS Integration Efforts
Lucity -Water, Sewer, Parks, Storm
Accela - Citywide
Laserfiche - Citywide

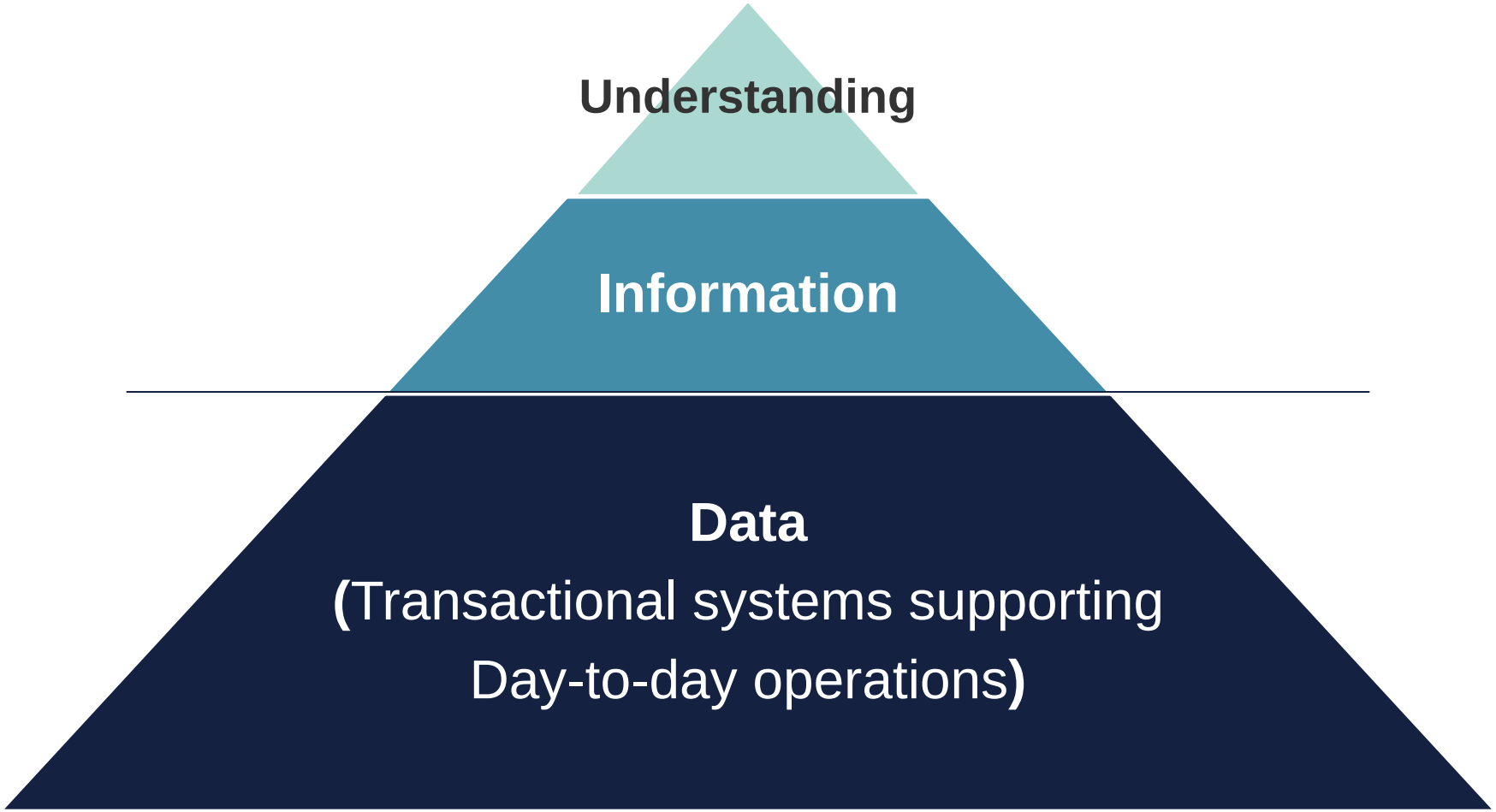
Upcoming Policy Issues

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

Operational Constraints

- Key vacancies significantly constraining stakeholder outcomes – IT Services Manager, IT Manager Public Safety
- Insufficient office space for staff, temporary space for contractors & cross-department project collaboration teams
- Unprecedented demand for IT services with competing timelines and limited resources – 30 applications remain to be refreshed
- Acquisition of talent (hard to find good resources in Bay Area)
- True accounting & budgeting for technology projects, including departmental backfill, IT resources, business operation analyses, and operational costs
- Strong departmental sponsorship & ownership is key to accomplishing business transformation. We need enhanced focus on business operation analyses.

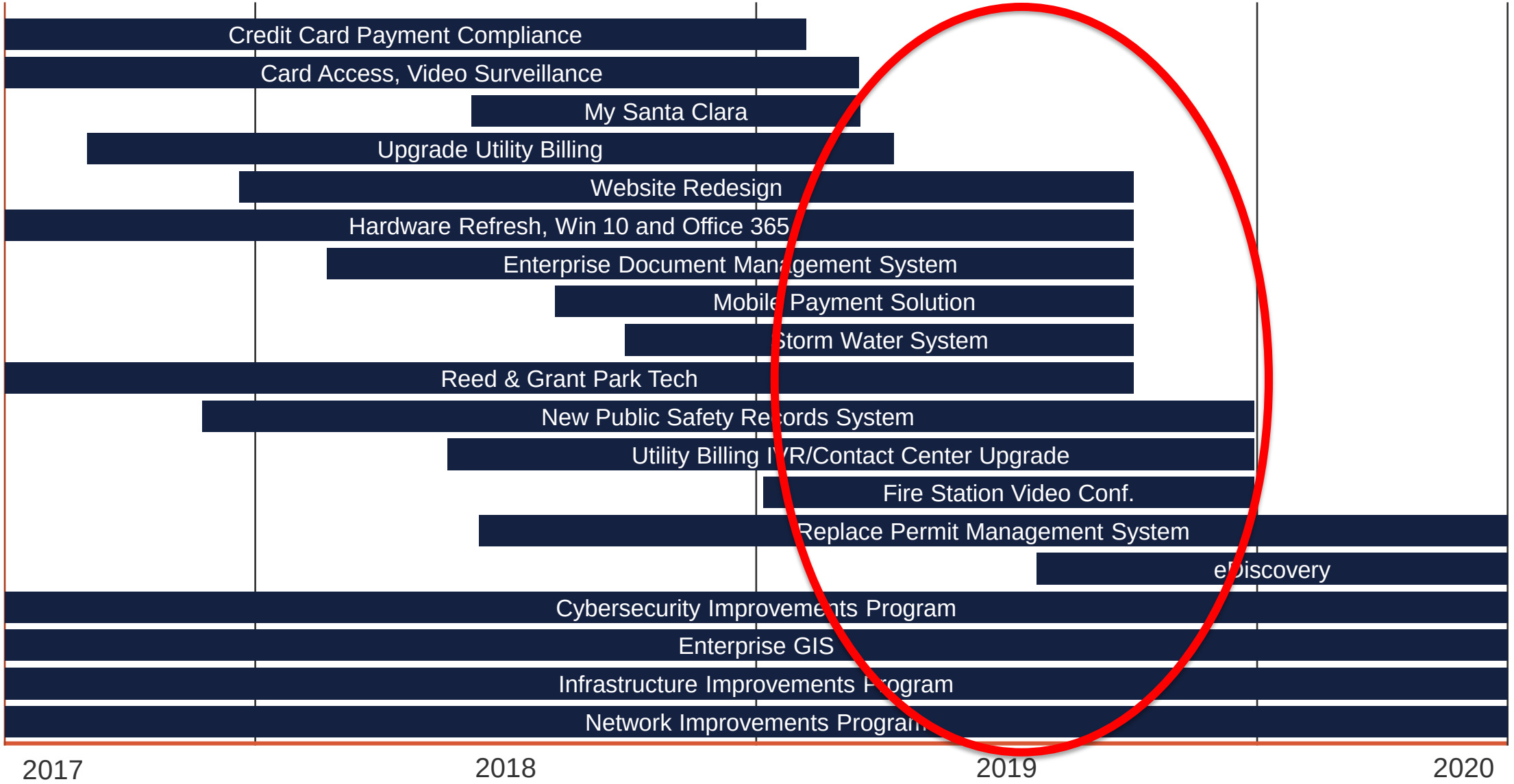
Data as a strategic asset
Transforming data into understanding



Areas of Opportunity

- Improve data driven decision making and transparency
- Innovative digital strategies for citizen-centric outcomes; anytime, anywhere self-service
- Business process reengineering; electronic processes and workflows; eliminating paper
- Training; organizational change management and workforce development for improved employee engagement
- Knowledge and information repository; improved collaboration capability
- Catalyze increased interdepartmental collaboration and data sharing
- Citywide technology consolidation and rationalization
- Smart City implementation at strategic developments (e.g., CityPlace Santa Clara) as a unique opportunity for strategic outcomes
- Enterprise GIS as a platform for Smart City outcomes
- Develop a Digital Santa Clara/Business IT strategic plan

Long Range Planning



Information Technology Department Summary

- Stable IT service delivery & accomplishments, with much more work to complete
- Unprecedented demand for IT services by City departments – 34 projects in progress
- Committed staff working hard; however, resource constraints and vacancies inhibiting outcomes
- Desire throughout the organization to shed paper intensive processes for enhanced use of technology
- Tremendous opportunity in support of Council priorities & City's mission

Operational Priorities
Office of Assistant City Clerk

In July 2018, the Council took action to bifurcate the Elected City Clerk and Assistant City Clerk duties and assigned the daily professional City Clerk duties to the Assistant City Clerk (except for elections).

City of Santa Clara
The Center of What's Possible

Existing Resources – Assistant City Clerk's Office

• FTEs	5
• Operating Budget:	
– Council/Administration	$561,433
– Public Information/Legislative Records Management	$464,924
– Political Reform Act	$396,247
Total	$1,422,604

*Separate budget of $450,000 allocated for Election Duties

Service Delivery to Customers Highlights

- Prepare meeting agendas and minutes
- Ensure proper posting and noticing to comply with Brown Act
- Maintain the City's legislative history consistent of the retention schedule
- Support organization with responding to Public Records Requests in a timely manner
- Conduct recruitment for all Boards and Commissions
- Monitor compliance with campaign finance, statement of economic interest, and public disclosure requirements
- Outreach and administrative compliance for the Lobbyist Registry and Open Calendar Policy

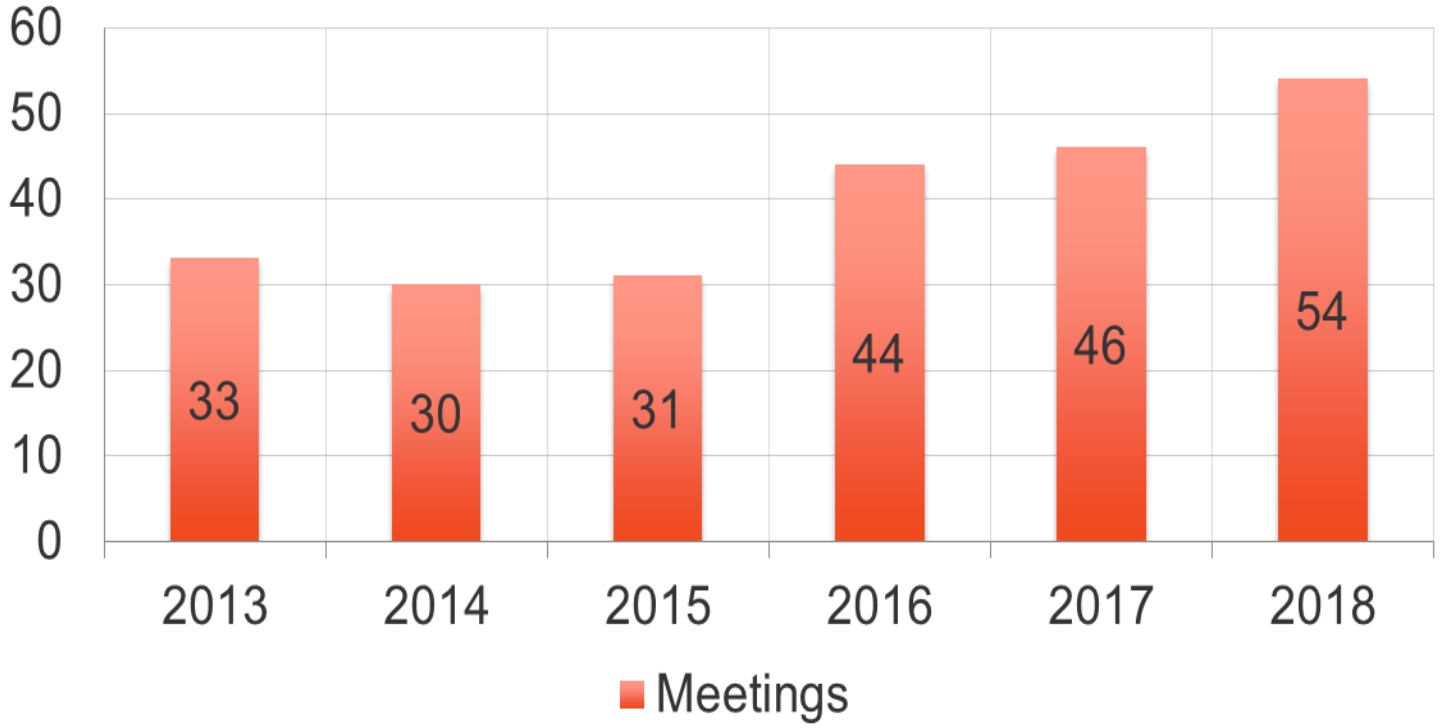
Accomplishments

- Conducted a Special Election – June 2018
- Implemented the first phase of the Electronic Public Records Act System
- Collaborated with the City Attorney's Office and introduced Hidden Political Donations (Dark Money) Ordinance
- Updated the Pathway to Citizenship webpage to allow more accessible information on applying for citizenship
- Increased Lobbyist Fees and created a new Client Fee for full cost recovery of the program
- Collaborated with City Attorney and City Manager on CVRA Court directives

Accomplishments

- Posted Agendas (includes Council, Stadium Authority, Special, Study Session and Oversight Board agendas):

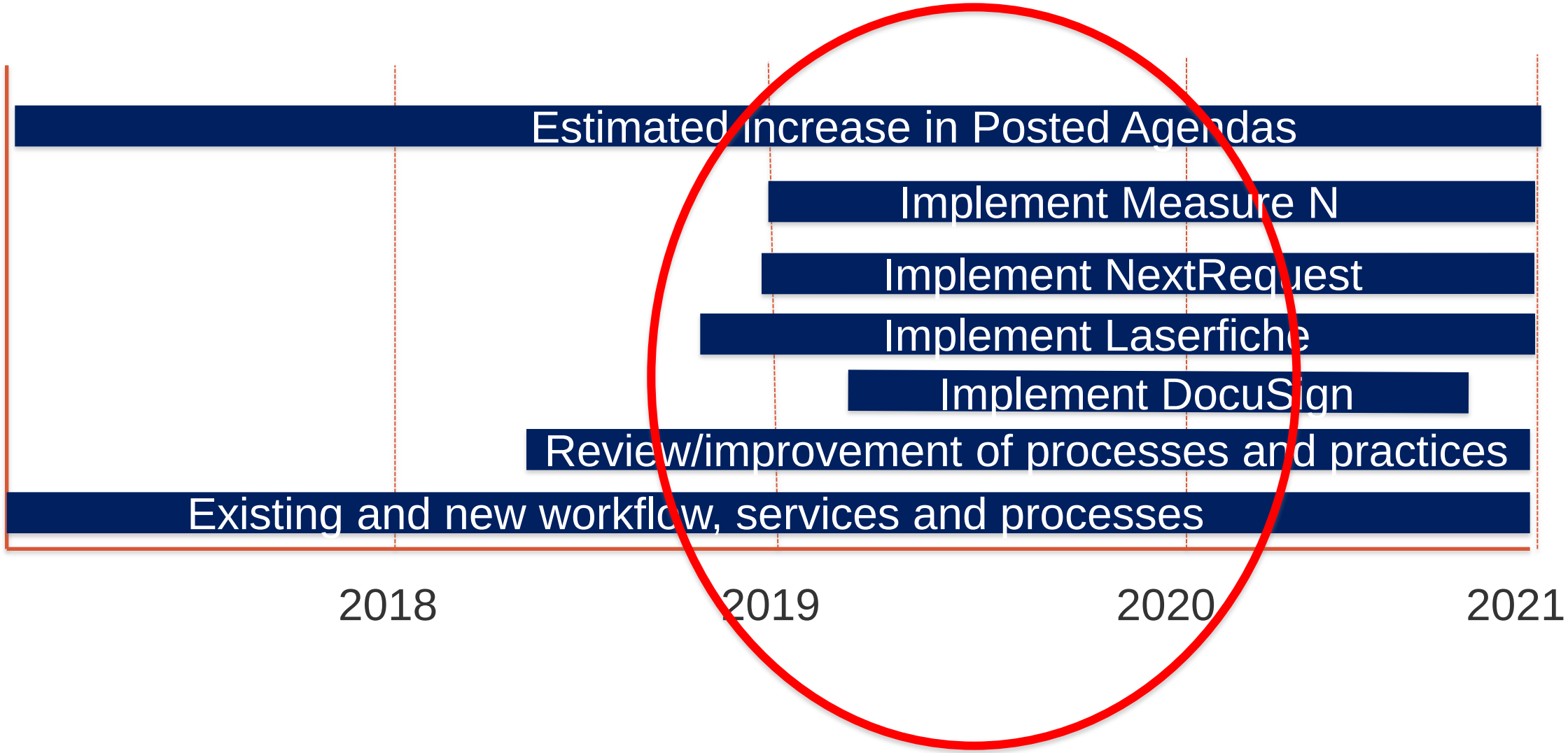
64% Increase since 2013



Upcoming Policy Issues

- Trending to increase amount of posted agendas in FY 18/19 – workload for both the agenda process and policy development for staff
- Implementation of Laserfiche enterprise document management system
- Implementation of NextRequest Public Records Act tracking system
- Implementation of DocuSign electronic signature system
- Collaborate with City Attorney and City Manager on implementation of Measure N Charter Amendment for district-based elections

Workload Forecast



Operational Constraints

- City's workload impacts Office's ability to produce agendas in a timely manner and creates unpredictable work schedules. Need to balance out agenda production and restore Thursday publishing in 2019—allows Friday for initiatives
- Major systems launches require time and may impact day to day operations
- Due to new staffing and short tenure, staff requires training and exposure to best practices to hold up basic manual processes
- Current vacancies create an unbalanced workload during technology implementation

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

City Clerk's Office Summary

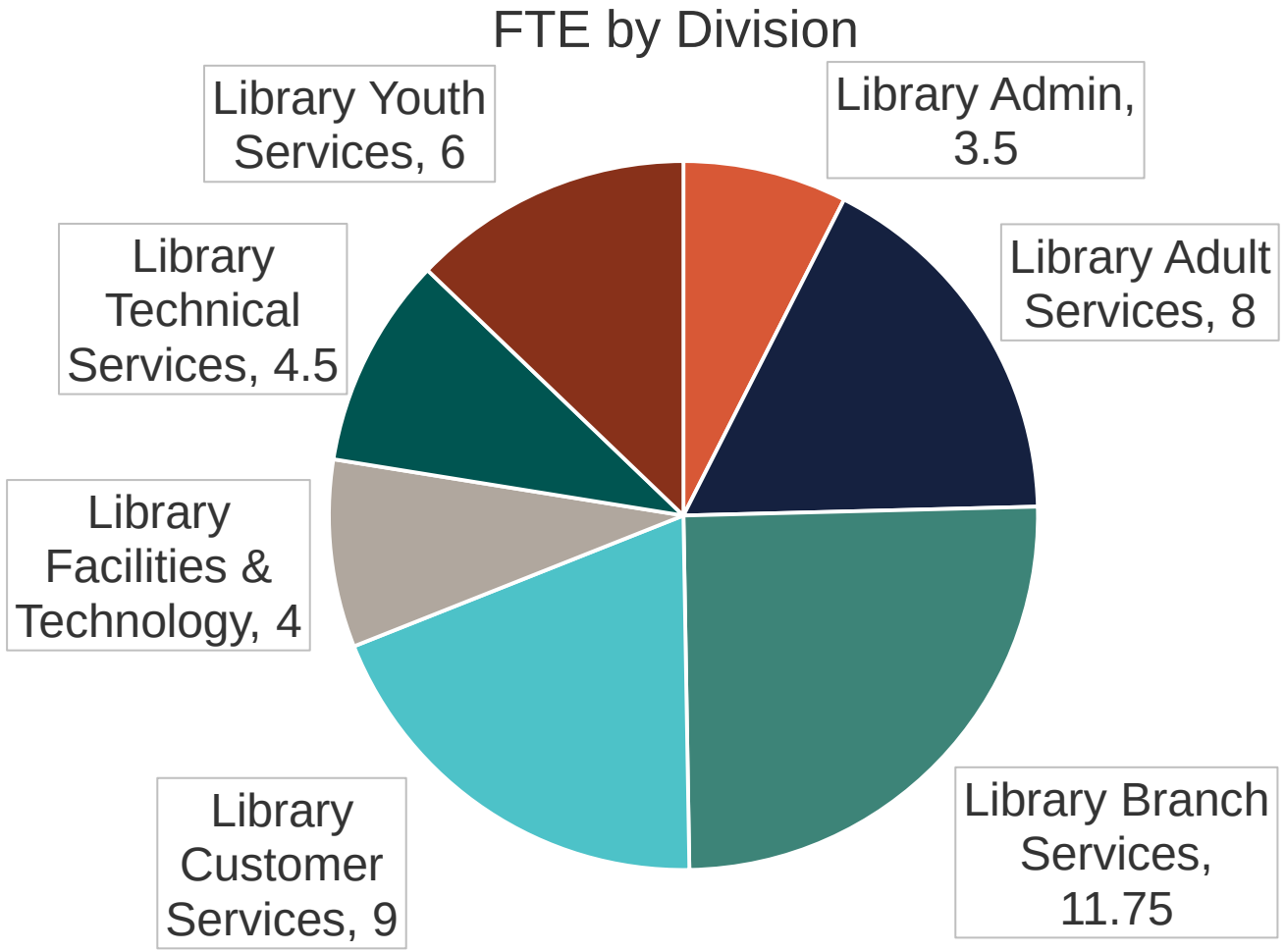
- Enterprise-wide systems will improve City operations:
  - Agenda management
  - Enterprise document management
  - E-signature
  - Public Records Act management
- There are realities regarding the ability to roll-out **multiple enterprise-wide systems** in a short timeframe that will require **significant attention and adaptability** from staff, the Council and the public.
- Supporting new initiatives is difficult under current workload, which includes:
  - increased number of meetings,
  - implementing of district-based City Council elections
  - Boards and Commissions interview process improvements
- Critical staff vacancies impact the Office's ability to sustain heavy workload in an effective and timely manner.

Operational Priorities Library

City of Santa Clara
The Center of What's Possible

Existing Resources – Library

- 46.75 FTE
- $10.4M
- $250K additional from Foundation & Friends



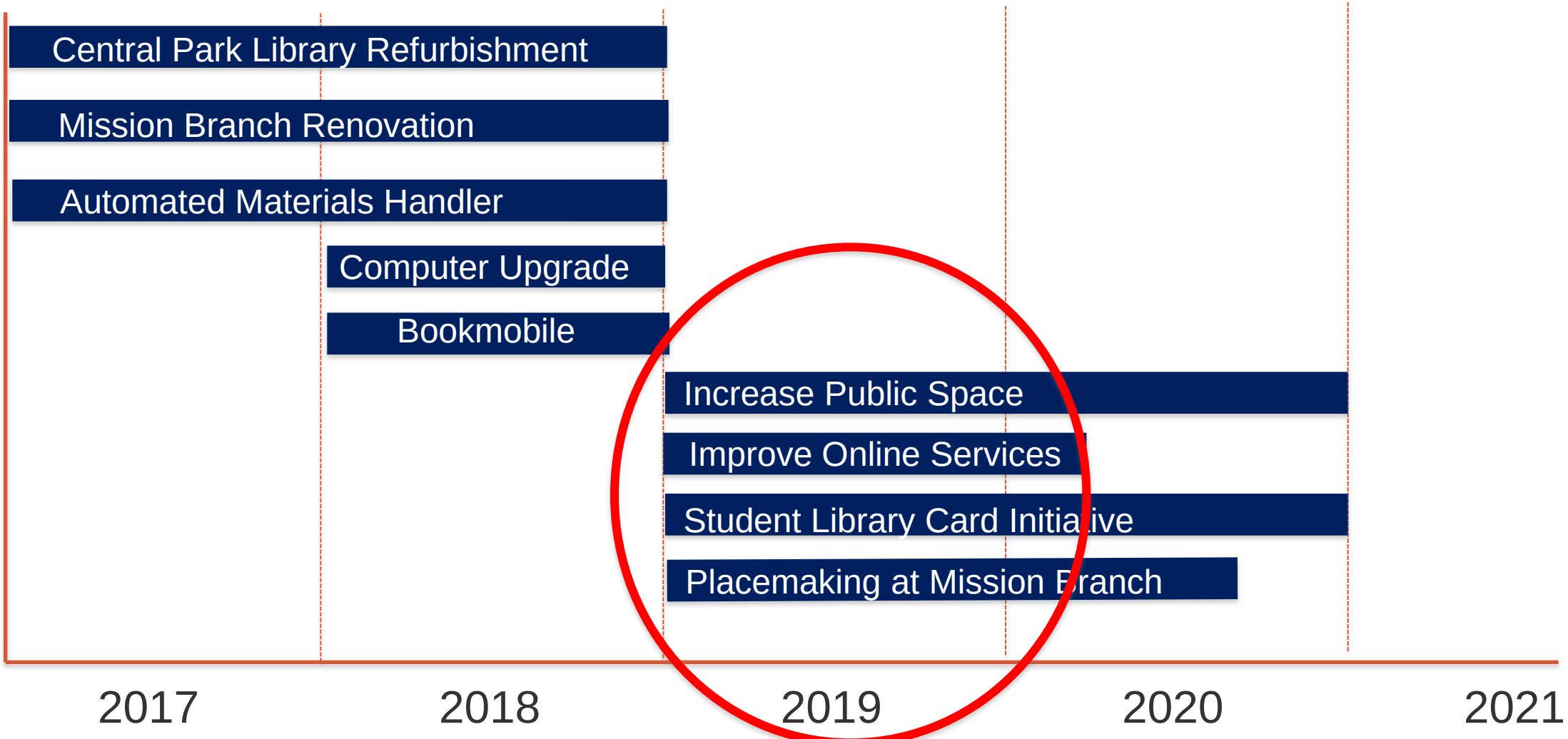
Service Delivery to Customers Highlights

- **Customer Services –**
  - Enhanced Self Service through technology
  - Improved Customer Account Security
- **Adult Services –**
  - Current, and relevant collections of books and other materials
  - Adult Literacy
  - Service to Homebound
  - Immigration & Housing Resource Connection
- **Children & Youth Services –**
  - Storytimes & early childhood literacy initiatives,
  - Year-round STEM programs
  - Girls Who Code

Service Delivery to Customers Highlights

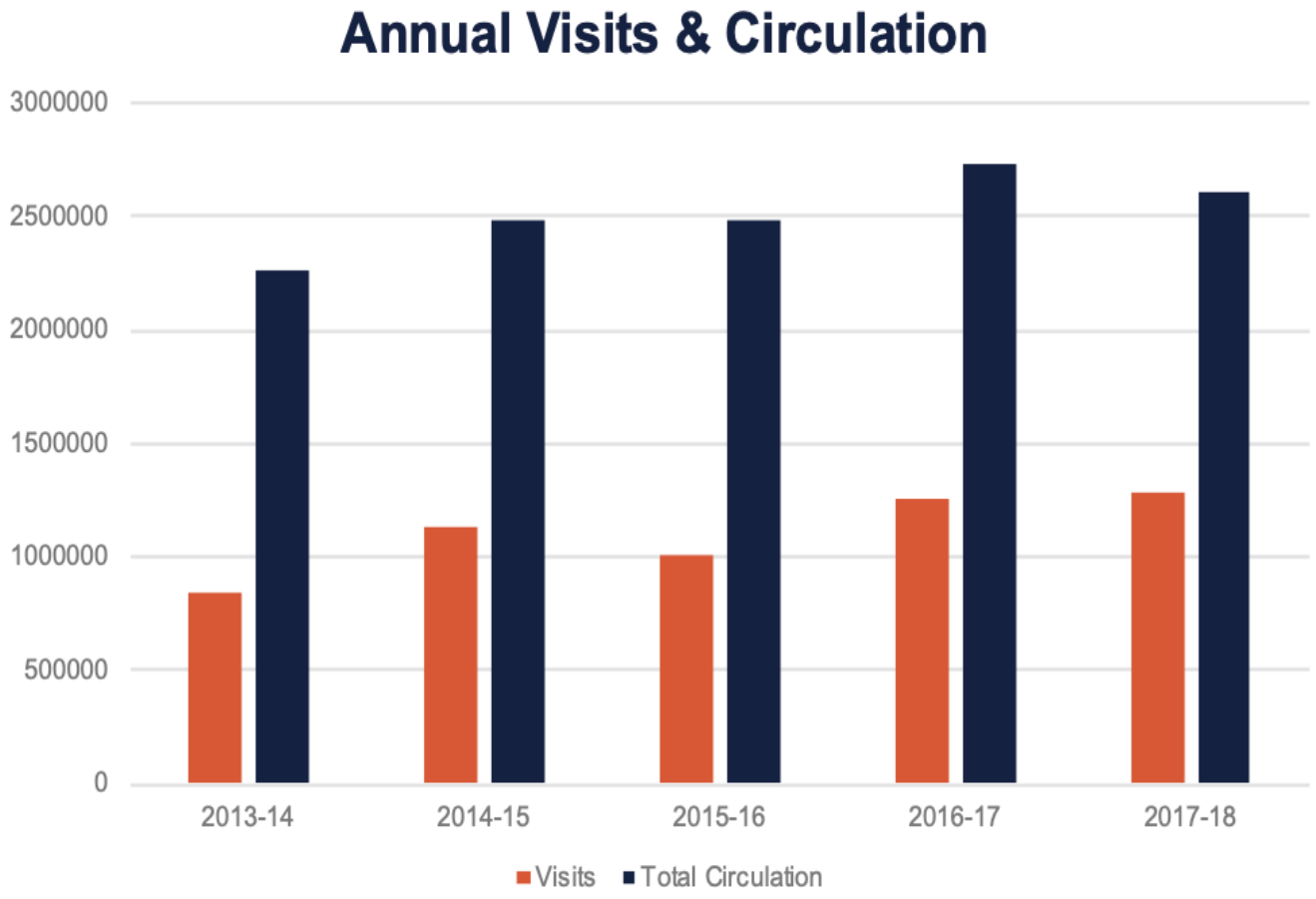
- Branch Services – High impact programs and collections tailored to neighborhoods and community service points
  - Northside Branch Library
  - Mission Branch Library
  - Bookmobile
- Facilities – Safe, attractive & welcoming buildings
- Technology – Access to new and established technology for community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

Long Range Planning



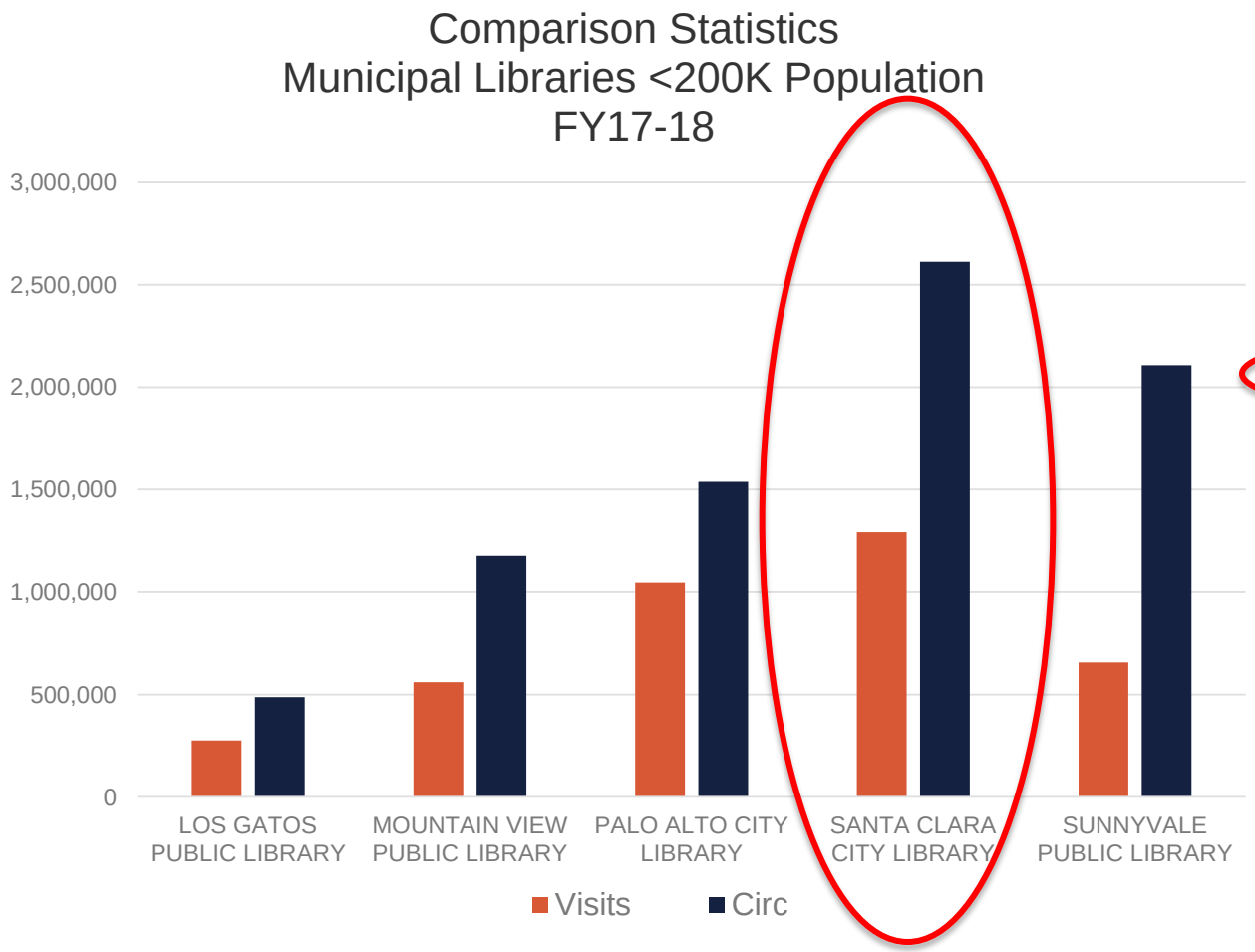
Accomplishments

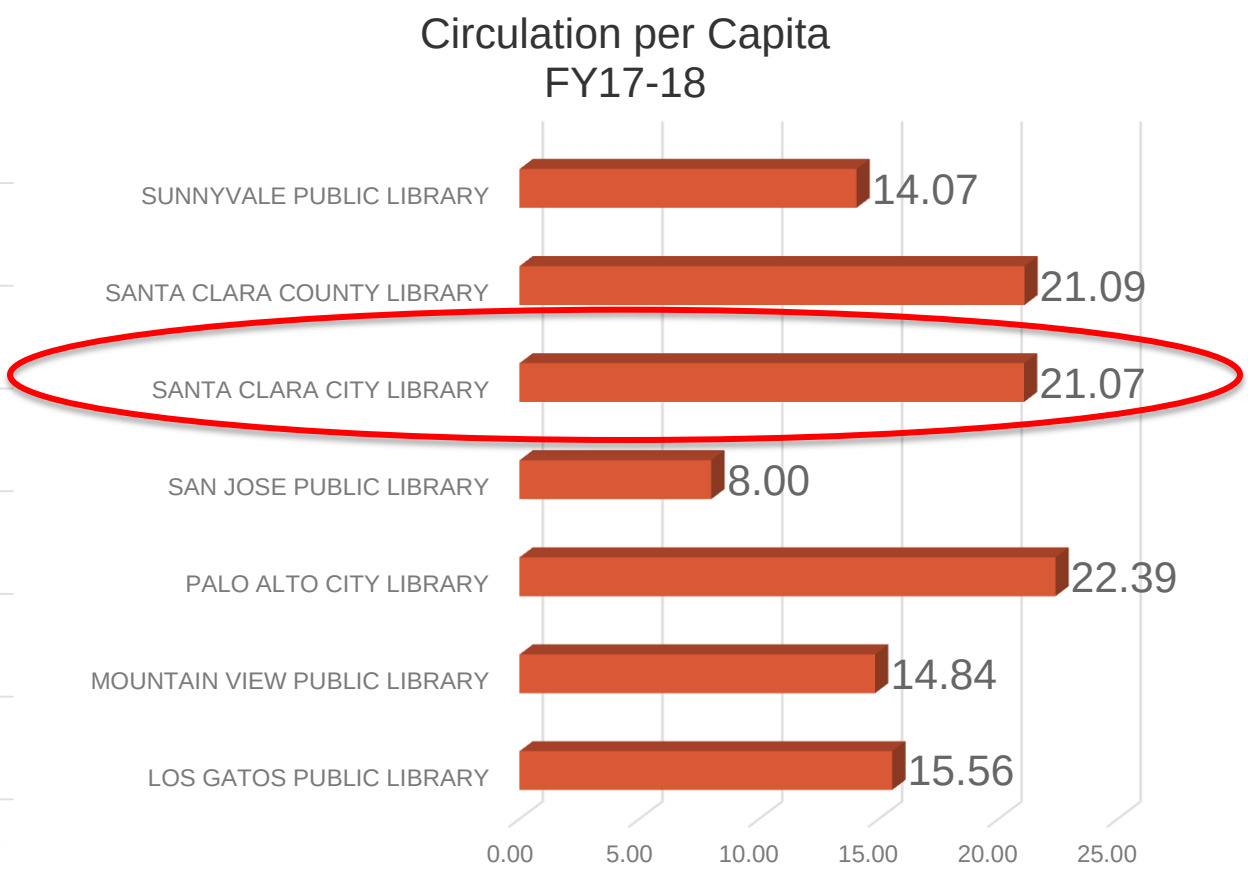
- Checked out 2.6 million items FY 2017-18
- 1.3 million visits
- Visits up even with Mission Branch Library Closed
- 68,593 children and families attended 560 Children's Programs



Accomplishments

- Regional Library Comparisons





Accomplishments

- Hosted Comic Con Event with 8000 attendees
- Hosted Naturalization Ceremony
- Completed Public Computer upgrade
- Added DMV Now Self Service Terminal

Accomplishments

- Mission Branch Library Re-opens with new building and expanded hours

- Bookmobile established weekly service to four Title I schools

Upcoming Policy Issues

- Review Library Services in General Plan Goals & Policies
- Public Meeting Room Policy & Reservation Systems
- Student Card Initiative

Operational Constraints

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

Areas of Opportunity

- Establish partnerships with local schools to provide simple convenient online access to research & reading
- Expanded services to upcoming & newly developed regions of city using Bookmobile
- Use widespread community support, engagement & positivity to build new partnerships & leverage external resources
- Improve organizational efficiency through resource realignment
- Expand ESL offerings to immigrant populations
- Streamline workflows using technology where applicable

Library Summary

- Provide innovative & engaging events and programs for the community
- Connect with students and teachers to promote reading and information literacy
- Promote civic engagement
- Expand access to the library space, technology, & collections
  - Improved customer communication
  - Improved access to library facilities and meeting spaces
- Engage staff through professional development opportunities
- Maintain and upgrade library facilities to keep them safe, attractive & welcoming

Operational Priorities
Parks and Recreation

City of Santa Clara
The Center of What's Possible

Existing Resources – Parks & Recreation

	FTEs	Operating Budget
– Administration	3.75	$1,426,000
– Parks	48.58	$10,798,000
– Recreation	23.42	$7,227,000
Total	75.75	$19,451,000

- Cemetery Division includes 5 FTEs and a budget of $1,249,000 from the Cemetery Enterprise Fund.

Service Delivery to Customers Highlights

- Maintenance and rehabilitation of:
  - Central Park (45.04 acres)
  - 26 neighborhood parks (121.261 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

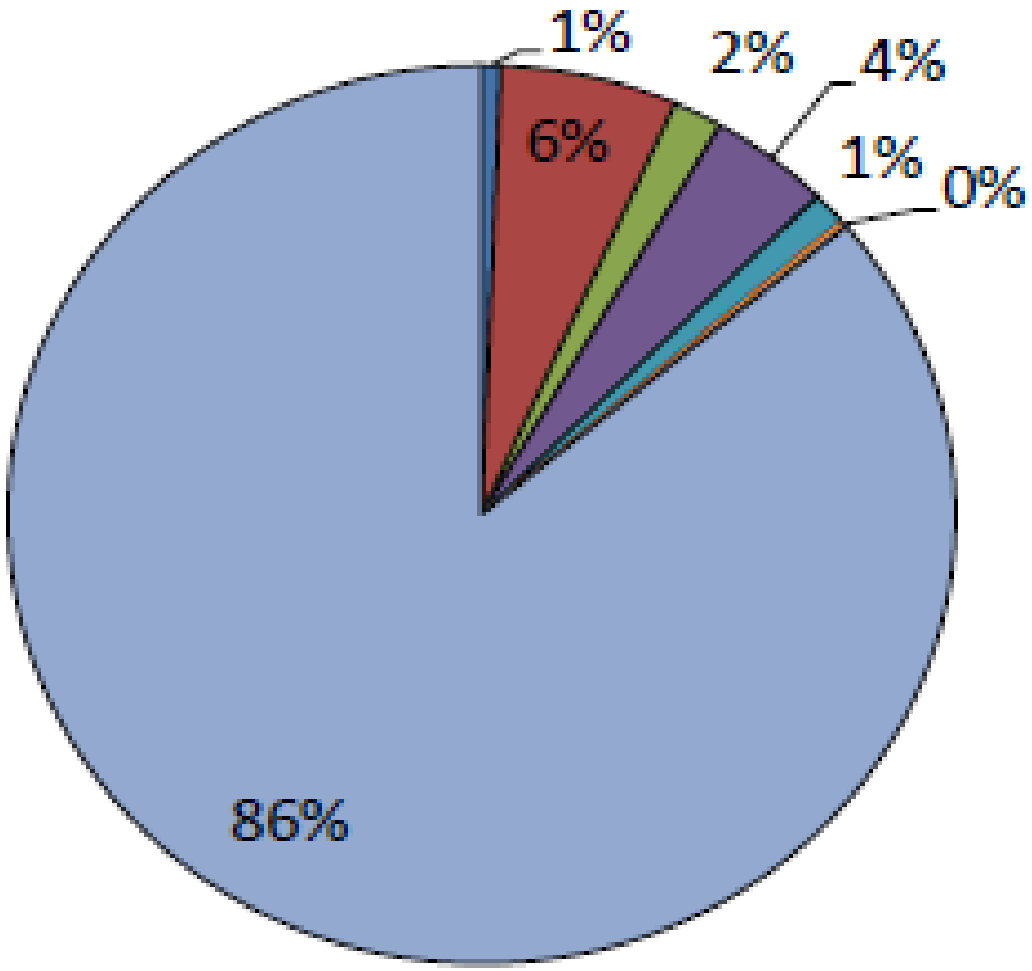
Service Delivery to Customers Highlights

- Planning and development of new Parks & Recreation facilities
  - Lawrence Station Area Parks
  - Montague Park
  - In Lieu Fee Update
  - All Inclusive Playground in Central Park
  - Aging park infrastructure replacement
- Constraints on simultaneous Park Project delivery
  - Number of staff
  - Capital budget sources and allocations available
  - Active community participation levels require additional time

Service Delivery 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

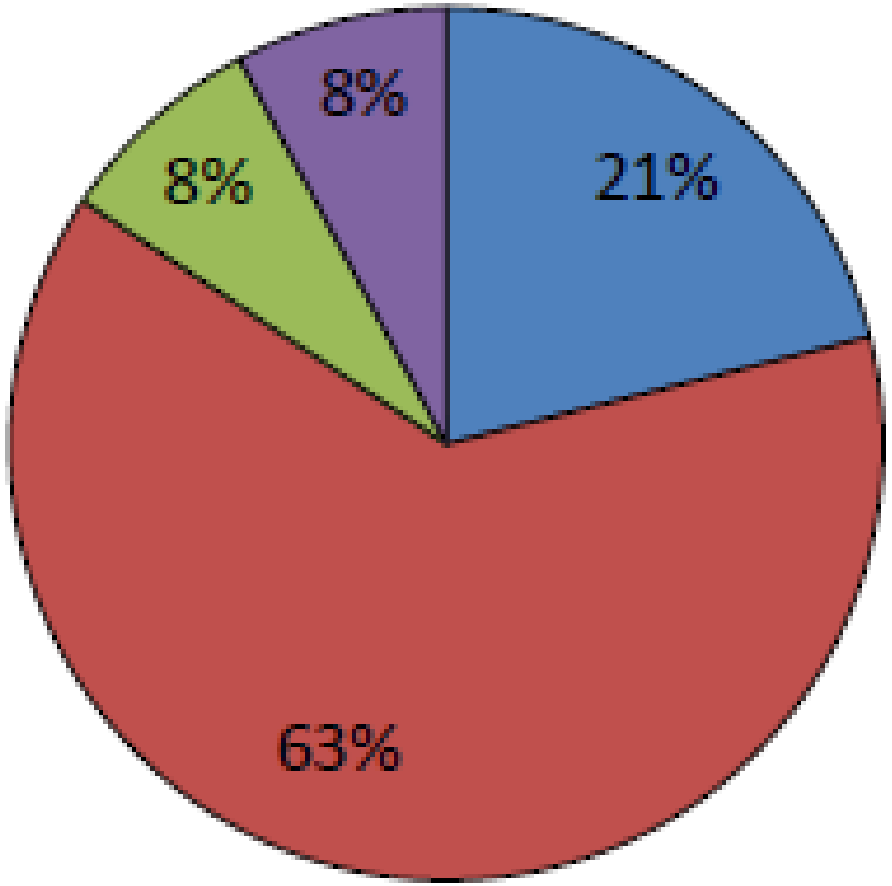
Service Delivery – Parks & Recreation Facility Use



Rental Attendance by Type (543,665 Total)

- Adult Sports (3,590)
- Meeting (32,806)
- Party (9,200)
- Picnic (22,464)
- Special Event- Non P&R (6,348)
- Theater (1,521)
- Youth Sports (467,690)

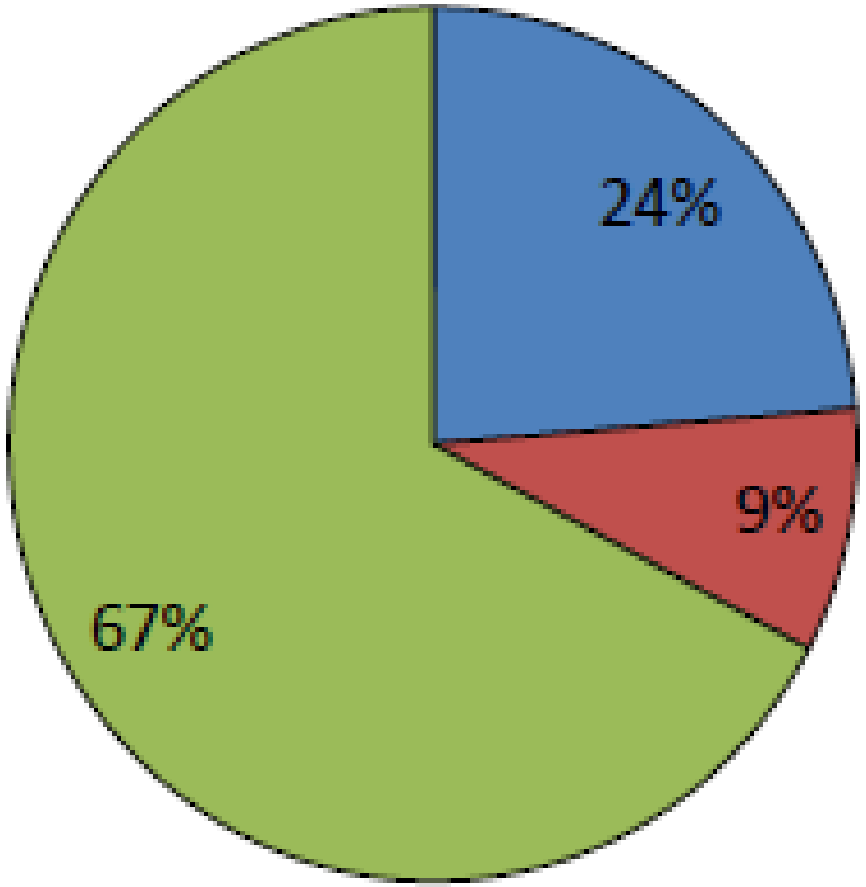
Service Delivery -- Classes



Class Attendance by Age Group (155,155 Total)

- Infant/Toddler: 0-4 Years (32,378)
- Youth: 5-12 (98,276)
- Teen/Adult: 13-49 Years (12,034)
- Senior: 50+ Years (12,167)

Service Delivery – Drop-Ins



Drop-in Attendance By Age Group (181,300 Total)

- Youth: 0-12 Years (42,980)
- Teen/Adult: 13-49 Years (16,376)
- Senior: 50+ Years (121,944)

Service Delivery to Customers Highlights

- Produce 12 Annual City-wide Special Events
- Over 1,500 volunteers
- Support Commissions
  - Parks & Recreation
  - Youth
  - Senior Advisory
  - Cultural Commission (added 2018)
- Provide Cemetery service, operation, maintenance
  - Mission City Memorial Park
  - Agnews Historic Cemetery

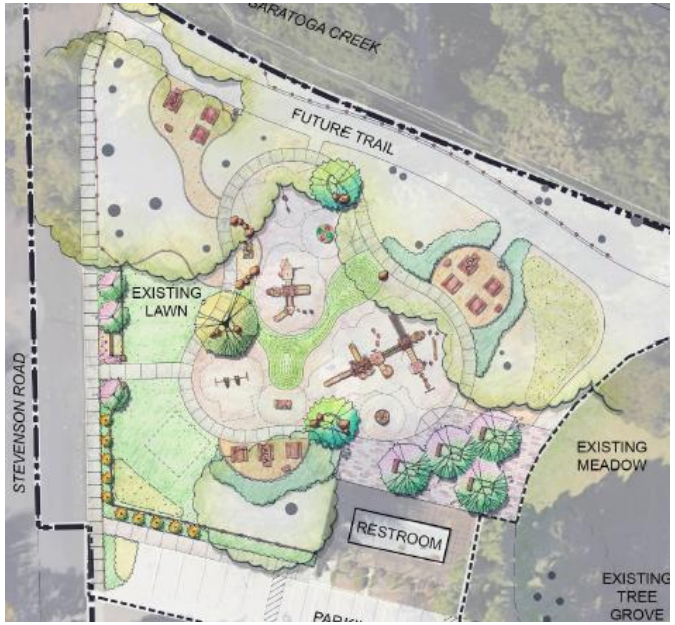
City of Santa Clara
The Center of What's Possible

Accomplishments 2018

- Grand Openings
  - Central Park Annex
  - San Tomas & Monroe Neighborhood Park & Community Garden
- Ground Breaking
  - Reed & Grant Street Sports Park

Accomplishments 2018

- Park & Playground Renovation (*status*)
  - Bowers & Machado Park Playgrounds (Bid)
  - Homeridge Park, Agnew Park, Fuller Street Sport Court (Design)
  - Montague Park (Community Input process)
- SCCC 17.35 Parkland Dedication
  - New residential development Project compliance review for acquisition and development of new public parks and recreational amenities
  - Santa Clara Square (under development)
  - Lawrence Station Area (under development)



Long Range Planning

Upcoming Policy Issues

- Update Parkland Dedication in–lieu Fees
  - Nexus Study Inventory, Land valuation and Park improvement value
- Aging Parks & Recreation infrastructure
  - Near term (5YR) needs: Parks $12.5 million, Buildings $36 million. ($53.5 M with cost escalation)
  - Life Cycle (20 YR) needs: Parks $90 million, Buildings $65.8 million.($155.8 M with cost escalation)
  - Needs exceed current sources and available funds
  - Project Prioritization and Allocation of funding
- Central Park Master Plan
- Acquisition & development policies/plans/agreements for new facilities

Operational Constraints

- Age, condition, and capacity of existing facilities
  - Higher maintenance demands
  - Limited ability to grow programs to meet demand & diversity of community needs
- Construction market conditions (cost escalation, tight materials/labor supply)
  - Impacts park project costs and schedules
- Personnel
  - Same number, increased workload, plan review, training time away
  - New facilities life-cycle maintenance

Areas of Opportunity

- Replace older facilities, equipment and technology
- Implement Parks Enterprise Asset Management (EAMS) and Electronic Work Order System (Lucity) with public interface
- Increased community engagement, collaboration, sponsorships, volunteer utilization
- Increase understanding of recreation market segments, pricing and revenue strategies to support program growth and subsidy priorities
- City-wide Parks & Recreation Master Plan to identify and prioritize needs
  - Acquisition & development plan for new parkland & facilities (size, amenities, locations adjacent to existing parkland, trails and facilities)
  - Recreation service plan to address desirable measurable outcomes (health & fitness, age-friendly, sustainability, natural environment)
  - Identify funding strategies, explore foundation grants and endowments

Parks & Recreation Department Summary

- High resident approval rating for Parks & Recreation programs and services
  - 81% voters visited City Parks in the past 6 months (7-2017 survey)
  - 96% believe well maintained parks contributes to Santa Clara Quality of Life
  - 86% approve of how Parks & Recreation is doing its job (5% disapprove)
- 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, collaboration with internal and external stakeholders, volunteers

Operational Priorities
Community Development

City of Santa Clara
The Center of What's Possible

Existing Resources

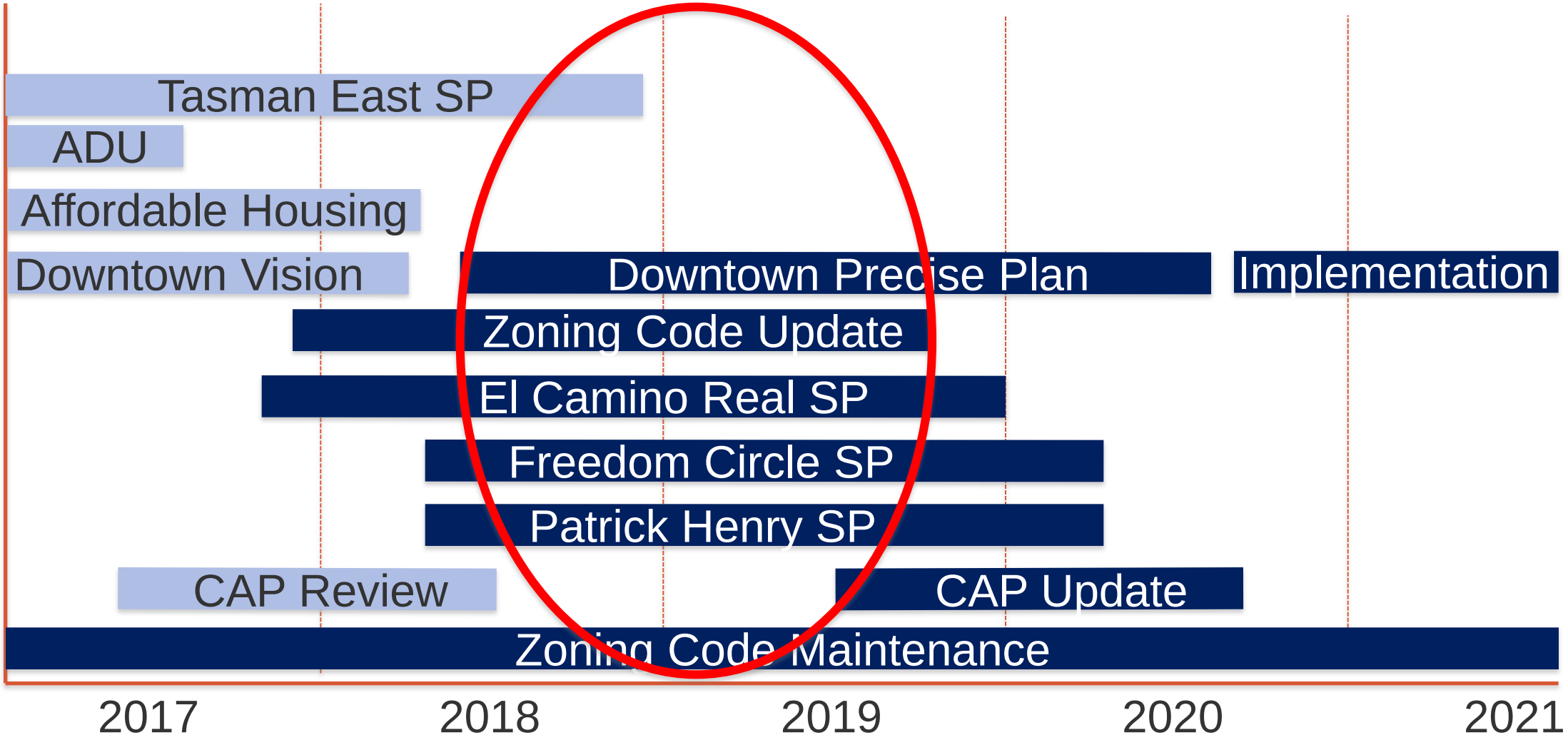
Community Development	FTEs	Operating Budget
– Planning	20	$4.7M
– Building	38	$9.1M
– Housing and Community Services	7	$802,419*
Total	**65**	**$14.6M**

*Housing Division Revenue includes $1.9M Special Revenue Funds

Accomplishments - Planning Division

- Answered ~10,000 Public Inquiries (850 per month)
- Responded to 984 Code Enforcement Cases (82 per month)
- Conducted Public Hearings for 209 Projects (17 per month)
- Completed Tasman East Specific Plan, Affordable Housing Ordinance
- Staffed Planning Commission, Architectural Committee, etc.

Long Range Planning



Upcoming Policy Issues – Planning

- Zoning Code Update – changes to land use permitting process – architectural review, regulation of Air BnB, Boarding Houses, etc.
- North of Bayshore – master planning (Patrick Henry, Freedom Circle, Kylli)
- El Camino Real – community engagement
- Downtown Precise Plan
- City Place – Development Area Plans
- BART and other regional planning efforts, CEQA review
- Evaluation of phased General Plan & Housing Supply
- Climate Action Plan / transportation analysis methodology

Accomplishments - Building Division

13% ↑ increase in Inspections YTY

14% ↑ increase in Permits issued

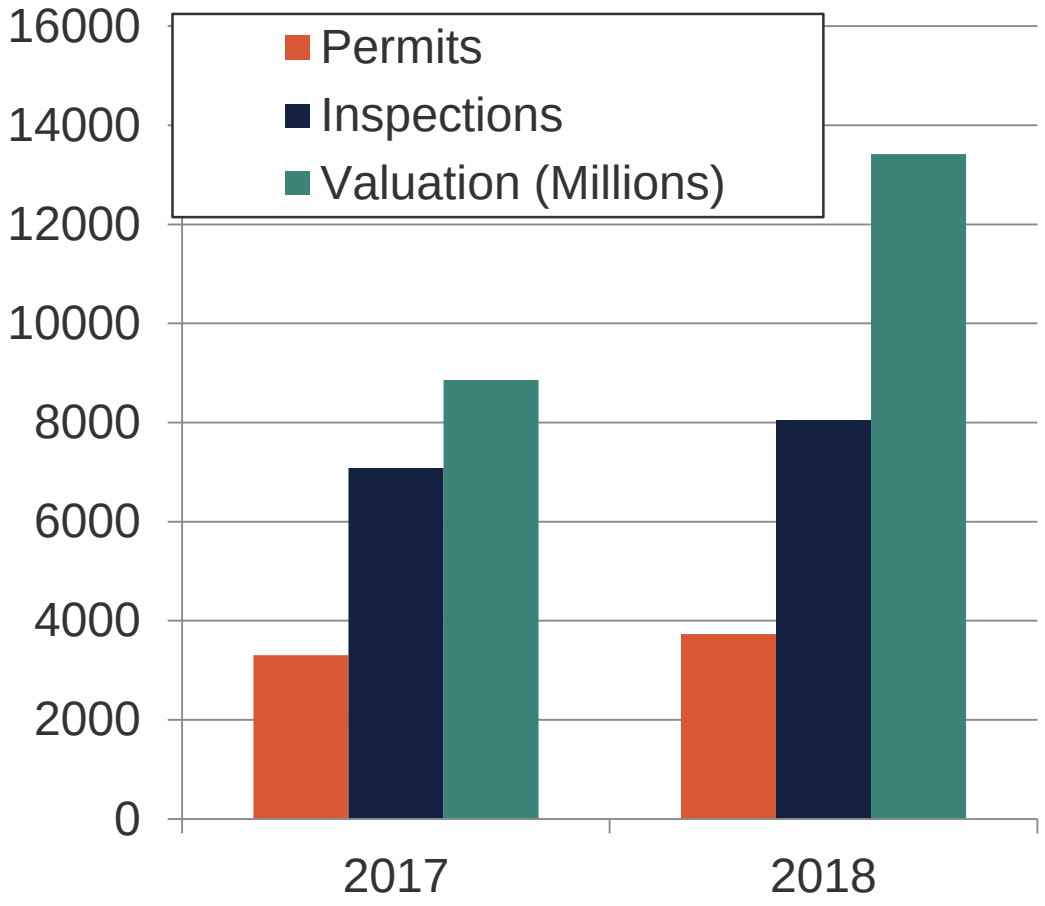
52% ↑ increase in Building Permit Valuation

2017 Activity

- Performed 33,052 Inspections (2,754 per month)
- Reviewed and Issued 7,081 Permits (590 per month)
- Total Building Permit Valuation : $886,057,040

2018 Activity

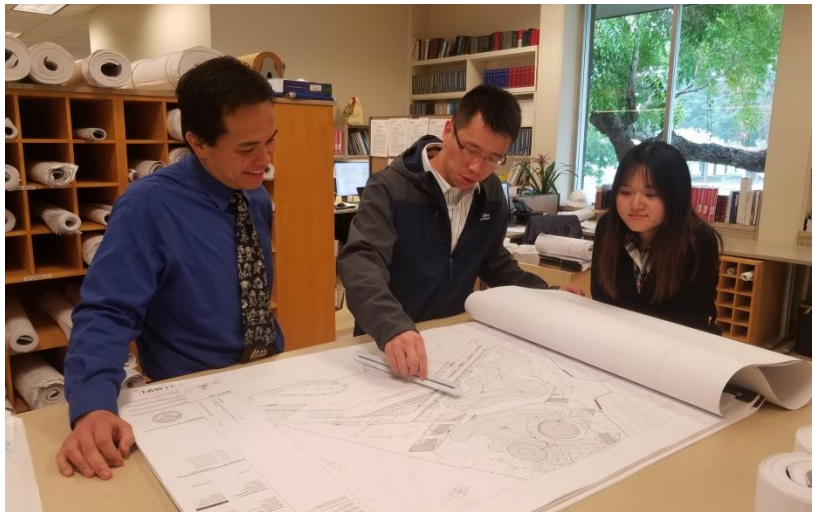
- Performed 37,318 Inspections (3,110 per month)
- Reviewed and Issued 8,053 Permits (671 per month)
- Total Building Permit Valuation: $1,342,241,690



City of Santa Clara
The Center of What's Possible

Accomplishments - Building Division

- Completed Building Official Recruitment
- Initiated Update to the Accela Permit Tracking System
- Implemented process improvements for scheduling of inspections
- Improved Building Permit review inter-departmental coordination
- Provided special handling for large and select tenant improvement projects



Accomplishments – Housing and Community Services

- Affordable Housing Policy Implementation
- For fiscal year 2018-19, invested $881,738 in the City's Neighborhood Conservation Improvement Program (NCIP) - *FY 17/18 10 Households*
- For fiscal year 2018-19, invested $948,000 in the City's Tenant Based Rental Assistance Program (TBRA) - *FY 17/18 44 Households; 59 adults 86 children*
- Since July 1 2018, assisted 2 families in purchasing Below Market Purchase (BMP) homes – Average note value of $750,000 repayable to City
- Assisted 20,090 residents through public service programs
- Assisted 20 homeless or at-risk Santa Clara residents through County Supportive Housing Partnership
- Conducted outreach, RFP and ENA process for City-owned Affordable Housing sites

Housing and Community Services

- 2,554 Affordable Housing Units in the pipeline
  - 225 Extremely Low Income
  - 611 Very Low Income
  - 972 Low Income
  - 746 Moderate Income
- $71M County Funding
- $21.5M City Subsidy
- 1,950 Inclusionary Units (no direct subsidy)
- Additional Units to be funded with inclusionary fees

City of Santa Clara
The Center of What's Possible

Upcoming Policy Issues – Housing

- US Department of Housing and Urban Development (HUD) Annual Appropriations for CDBG and HOME – Funding Cuts?
- Use of Housing Sites / Advancing 100% Affordable Projects (State Regs)
- Partnership / RFP projects – 90 N. Winchester, Corvin Drive, San Tomas
- Inclusionary Housing Ordinance implementation

Operational Constraints

- Staffing – recruitments and retirements
  - 10 FTE filled in 2018
  - 13 Vacancies (6 in process of being hired)

  35% of 65 FTE for the Department
- Staffing – office/work space
- Permit tracking system
- Permit fee levels
- Redistribution of resources to County
- Limited land and funding to support development projects
- Community support for affordable and supportive housing (NIMBYism)
- Capacity to keep up with demand
- Historic focus on operations vs. management

Areas of Opportunity

- Technology Tools
- Streamlined Zoning Code
- Specific Plan communities
- Expanded community engagement and Placemaking initiatives, including next steps for the Mission Branch Library
- New State and regional policies
- Fee and grant supported long-range programs
- Partnership with County to use Measure A funds for affordable housing

Operational Priorities
Department of Public Works

City of Santa Clara
The Center of What's Possible

Existing Resources – Public Works

Public Works	FTEs	Operating Budget
– Engineering	39.87	
– Facility Services	13.23	$26.3M
– Street	52.50	
– Automotive Services	15.75	
– Solid Waste	5.55	$24.8M
– Convention Center Maintenance District	0.10	$1.6M
– Downtown Parking Maintenance District	0.50	$0.36
– Vehicle Replacement & Fleet Operation	N/A	$9.3M
Total	**127.5**	**$62.4M**

Service Delivery Highlights

- Development Plan Review and Fee Collections
- Infrastructure Planning and Capital Projects
- Solid Waste Collection Services and Street Sweeping
- Street & Sidewalk Maintenance and Street Trees
- Transportation:
  - signals
  - signage
  - parking regulations
  - bike and pedestrian
- Fleet Management

Service Delivery Highlights

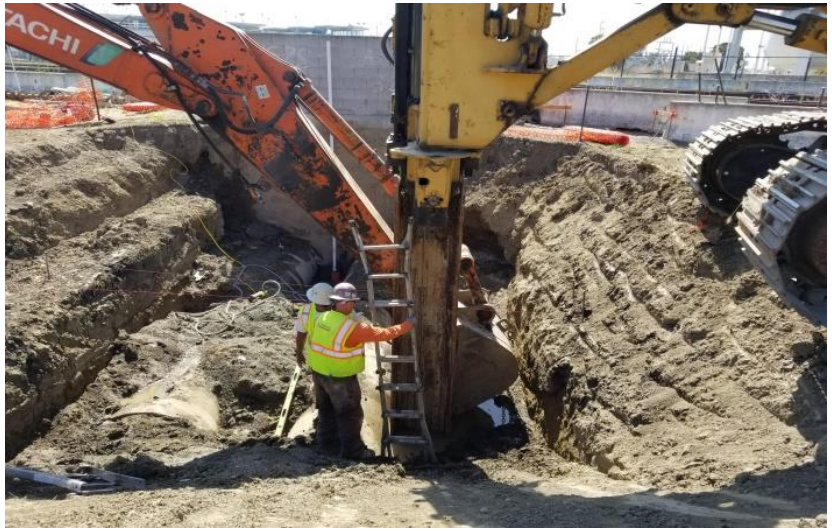
- Building Maintenance, including Historic Homes
- Maintenance Districts (Convention Center & Franklin Mall)
- Maintenance of Tasman Garage and City Parking Lots
- Design and Construction Management for Other Departments
- Support Stadium Events

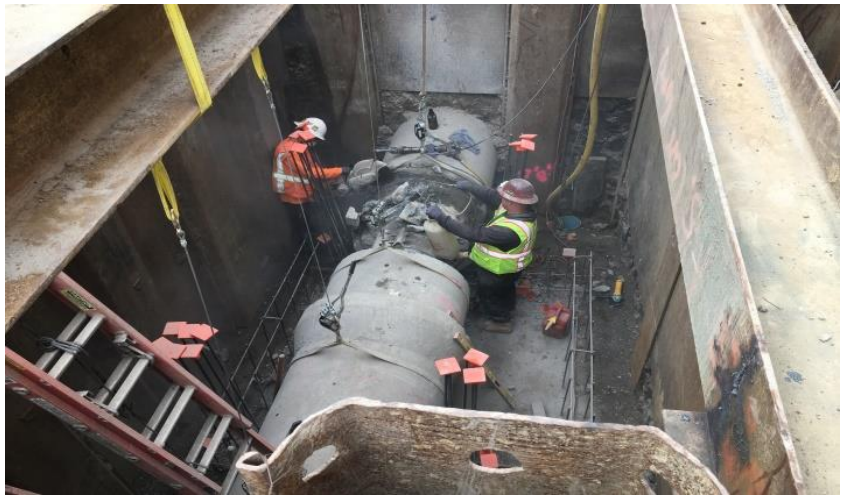
Accomplishments

- $16M in Transportation Grant Funded Projects Budgeted
- 2018 Pavement Surface Improvements
- Mission Branch Library Remodel
- Police Building Security Upgrade
- San Tomas and Monroe Neighborhood Park
- City Hall Tenant Improvements

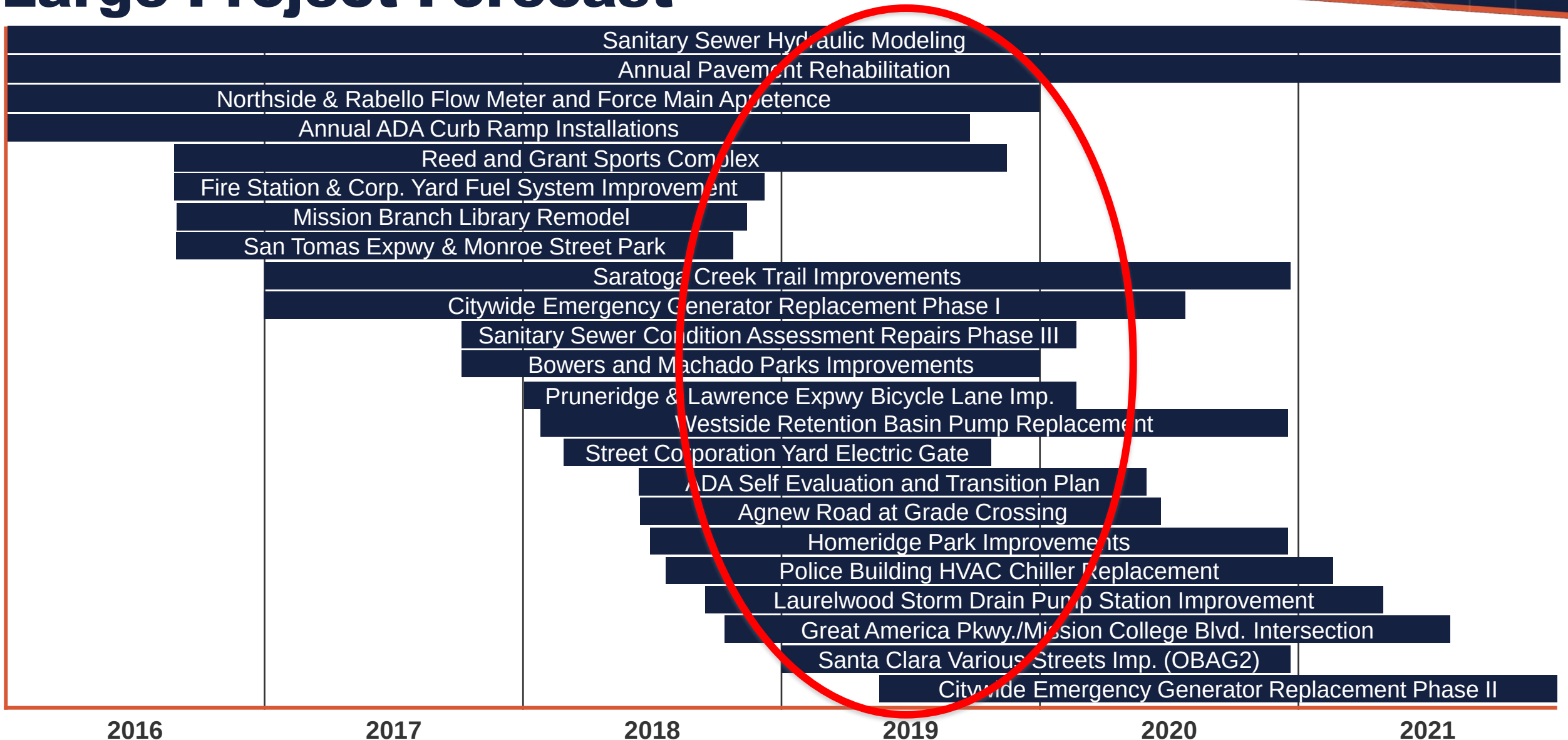
Accomplishments

- Worked on over 50 Projects
- Updated Traffic Mitigation Fee Program
- Finalized Multimodal Improvement Plan for CityPlace Development
- Pedestrian crossing improvements
- Issued 418 Encroachment Permits and Finalized 9 Maps. Gateway Village, Santa Clara Square Phase II, Summerhill at LSAP, Silicon Sage at Franklin



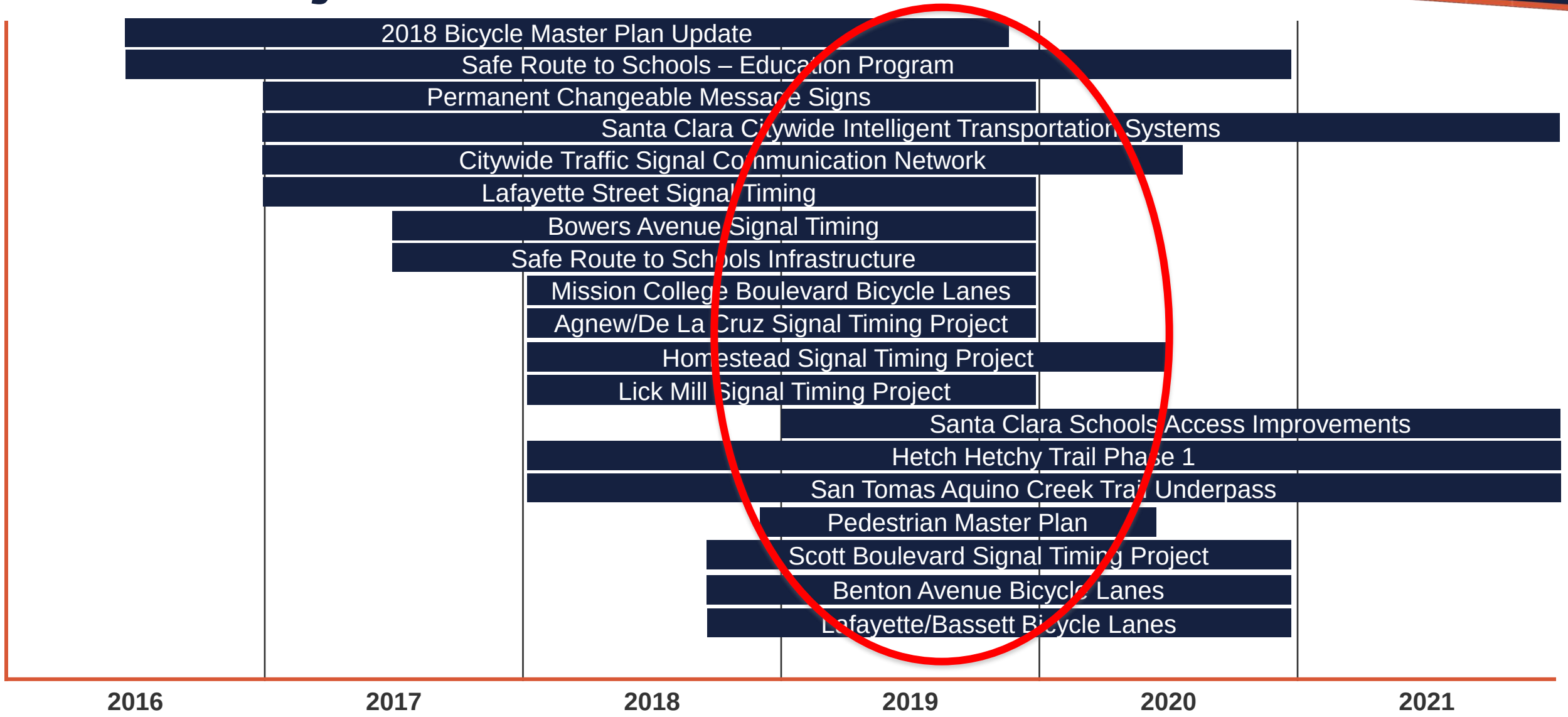


Large Project Forecast



City of Santa Clara
The Center of What's Possible

Traffic Project Forecast



CIP Project Summary

CIP Category	No. of Projects		Total Budget
	FY18-19	FY19-20	
Bike/Pedestrian Improvements	11	12	$9.4 M
Traffic Improvements	8	9	$11.5 M
Roadway Improvements	3	4	$26.5 M
Storm Drain Infrastructure Improvements	2	2	$5.6 M
Sanitary Sewer Infrastructure Improvements	2	2	$13.4 M
Facility Improvements	12	11	$10.3 M
Park Improvements	5	6	$31.5 M
Library Improvements	1	1	$2.2 M
Total	**44**	**47**	**$110.6 M**

Reed-Grant Sports Park

- New 9.75 acre Community Park Facility
- Project Scope:
  - Five lighted soccer fields with gathering/viewing area
  - Multi-purpose recreation & maintenance building
  - Children playground and picnic area
  - Two on-site parking lots
- Estimated Completion fall 2019
- Construction Budget: $22.2 M

**Temporary/off-leash dog area at Larry J. Marsalli Park opened due to construction at Raymond G. Gamma Dog Park*

CURRENT

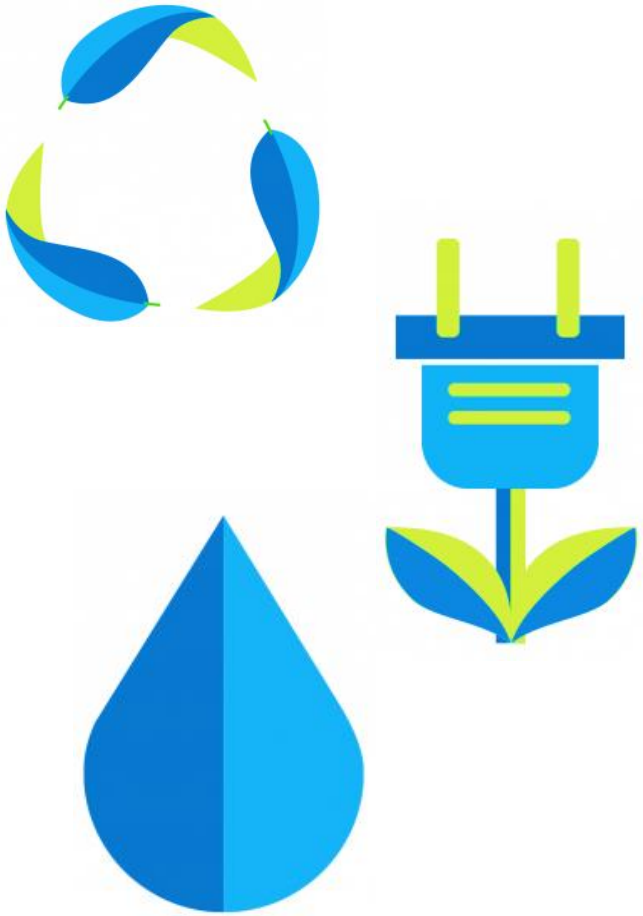
FINAL

City Place Project (Related)

- Related engaged with City on early construction work
  - Fire Station 8 Expansion
  - Tasman slip ramp, utility relocation, bus access road
- Multimodal Improvement Plan (MIP)
  - $23M in transportation projects/programs to improve all mobility options
  - Funding Agreement (Council consideration Winter 2019)
- Landfill coordination with regulatory agencies
- Construction to begin in Winter 2019

Corp Yard Green Business Certification

- Implement a DPW Environmentally Preferable Purchasing Policy (EPPP)
- Install sink faucets aerators
- Reduce the use of chemicals
  - cleaners with triclosan, fluorescent tubes, aerosolized air fresheners, paper products processed with chlorine, etc.
- Properly sort and dispose of waste
  - garbage, recycling, plant material, e-waste, universal waste, hazardous waste

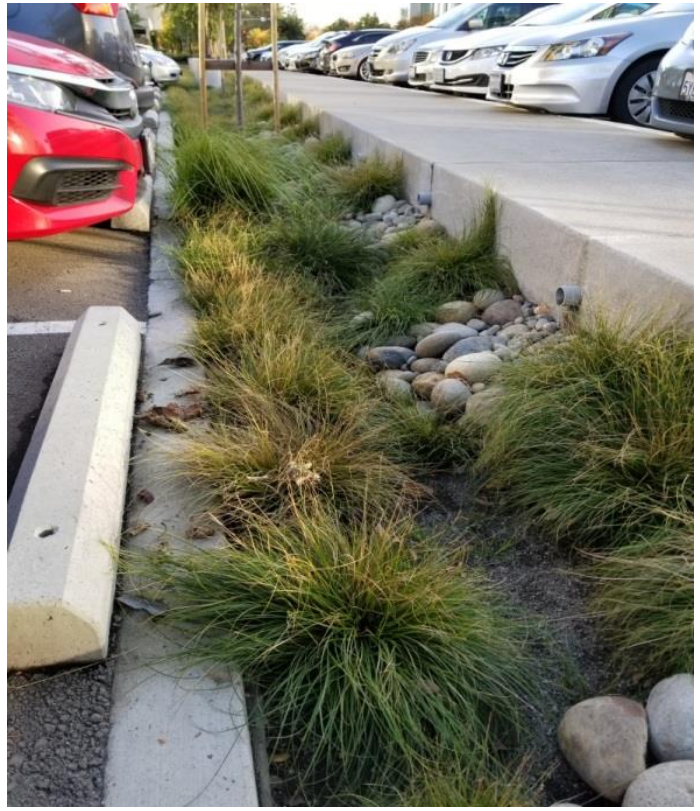


Green Fleet Policy Development

- Policy Objectives:
  - Optimize fleet size by reducing the number of underutilized vehicles/equipment
  - Select the most environmentally friendly and cost effective fleet of vehicles available by class
  - Reduce the total cost of running the City's fleet
  - Comply with EPA and CARB emissions requirements
- Purchase & install electric vehicle charging stations as necessary for implementation
- Policy Approval Summer 2019

Green Infrastructure (GI) Plan

- Adoption Required by September 30, 2019
- Develop guidelines for streetscape and project design and construction that:
  - Retrofit existing impervious spaces (examples: parks, green streets, rain gardens, parking lots)
  - Provide treatment of stormwater before discharge
  - Prioritize/advocate multi-benefit projects that include stormwater treatment, complete streets, urban forestry, etc.
- Plan includes standard specs and details



Solid Waste Contracts Procurement

- Franchise agreements with Recology and Mission Trail Waste Systems expire 1/10/20 and 12/31/21
  - Amend existing agreements and/or RFP
- Compliance with SB 1383 Short-Lived Climate Pollutant regulations that mandate organics collection
  - New services
  - Higher customer rates
- Analysis of utilizing Sunnyvale Materials Recovery and Transfer Station (SMaRT Station)

Adopt-a-Spot Program

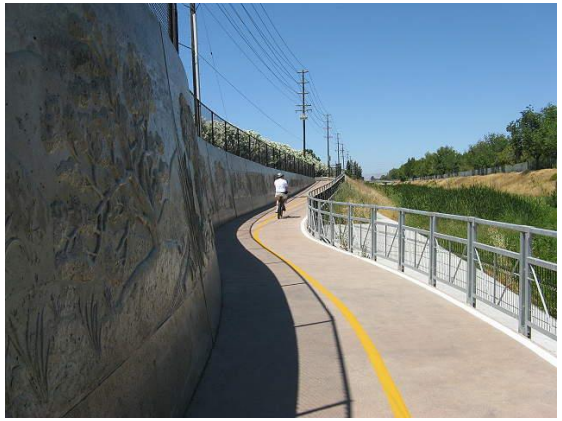
- Community based street beautification program
  - 25 **volunteer** groups
  - 1,229 lbs. of litter removed since program inception
- Updated branding of “community beautification super heroes”
  - Litter reduction public outreach campaigns
  - Tabling at community events

Intelligent Transportation

- Monitor live traffic with high resolution cameras
- Signal Timing – fiber network (manipulate signal and corridor operations in real time)
- Bluetooth/Wi-Fi Traffic Monitoring
- Updates to City-wide Traffic Management Software
- Changeable Message Signs – real time (cellular connection)
- Emtrac Installation
- Adaptive Signals

Bike, Ped, and Trail Master Plans

- Bicycle Master Plan Update (Grant)
  - BPAC and Council consideration Spring 2019
- Pedestrian Master Plan (Grant)
  - Community engagement (online survey, workshops)
  - BPAC, ADAC, and Council consideration Winter 2020
- Creek Trail Expansion Master Plan (TIF)
  - Calabazas Creek, Hetch Hetchy R.O.W, Saratoga Creek
  - BPAC and Council consideration Summer 2020



Regional Transportation

- High Speed Rail (study session 02/19/19)
  - Environmental, Alternatives, Community Groups
  - Estimated Service by 2029
- BART Phase II
  - Environmental Approved, Design Underway
  - Estimated Service by 2026
- Caltrain Electrification (study session 12/04/18)
  - Construction Started 2017
  - Estimated Service by 2022

CALIFORNIA High-Speed Rail Authority

Santa Clara Valley Transportation Authority

BART

Caltrain

ADA Self-Evaluation and Transition Plan

- Project Purpose: Evaluate City's compliance with the Americans with Disabilities Act (ADA)
- Project Scope:
  - Evaluate the City's policies and practices
  - Survey facilities with public access (e.g. parks, public buildings, parking lots, and the public R.O.W.)
  - Identify deficiencies and propose modifications
- Estimated Completion Mid 2020
- Budget: $.5 M

Pavement Rehabilitation Program

- Perform preventative maintenance and rehabilitation work on existing paved streets
- Maintain Pavement Condition Index (PCI) of 75
- 2019 Project Scope:
  - Approximately 9 miles of various streets, over 150 curb ramps and 16,000 tons of asphalt
  - Seal coat, slurry seal, cape seal, and mill and replacement
  - $6.2 M Construction Budget (Measure B, SB1, Gas Tax)
- Unfunded amount $30 million in 5 years

Storm Drain Program

- Rebuild deteriorated Stormwater Infrastructure
- Laurelwood Pump Station Project ($4.2 M):
  - Replace stormwater pumps & Generator
  - Install electrical and mechanical equipment and controls
  - Improve wet well structures & building
  - Estimated Completion summer 2021
- Unfunded Highest Priority Projects $30 M (2018 dollars)

Upcoming Policy Issues

Unfunded Infrastructure Needs

- Storm Drain Program
- Roadway Pavement Condition Index (PCI):
  - Reduce PCI goal or Increase Annual Funding
- Building Maintenance Infrastructure, including City Hall and Historic Houses
- Parking Lot and Trail Maintenance
- ADA Transition Plan Implementation
- Bike, Ped, Trail Master Plan Implementation
- Signal Maintenance & Uncontrolled Crosswalks

Upcoming Policy Issues

- Mandatory Organics Recycling Requirements – SB 1383
- Solid Waste Procurement Options
- Roadway Priorities for Multimodal Improvements
- Municipal Regional Stormwater NPDES Permit Requirements (Green stormwater infrastructure, trash load reduction, PCB/mercury reduction)
- Green Fleet Policy
- Pavement Moratorium

Operational Constraints

- Staffing – limited recruitment pool, outside agency coordination for large projects
- Monitoring and supporting new state requirements
- Volume of residential and developer request for service and information through multiple City platforms
- Fiscal constraints impacting service delivery for pavement and sidewalk repair
- Decentralized purchasing has inefficiencies & outsourced insurance verification services delays service agreements
- Civic Center workspace availability
  - Limited office and corporation yard space

Areas of Opportunity

- Realign department staffing model to align with new priorities
- Utilize Consultants for peak workloads in lieu of staffing up
- Interdepartmental process review and options for streamlining
- Centralize and Integrate Services – e.g. Public Works provide landscape maintenance of Silicon Valley Power sites
- Enhance relationships with outside agencies
- Updating Development Fees (types and cost)
- Capital Project Management Database
- Measure B Funding

Operational Priorities
Water & Sewer Utilities

City of Santa Clara
The Center of What's Possible

Existing Resources

Water & Sewer Utilities	FTEs	Operating & Capital Budget
– Water	46.75	$54,636,884
– Sewer	22.65	$66,386,674
– Recycled Water	3.60	$7,130,221
Total	73	$128,153,779

Service Delivery to Customers Highlights

- Dependable and Healthful Supply of Both Potable and Recycled Water
- Regulatory Compliance
  - Water Quality, Public Health Goals, Lead Testing in Schools & City Buildings, 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
  - Emphasis on Efficiency, Reliability, Cost Effectiveness, and Sustainability

Accomplishments

- Design and Installed 11,470 Linear Feet (LF) of Water Main
- CCTV Assessment of 154,000 LF of Sanitary Sewer Main
- Utility Rate Study - Water, Sewer and Recycled Water
- 900 Development Plans were Reviewed by In-House Engineering Staff to Ensure Regulatory, Construction and Maintenance Compliance
- Implementation of Leak Detection Correlator and Inline Valve Technology

Accomplishments

- In May, an Engineering Class from Santa Clara University came out to learn about the process of assessing sewer lines.

Accomplishments

- Implementation of CMMS Support Software and Hydraulic Model software upgrade to Improve Efficiency and Regulatory Compliance
- Tested 3,500 Backflows and 34 Sites for Cross-Connection Control to Ensure Regulatory Compliance and Overall Safety of Potable Water System
- 3,900 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
- California Municipal Utilities Association 2018 Best Water Program Large Utility – Recycled Water Program

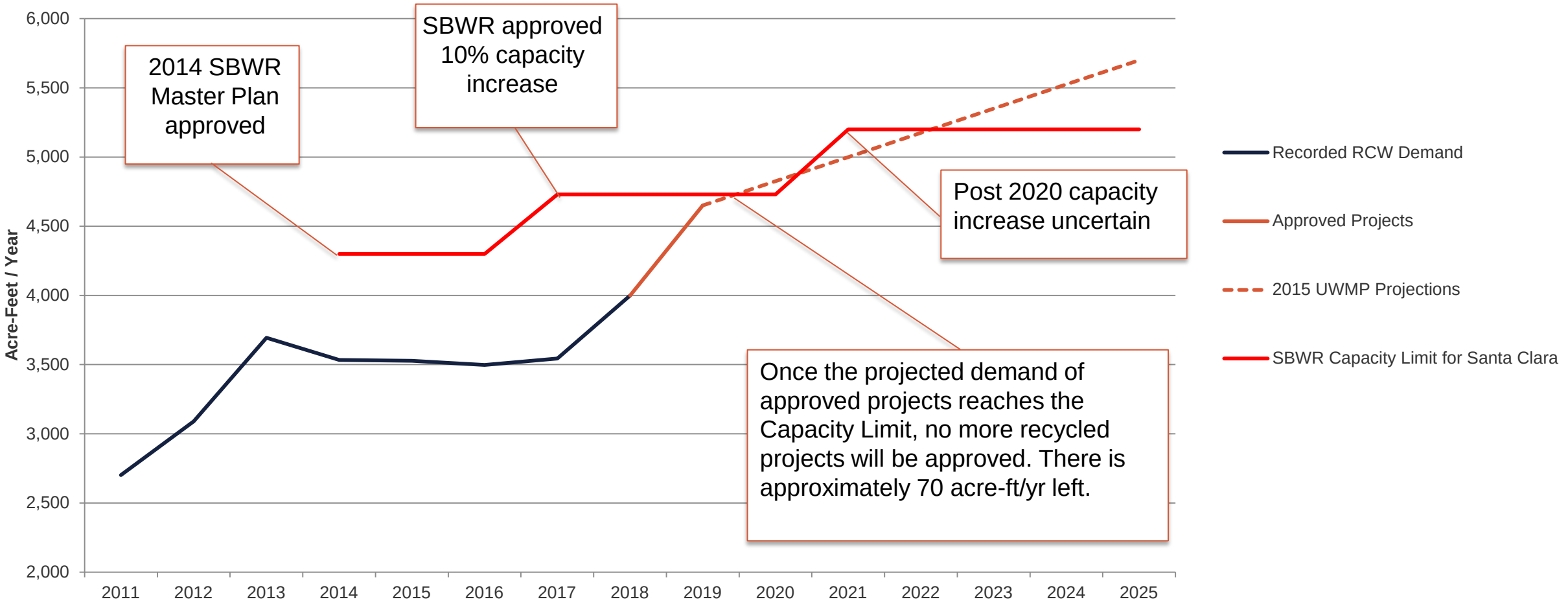
Upcoming Policy Issues

- 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)
- Rate Analysis for System Development Fees (AB 1600 Developer Impact Fees) and upcoming Water, Sewer and Recycled Water rates
- Continued Commercial FOG Control Program Implementation – Outreach, Inspection, Plan Check Review and Enforcement

Upcoming Policy Issues

- Recycled Water Planning Supply Target – South Bay Water Recycling (SBWR) Strategic and Master Plan
- Countywide Water Reuse Masterplan
- 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"
- CityPlace Santa Clara – Approvals from Division of Drinking Water (DDW)
- Water Supply Assessments of New High Density Specific Plans to Meet Fire and Potable Water Demands

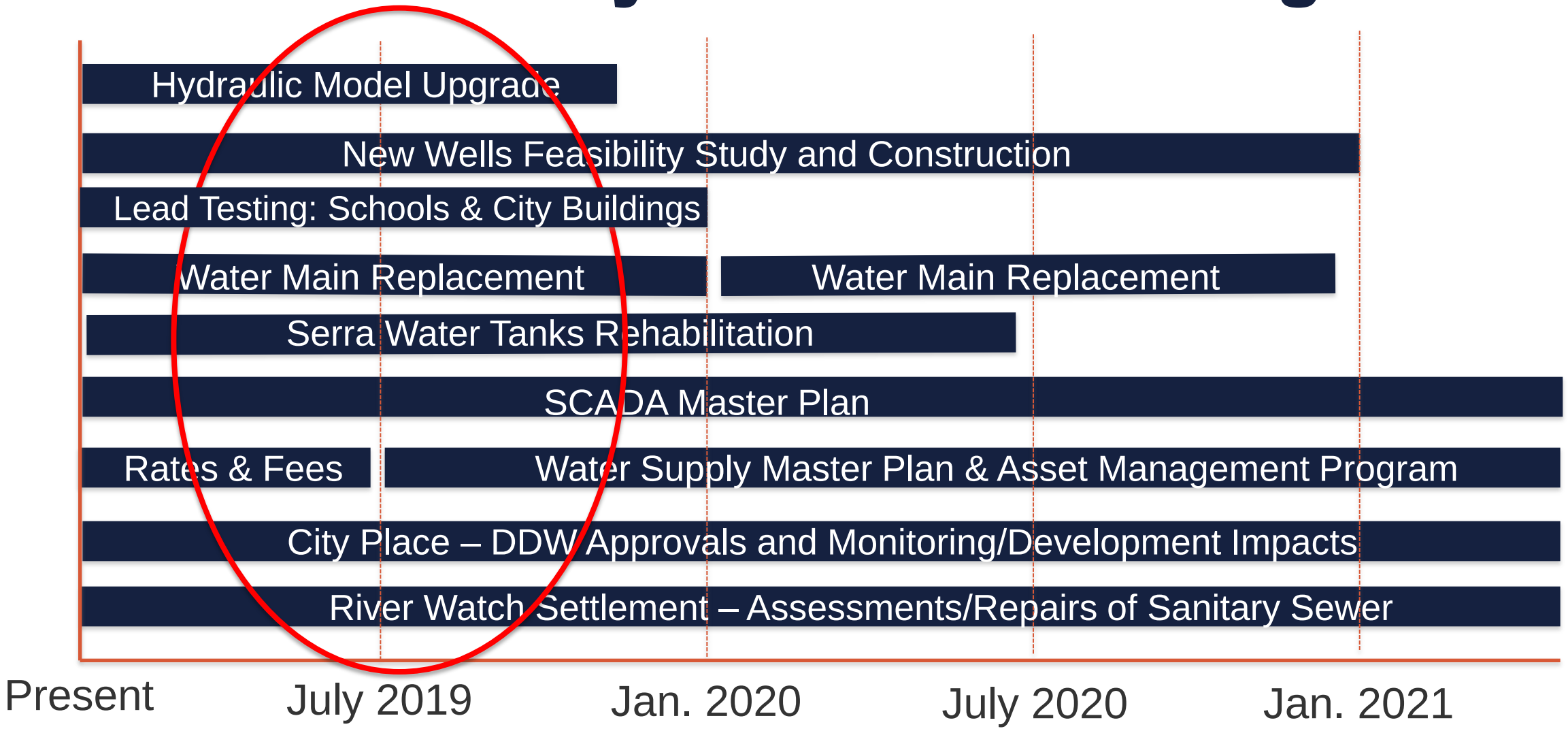
Recycled Water Demands and SBWR Capacity Limits



Operational Constraints

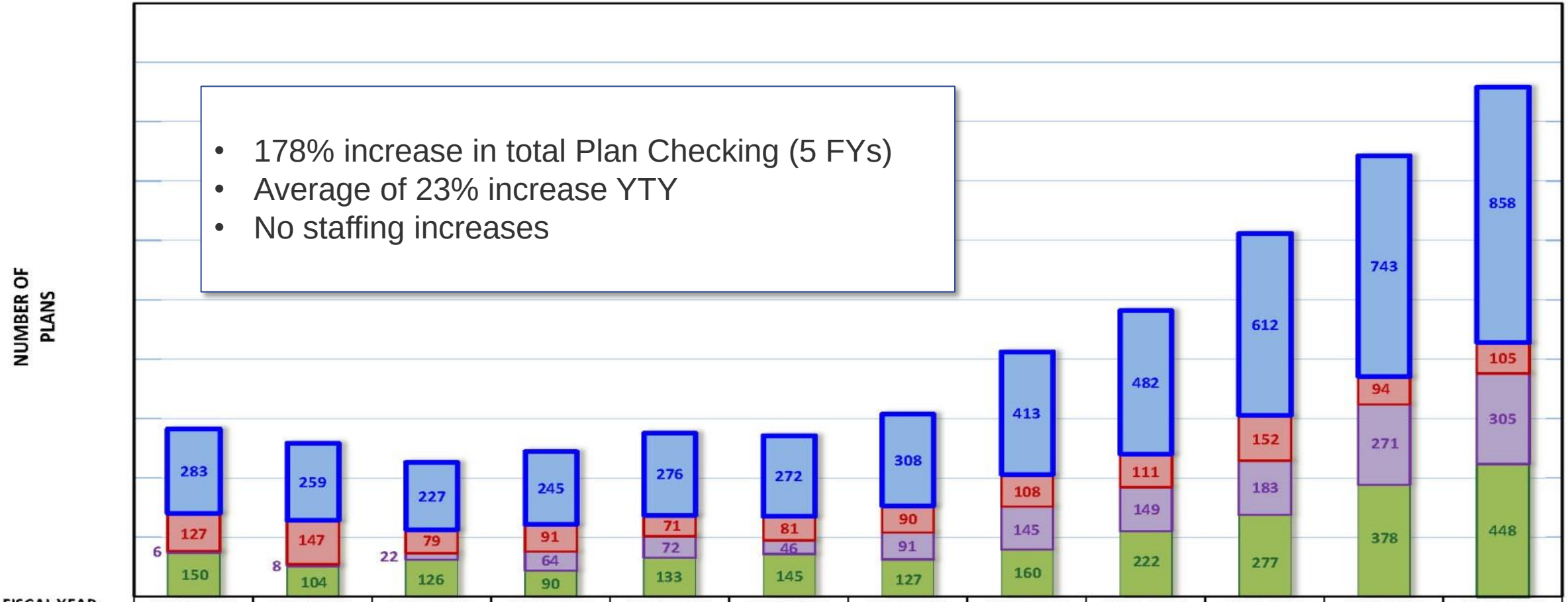
- Staffing – Recruitment and Retention Challenges
- Aging Infrastructure
- Rate Increases by Water Wholesalers
- Committee/Commission support SCVWD, BAWSCA, TPAC
- Keeping Pace with New Development Plan Checks and Service Requests
- Operations and Maintenance of Stormwater Pump Stations

Service Delivery – Workload Management



Plan Checking Summary Chart

- 178% increase in total Plan Checking (5 FYs)
- Average of 23% increase YTY
- No staffing increases



FISCAL YEAR	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
Total	283	259	227	245	276	272	308	413	482	612	743	858
PCC	127	147	79	91	71	81	90	108	111	152	94	105
Fiber Optic	6	8	22	64	72	46	91	145	149	183	271	305
Improve. Plans	150	104	126	90	133	145	127	160	222	277	378	448

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 & External Customer Service

Water & Sewer Utilities Summary

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

Operational Priorities
Silicon Valley Power (SVP)

City of Santa Clara
The Center of What's Possible

Existing Resources – Electric Utility

Divisions and Funds	FTE	Expense
- Administrative Services (091)	7	$350,481,325
- Energy Distribution (091)	115	$ 41,045,360
- Planning & Strategic Services (091)	64	$ 25,359,565
		$416,886,325
- Electric Operating Grant Trust Fund (191)	4	$ 12,207,191
- Electric Debt Service (491)		$ 20,998,844
Total	**190**	**$450,092,560**

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

Accomplishments

- Adopted SVP Strategic Plan
- Approved organizational changes
- Completed Integrated Resource Plan
- Adopted Large Customer rate schedules
- Refinanced 2008 Bonds and terminated associated interest rate swap
- Increased retails sales by 2.9% (FY2018-FY2017)
- Divested coal fired power plant
- Initiated 100% carbon sales to residential customers

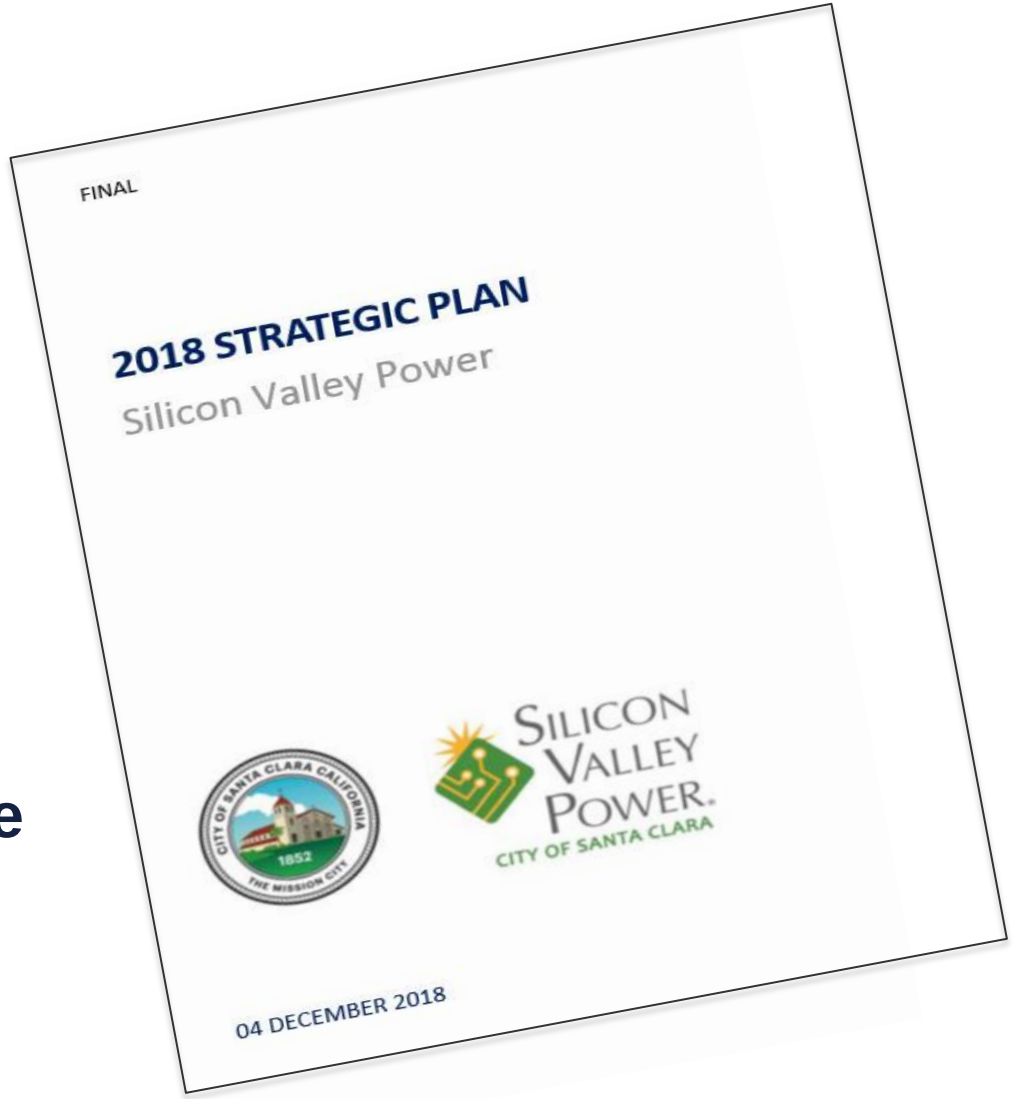
Accomplishments

- Completed system expansion projects
  - Northwestern Substation expansion
  - Northern Receiving Breaker changeout
- Entered into 200MW wind power purchase agreement
- Worked with PG&E on joint relicensing of the Bucks Creek Project (Grizzly)
- Ongoing Line Worker apprenticeship program
- Responded to Redding Electric mutual aid request

City of Santa Clara
The Center of What's Possible

2018 Silicon Valley Power Strategic Plan

- ✓ Adopted by City Council on December 4th
- ✓ Sets forth our Mission, Vision and Values
- ✓ Guides and measures our outcomes and successes
- ✓ Helps us to be agile, transparent and accountable as we change to prepare for the future (10 year strategic initiatives)
- ✓ Tracks and communicates our performance


FINAL

2018 STRATEGIC PLAN

Silicon Valley Power

SILICON VALLEY POWER.
CITY OF SANTA CLARA

04 DECEMBER 2018

Confirm Mission, Vision, and Values

MISSION

We are dedicated to our community, customers, and employees. We provide safe, reliable, affordable, and sustainable energy services with exceptional customer focus

VISION

Innovating creative energy solutions for a resilient and sustainable community.

VALUES

- Reliability
- Safety
- Customer Focus
- Accountability
- Trust
- Ethics
- Collaboration
- Sustainability
- Innovation
- Continuous Improvement
- Diversity
- Communication
- Risk Management

City of Santa Clara
The Center of What's Possible

Strategic Initiatives

These are areas in which we need to excel to fulfill stakeholder/customer expectations:

Utility Performance Excellence

- Commitment to Process Excellence/Continuous Improvement
- Well-Trained and Continuously Developing Staff
- Active Performance Measurement & Management
- Understanding and Adoption of Industry Best Practices
- Clear Decision-Making/Governance Frameworks
- Consistent and Clear Communication with Employees

Customer & Stakeholder Engagement

- Timely and Accurate Response to Customer Issues and Requests
- Open, Frequent, and Proactive Engagement with all Customers
- Advanced Customer Engagement/ Self-Service Customer Options
- Consistent and Insightful Engagement with Community Stakeholders

Progress & Innovation Focus

- Routine Evaluation of Potential New Rates, Products, and Services
- Large Commercial & Industrial Customer Acquisition and Retention Focus
- Strategic, Long-Term Technology & Data Focus
- Commitment to Strategic Plan Execution and Management
- Proactive Design of the "Utility of the Future"

Community & Environmental Stewardship

- Leadership on Initiatives that are Aligned to Broader Community Goals
- Procurement of Energy Supply that Aligns to Sustainability Goals
- Environmental Awareness in All Day-to-Day Activities
- Support For Our Customers' Sustainability Objectives
- Focused and Planned Approach to Meeting Community Growth Goals

Upcoming Policy Issues

- Changing business environment
  - Climate change Legislative and regulatory initiatives
    - Wildfire mitigation plans
    - 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

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

Operational Constraints

- Ability to attract and retain qualified utility staff at all levels
  - Salary compaction affecting ability to promote
- 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

Areas of Opportunity

- Implement Strategic Plan
  - Opportunity to position utility to continue providing value
  - Update vision and strategies for new environment
- New Civic Center masterplan/utility building

Civic Center Master Plan

- Space needs
  - Need for space throughout the City
  - Near term modification (7 projects currently)
  - Staff at leased space
- New utility building
  - Partially funded in approved budget
  - Centralizes utility office functions
  - Frees space for other Departments

Next Steps

- Develop a new Civic Center Masterplan
- Develop plan for near-term utility building
- Release RFP for consultant support early next year
  - Outreach
  - Financing options
  - Overall land use
  - Phasing

SVP Infrastructure Project Categories
Electric and Street Lighting

Distribution System Replacement and Upgrades
2018-19: $10.4 M
5-Year Forecast: $33.3 M

Substation Rebuilds, Equipment Replacement & Upgrades
2018-19 : $12.2 M
5-Year Forecast: $74.6 M

Generation Maintenance and Betterments
2018-19: $6.4M
5-Year Forecast: $29.6 M

Street Lighting
2018/19: $0.8 M
5-Year Forecast: $1.2 M

54 CIP Projects
Requests 2018-19 $43.1 M
5-Year Forecast: $215.0 M

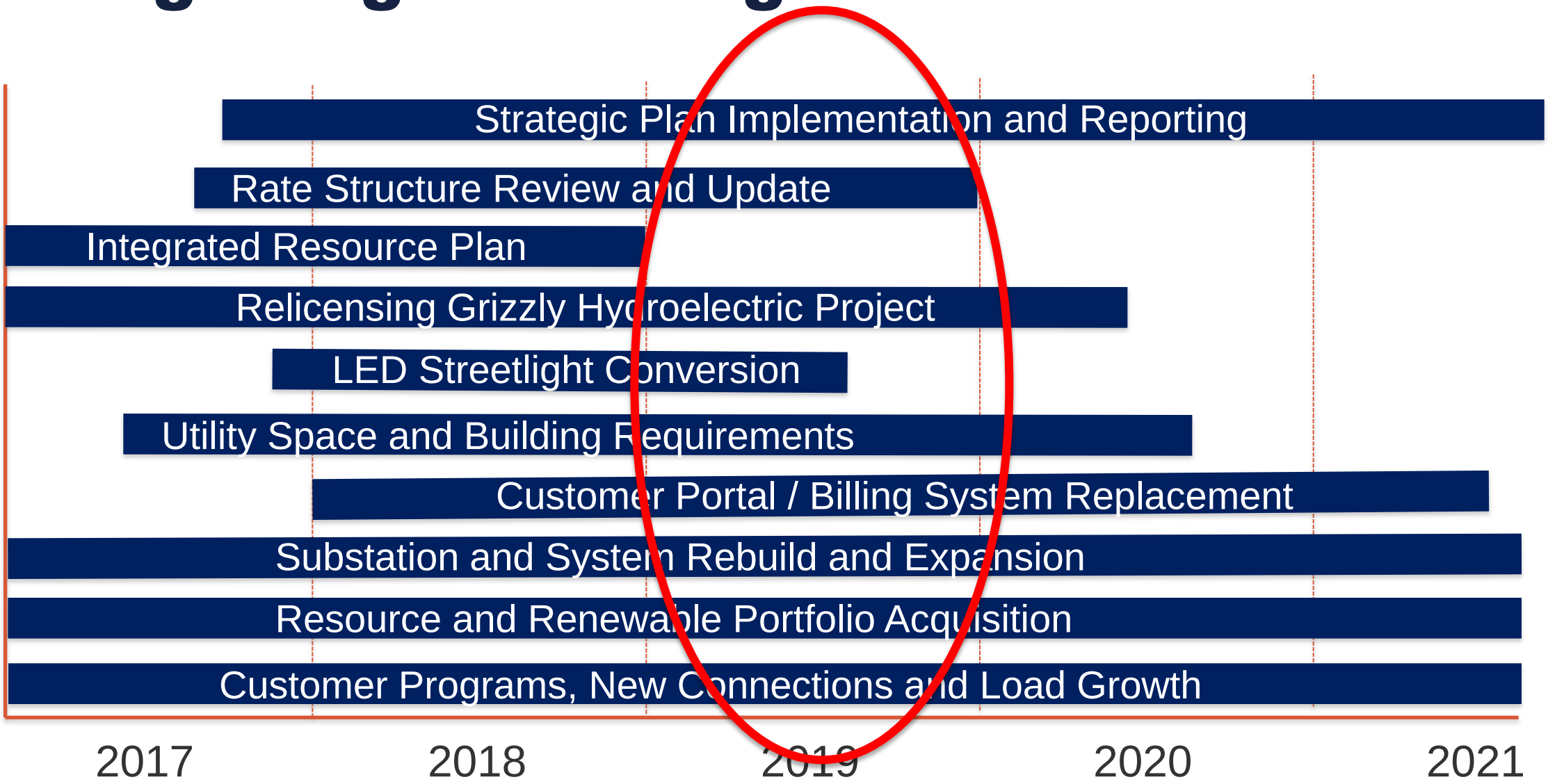
New Business and System Growth
2018-19: $6.4 M
5-Year Forecast: $36.7 M

Metering, Billing and Customer Service
2018-19: $2.3 M
5-Year Forecast: $13.9 M

Fiber Optics, Controls and Technology
2018-19: $2.3 M
5-Year Forecast: $8.5 M

Administrative and Engineering Offices
2018-19: $2.2 M
5-Year Forecast: $17.2M

Long Range Planning



Silicon Valley Power Summary

- Strategic plan implementation underway
  - Will be reporting progress to Council
- Leadership transition underway
- Well situated to adapt to changing business environment
- Upcoming decisions:
  - Continue to restructure electric rates to reflect fixed costs of service
  - Adopt a Wildfire Mitigation Plan
  - Decisions on remote property use or sale
  - Utility building

Santa Clara Stadium Authority

Operational Priorities

SCSA
SANTA CLARA STADIUM AUTHORITY

ENSURE COMPLIANCE WITH MEASURE J AND MANAGE LEVI'S STADIUM

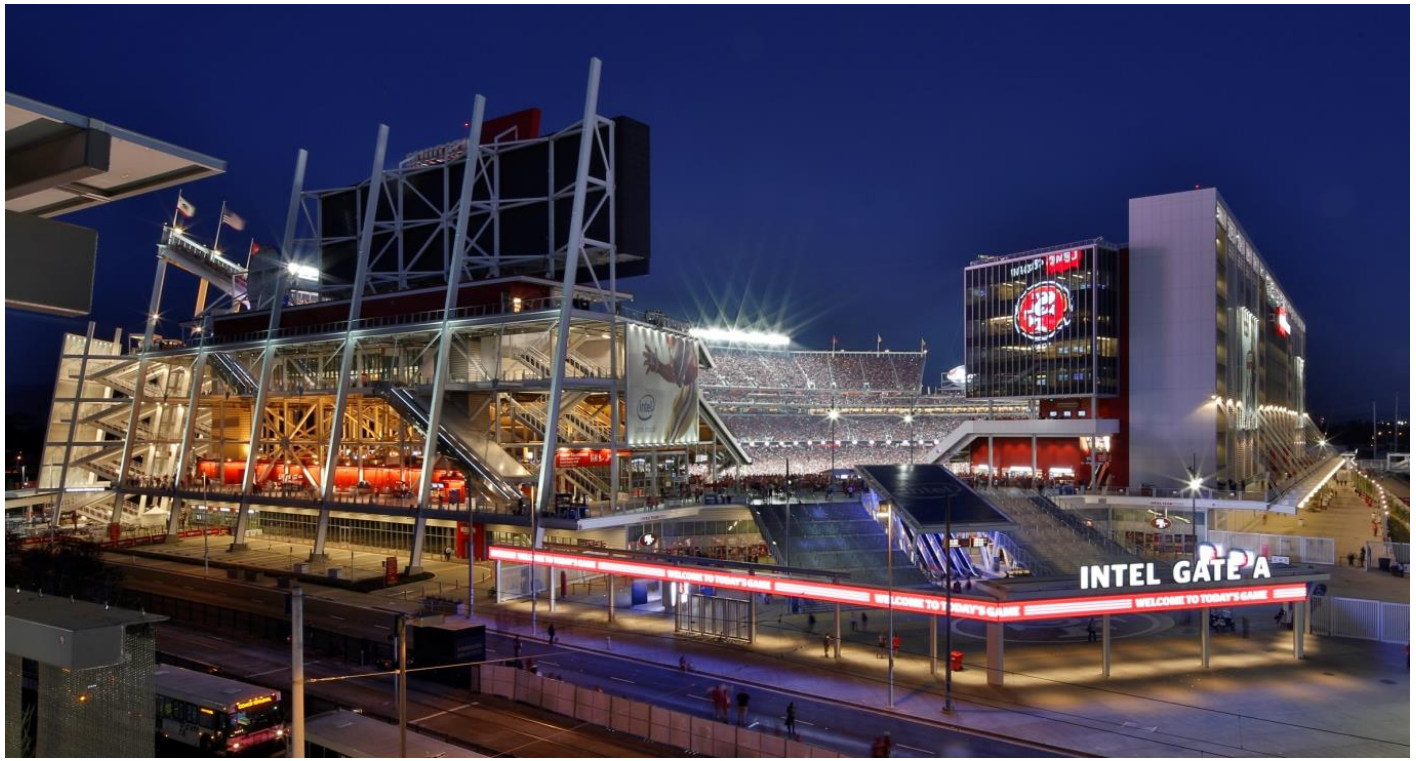
Council Policy Priority #6

SCSA
SANTA CLARA STADIUM AUTHORITY

Stadium Authority Governance - Mission

The Santa Clara Stadium Authority exists as a public body, separate and distinct from the City, and was established to provide for the development and operation of Levi's Stadium.

The Santa Clara Stadium Authority is structured so that the City is not liable for the debts or obligations of the Santa Clara Stadium Authority.



SCSA
SANTA CLARA STADIUM AUTHORITY

Stadium Authority Governance - Structure

City of Santa Clara

- Land owners
- Ground Lease to Stadium Authority

Santa Clara Stadium Authority (SCSA)

- Governed by Board
  Comprised of Councilmembers
- Administered by Executive Director
  City Manager
- Stadium owner
- Stadium Lease to StadCo
- Administers Agreements with ManCo for Stadium Management and Operations

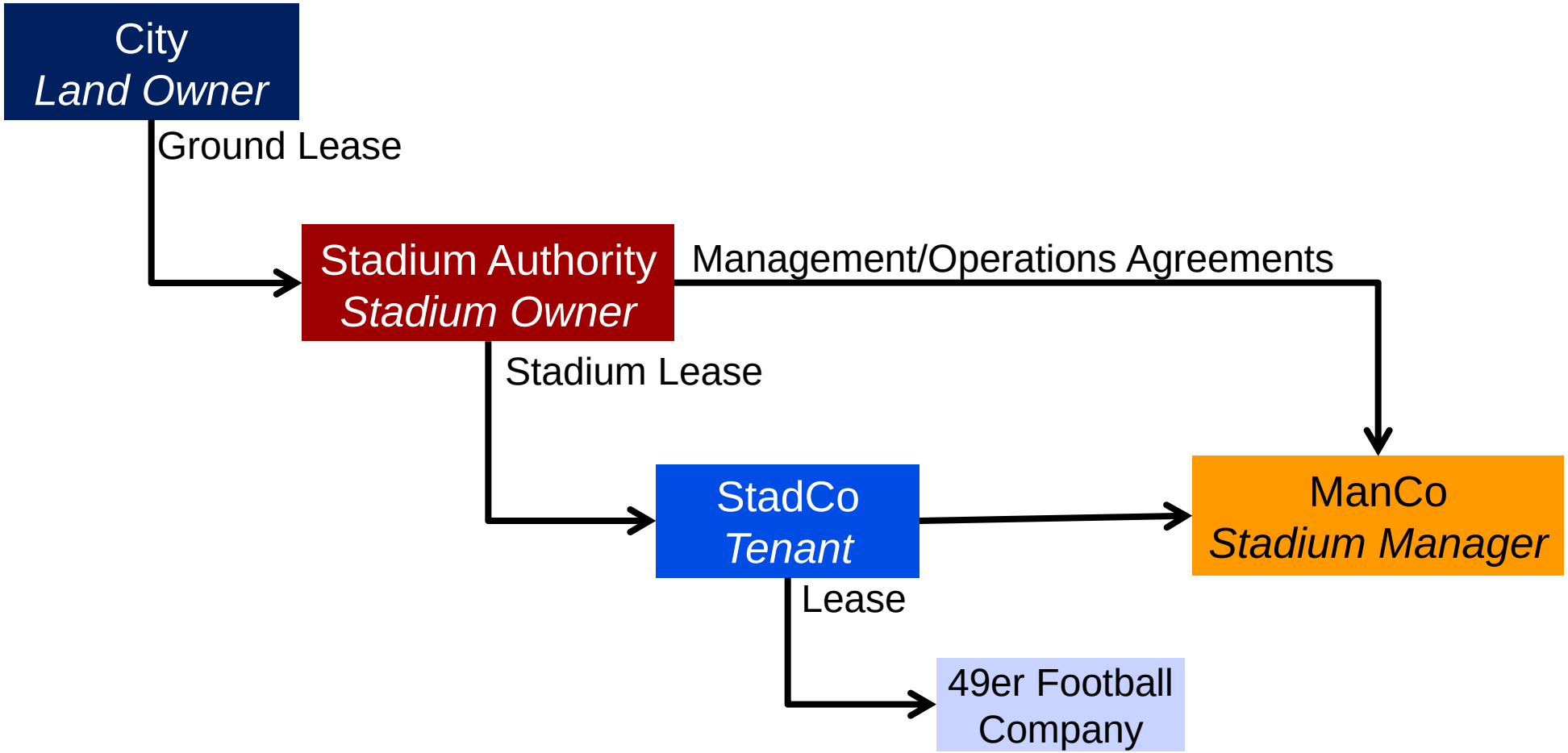
49ers
(StadCo, ManCo, TeamCo)

- StadCo subleases stadium to TeamCo
- ManCo manages stadium, including day-to-day operations and maintenance
- ManCo handles marketing and booking of Non-NFL Events

StadCo =	Forty Niners SC Stadium Company, LLC
ManCo =	Forty Niners Stadium Management Company, LLC
TeamCo =	Forty Niners Footbal Company, LLC

SCSA
SANTA CLARA STADIUM AUTHORITY

Stadium Authority Governance - Structure

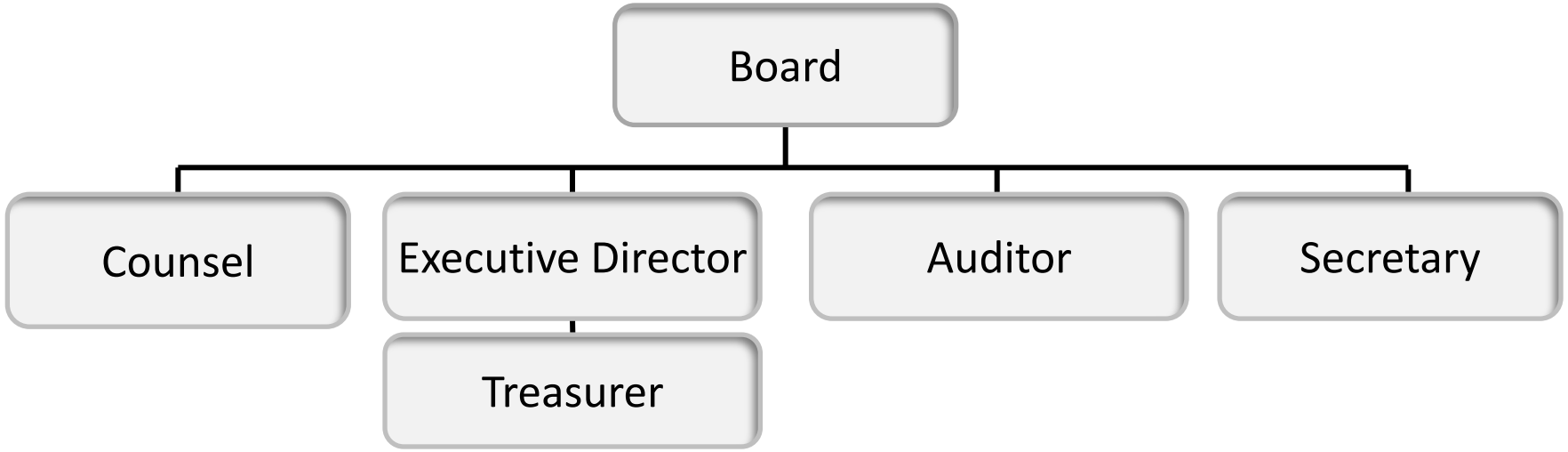


StadCo =	Forty Niners SC Stadium Company, LLC
ManCo =	Forty Niners Stadium Management Company, LLC

SCSA
SANTA CLARA STADIUM AUTHORITY

Stadium Authority Governance –Structure

- **Stadium Authority staff** are not 100% assigned to Stadium Authority work
- **Stadium Authority Officers*:**



- **Stadium Manager** manages day-to-day operations and maintenance of Stadium for both Stadium Authority and StadCo, and handles marketing and booking of Non-NFL Events

SCSA
SANTA CLARA STADIUM AUTHORITY

*Stadium Authority Officers serve dual roles for the City and the Stadium Authority.

Stadium Authority Governance - Principles

- **Leading the Organization —** Develop, resource, monitor and evaluate a strategic plan to make sure that the organization achieves its purpose acting in accordance with the terms of the Joint Exercise of Powers Agreement Establishing the Santa Clara Stadium Authority and the Joint Powers Agreements law (Government Code §6500, et seq.).
- **Exercising Oversight —** Comply with all relevant legal and regulatory requirements; ensure the appropriate internal financial and management controls; and identify major risk for the organization and determining methods to manage risk in conjunction with stadium authority staff.
- **Transparency and Accountability —** Provide clear, regular, and accurate communication about the Organization and how it is managed and enable engagement with stakeholders and the community for the purpose of planning and policy decision-making.
- **Effectiveness —** Ensure that duties, roles, and responsibilities are understood and in compliance with applicable rules, regulations, and contracts, and that the stadium is managed effectively and efficiently.
- **Integrity —** Disclose, and ensure against, conflicts of interests and upholding duties with fairness and in accordance with the City of Santa Clara Code of Ethics and Values.

SCSA
SANTA CLARA STADIUM AUTHORITY

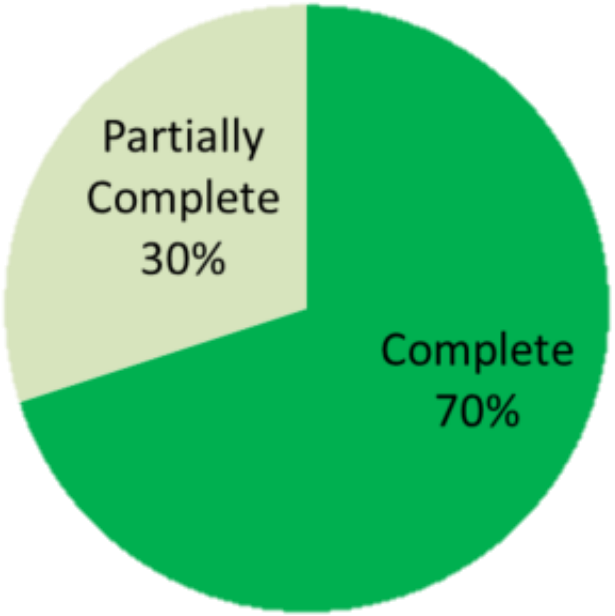
Service Delivery to Customers Highlights

- Established Stadium Authority **functional office** at Levi's Stadium
- Piloted **multi-department deployment** to minimize Stadium event related impacts on surrounding neighborhoods
- Established **telephone number to receive input from residents**
- Conducted **robust community engagement process on impacts of the Stadium** to establish solid data for future improvements
- Implemented **real-time noise monitoring program**
- Set aside $630,000 for establishing a **Community Room at the Stadium**
- Created Stadium Authority Board **Policy Manual** to ensure **best practices** in Governance, Budget and other management areas

SCSA
SANTA CLARA STADIUM AUTHORITY

Accomplishments

- Agreement to ensure **no financial losses** to Stadium Authority or City for **College Football Playoff (CFP) National Championship**
- Rent Arbitration award resulting in **additional $262,000 annually in Facility Rent** over 40-year lease term, and award of Attorney's Fees
- **Implemented nearly 70% of findings from a comprehensive audit**, which led to an updated approach to managing the contracts and other processes



SCSA
SANTA CLARA STADIUM AUTHORITY

Accomplishments

- **Improved Stadium Authority Budget Transparency** by separating resource revenue and expenditures for the Stadium (rather than total net revenue)
- **Improved Financial Reporting** with inclusion of non-NFL net revenue by event type, and event revenue and expenses by category, in FY 2017/18 annual report
- Obtained **possession of majority of financial information from past four Fiscal Years** sought by Stadium Authority Board; financial analysis of data will drive future policy making, but more work is needed.

	FY 2016/17		FY 2017/18	
Event Type	**# Events**	**Net Revenue**	**# Events**	**Net Revenue**
Ticketed Events				
Concert	4	$2,424,572	2	$1,819,099
Football (non-NFL)	4	$(2,946,165)	4	$(3,601,827)
Soccer	5	$2,414,209	3	$3,228,754
Miscellaneous	5	$(159,175)	4	$76,379
Subtotal Ticketed Events	**18**	**$1,733,441**	**13**	**$1,522,405**
Subtotal Remaining Non-NFL Events	**127**	**$3,583,453**	**113**	**$3,640,924**
Total Non-NFL Event Revenue	**145**	**$5,316,894**	**126**	**$5,163,329**

SCSA
SANTA CLARA STADIUM AUTHORITY

Accomplishments

- Obtained in-house and external **independent auditors** to address specific Board direction (such as reconciling public safety expenditures charged to “Construction Fund”), and ongoing needs
  - Engaged third party Auditor to provide a **forensic analysis of the Stadium Authority’s Non-NFL Event documents and financial reporting**
- Successfully approved and implemented **Concessions Operating Agreement** in spring 2018, including evaluation and feedback period
  - **Stadium Terrace** (Touchdown Terrace for NFL events) completed and activated
- **First Annual Report** provided to the public and Stadium Authority Board summarizing activities and issues

SCSA
SANTA CLARA STADIUM AUTHORITY

Accomplishments

- Implemented new process to review the draft **Marketing Plan** in a study session prior to acting on the Plan at a subsequent Board Meeting
  - Non-NFL **Key Performance Indicators (KPIs)** in development for oversight (Board directed 90 days/ManCo agreed but not completed in time to collect data).
- Implemented **electronic signature capability** (DocuSign) for Stadium Builder Licenses (SBLs) agreements
- Increased **financial services** such as **financial reconciliation and monitoring requirements** of Stadium Authority Agreements
- Issued several letters to Stadium Manager/Tenant on agreement provisions that **require compliance** or **improved performance**

SCSA
SANTA CLARA STADIUM AUTHORITY

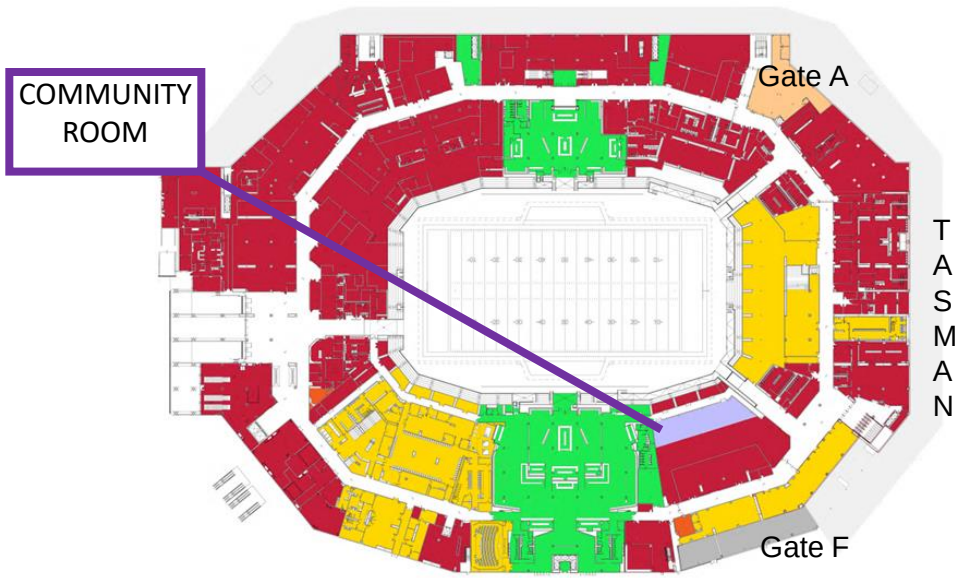
Accomplishments

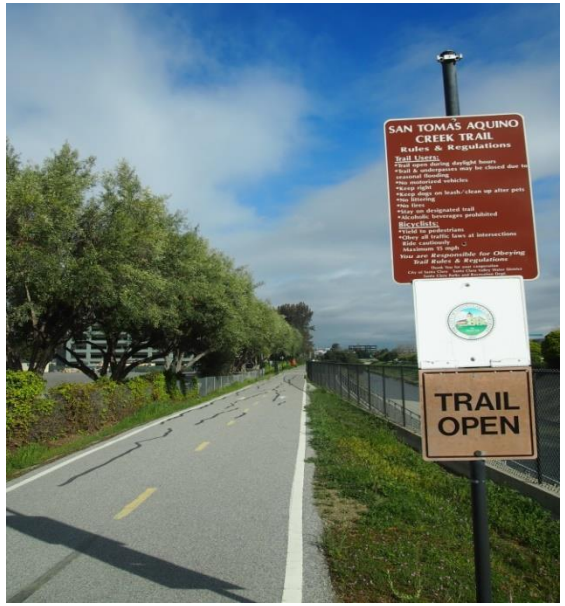
- **Expanded GIS services** for Stadium Common Operating Picture (COP) and integrated COP with the new Computer Aided Dispatch (CAD)
- Implemented internal collaboration and communication for **organizational awareness** of services, staffing, and deployment issues for planned NFL/Non-NFL events, and to address community issues via **weekly business meetings**
  - Put in place to develop stronger proactive community communications with goal of addressing community concerns revealed from community research

SCSA
SANTA CLARA STADIUM AUTHORITY

Upcoming Board Actions

- Community Room disposition at Stadium
- Stadium Authority FY 2019/20 Budget Adoption
  - Study Session to provide input and improve transparency
- Updates/additions to Board Policy Manual
- Consider policy options resulting from Board direction following March 23, 2018 soccer match (changes in deployment already piloted)
- Consider options to keep San Thomas Aquino Creek Trail during Stadium events
- Property Rights/Land Use/ADA issues regarding main entrance, parking, and other issues.





SCSA
SANTA CLARA STADIUM AUTHORITY

Operational Constraints

- Staff capacity for operations/management:
  - Existing staffing levels, processes and resources are not adequate
  - Closed 2018 with 5 events in 30 days, culminating with CFP National Championship
- Absence of proper collaboration with Management Company on Non-NFL events before event and after event (timely closure of financial report)…additional assessment of detail that is required for disclosure
- Past years of SCSA management has resulted in challenges with managing properly going forward

SCSA
SANTA CLARA STADIUM AUTHORITY

Operational Constraints

- Basic policies/processes have not been documented and in some cases implemented
- Normal staff turnover results in lack of in-house expertise regarding past decisions, lessons learned, rationale for business practices, etc.
- We are catching up on four years of review and resetting governance and management of SCSA, without proper resources.

SCSA
SANTA CLARA STADIUM AUTHORITY

Ongoing Efforts – Agreement Compliance

The **Stadium Manager** and the Executive Director shall, **at the request of the Executive Director**, at a mutually convenient time, meet and confer **no less often than quarterly** during the Term of the Management Agreement to **report on the status of the Stadium Manager's activities** pursuant to Paragraph 3 .2 above and the then approved Marketing Plan, **including, without limitation**, the status of Stadium Manager's **marketing and promotional efforts**, the status of any **ongoing negotiations** with respect to Non-NFL Events, **financial performance** and **other matters** relating to past Non-NFL Events, **development of the Marketing Plan** for the succeeding fiscal year, and such other similar or **other topics as the Stadium Authority may request**. In addition, and without limiting the Stadium Manager's obligation to provide an Annual Statement of Stadium Operations pursuant to Section 4.2 of the Existing Management Agreement, the **Stadium Manager shall furnish** the Executive Director, **within 45 days of each Non-NFL event with attendance projected to exceed 25,000** and on a **quarterly basis for all other events**, such **written revenue or other reports** relating to Non-NFL Events as the Parties may agree from time to time.

- 3.3 Quarterly Status Meetings. Stadium Management Agreement (First Amendment)

SCSA
SANTA CLARA STADIUM AUTHORITY

Ongoing Efforts – Agreement Compliance

- Management Agreement Section 3.3
  - Improve advance coordination of booking of Non-NFL Events to ensure adequate public services to support event.

Since just last August, at least 30 Non-NFL Events have not been properly coordinated with Stadium Authority

Heart & Soles Run
SJSU vs. Army West Point
Cal vs UNC
High School Football Series
Rolling Stones Tour
2019 Mexican National Team Tour
2019 Monster Jam
US WNT vs South Africa
Private Events (22)

  - More evaluation of what is required for a comprehensive Non-NFL Event report to inform quality and reasonableness of business practices.

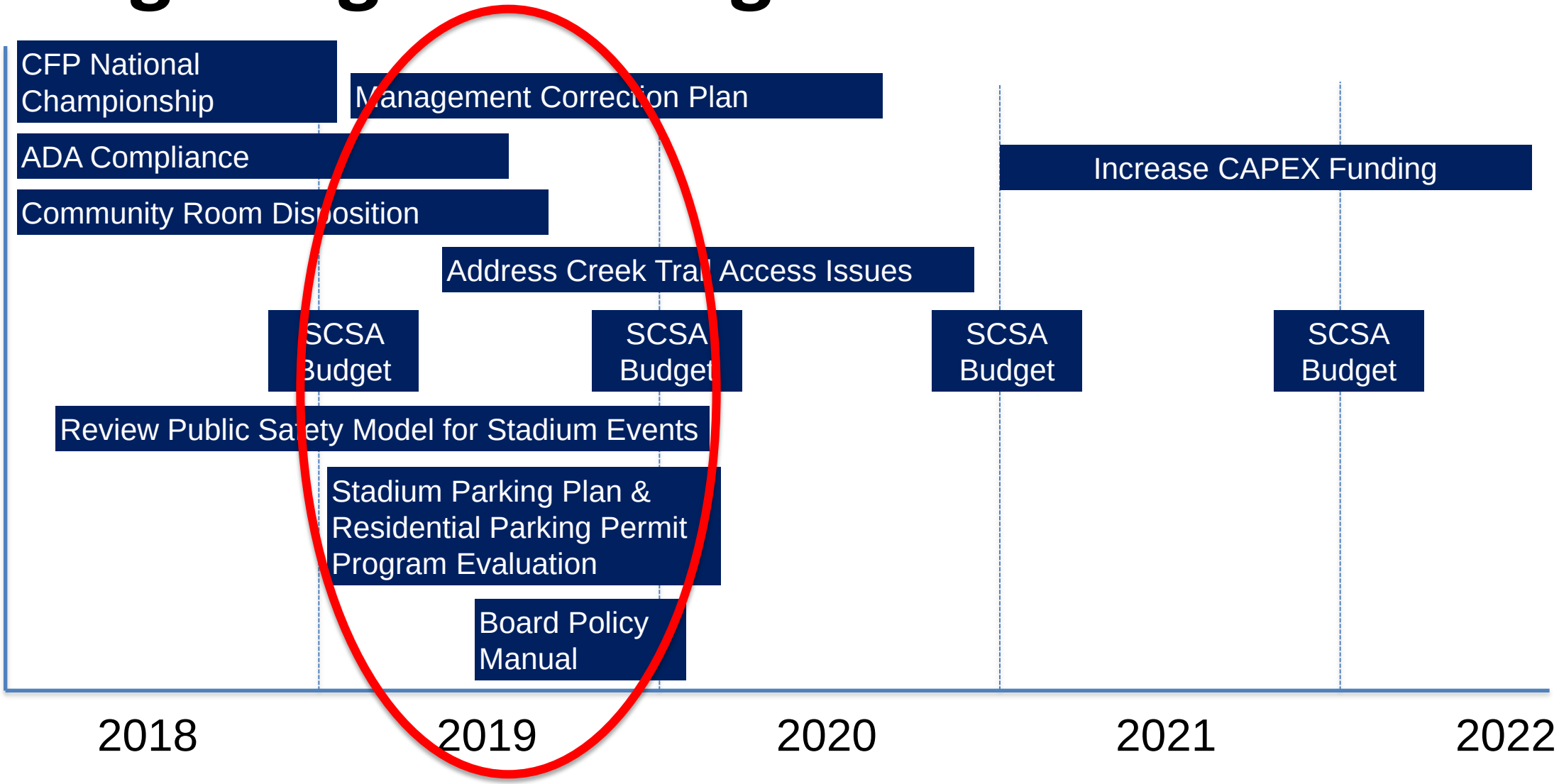
SCSA
SANTA CLARA STADIUM AUTHORITY

Ongoing Efforts

- Fire inspection violations compliance, including review of County's public health inspections to inform "big" picture of Tenant's overall quality of operations in these areas
- Improving multi-departmental approach to minimize impact of events on surrounding neighborhoods
  - Evaluating staffing levels and procedures
  - Increasing/improving proactive communication

SCSA
SANTA CLARA STADIUM AUTHORITY

Long Range Planning



SCSA
SANTA CLARA STADIUM AUTHORITY

Stadium Authority Summary

- Council Policy Priority #6: Ensure Compliance with Measure J and Manage Levi's Stadium
- Board and Staff have worked together to establish strong governance and oversight practices with data to manage forward
- 2019 will build on 2018 efforts to:
  - Expand transparency of this public agency's work
  - Ensure compliance with Agreements in place for proper oversight of this publicly owned asset
  - Accountability, Audits, and Oversight

SCSA
SANTA CLARA STADIUM AUTHORITY

SCSA

Santa Clara Stadium Authority

Operational Priorities
Police Department

City of Santa Clara
The Center of What's Possible

Existing Resources

Police Department	FTEs	Budget
– Administrative Services	51	$16.1M
– Field Operations	134	$36.1M
– Investigations	45	$12.6M
– Special Operations	9	$3.1M
Total	**239***	**$68.4M**

*159 sworn, 80 civilian professionals

Service Delivery to Customers Highlights

- Purchase of a new police canine
- New technology to support Alarm permit process (CryWolf)
- New technology for Traffic Unit (Crossroads)
- School programs (e.g. D.A.R.E., Safety Patrol, Every 15 Minutes)
- Community programs (e.g. Citizens' Police Academy, Coffee with a Cop, Chat with the Chief, Talk and Tour, Open House, etc.)
- Provide law enforcement services to Convention Center, Santa Clara University, California's Great America theme park, community events, and Levi's Stadium

Levi's Stadium Event Summary

Year	Number of Public Events	Number of Events with 20,000+	Number of Attendees	Number of Police Calls for Service
2014	19	15	905,761	2,089
2015	27	24	1,318,756	1,990
2016	25	24	1,220,396	1,284
2017	19	18	931,931	741
2018	20	19	912,591	703

*CFP data to be included in 2019 statistics.

Accomplishments

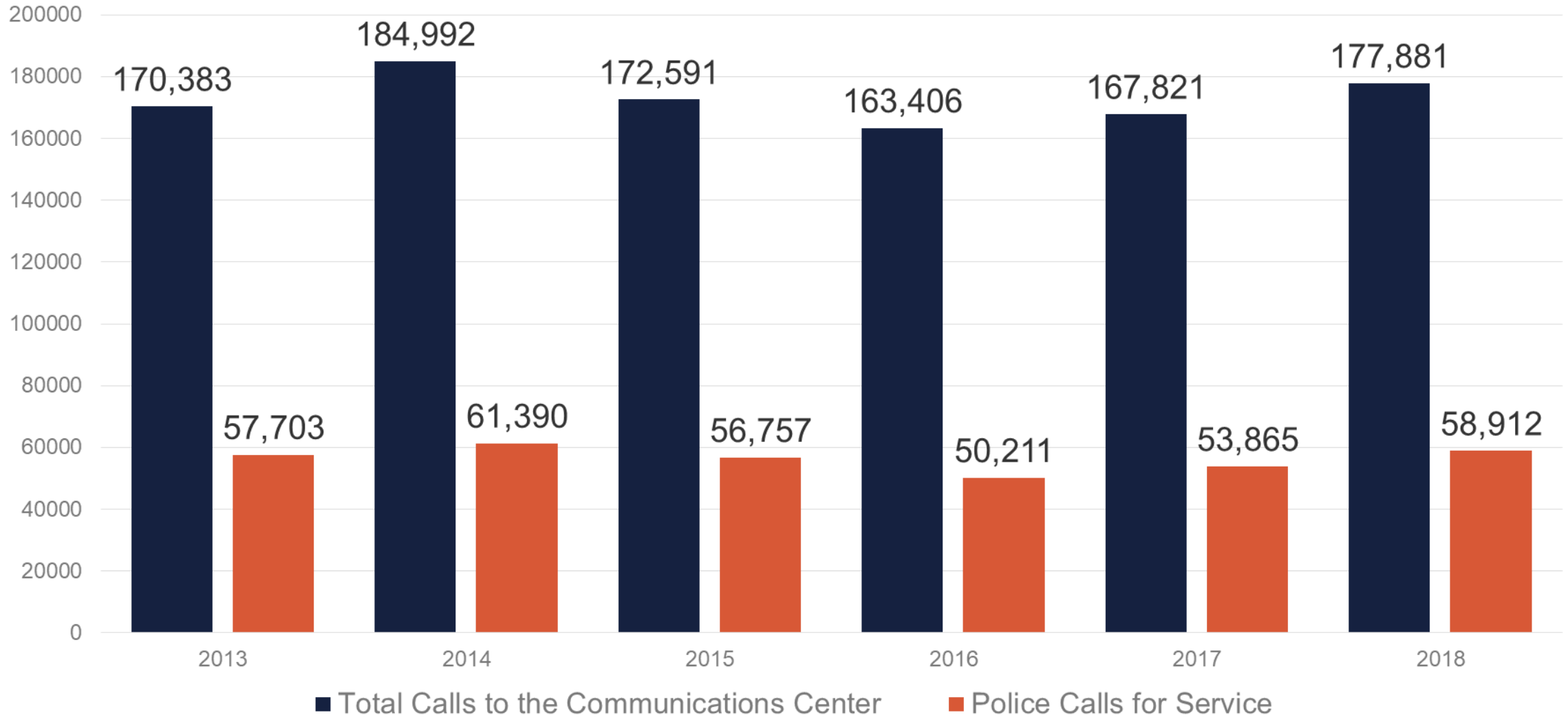
- "Live" with a new Computer Aided Dispatch (CAD) system
- Purchased and installed Mobile Data Computers (MDC) into police vehicles
- Hired 30 new employees (12 civilian; 18 sworn) and made 12 promotions (3 civilian; 9 sworn)
- Secured grant funds to purchase front-line law enforcement equipment, conduct specialized operations and offer training (evidence vehicle, use of force simulator)
- Negotiations for a Behavioral Health Specialist through Santa Clara County
  - Offer resources to homeless
  - Address mental illness

Calls for Service

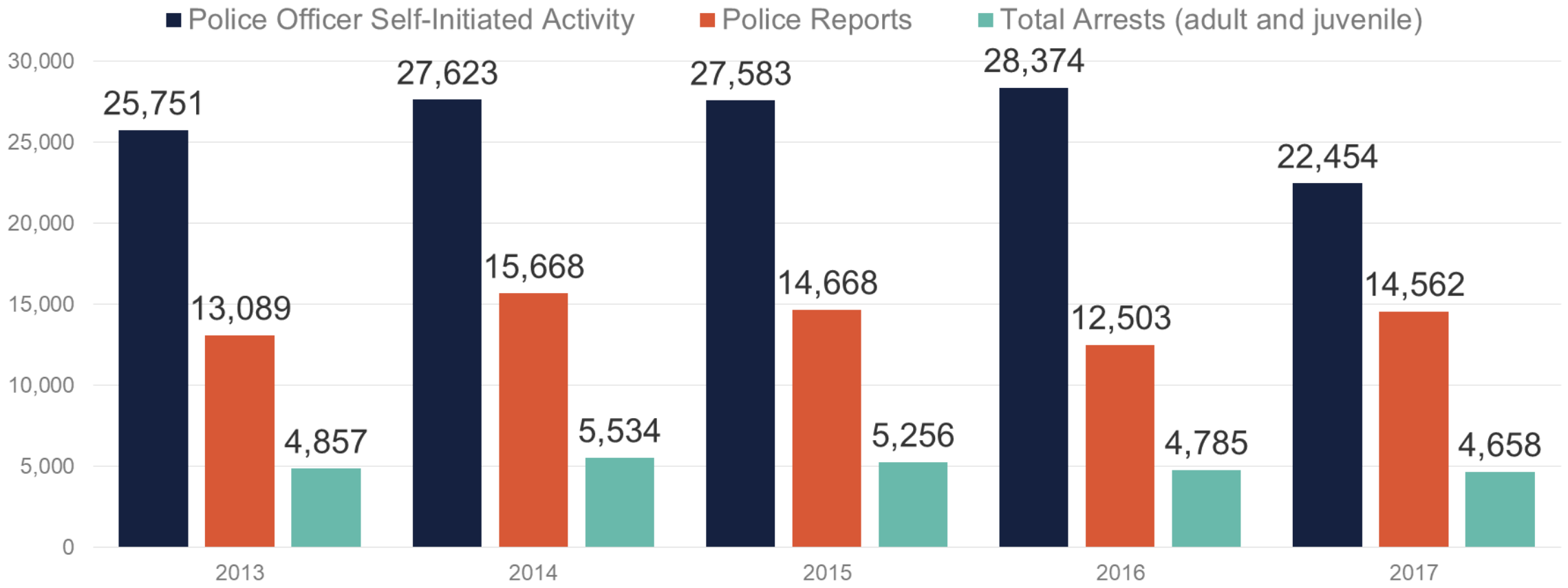
	2013	2014	2015	2016	2017	2018
Total Calls to the Communications Center	170,383	184,992	172,591	163,406	167,821	177,881
Police Calls for Service	57,703	61,390	56,757	50,211	53,865	58,912
Police Officer self-initiated activity	25,751	27,623	27,583	28,374	22,454	24,869
Police Reports	13,089	15,668	14,668	12,503	14,562	*
Total Arrests (adult & juvenile)	4,857	5,534	5,256	4,785	4,658	*

*Data not yet finalized with the FBI; generally available by the end of January, 2019.

Calls for Service

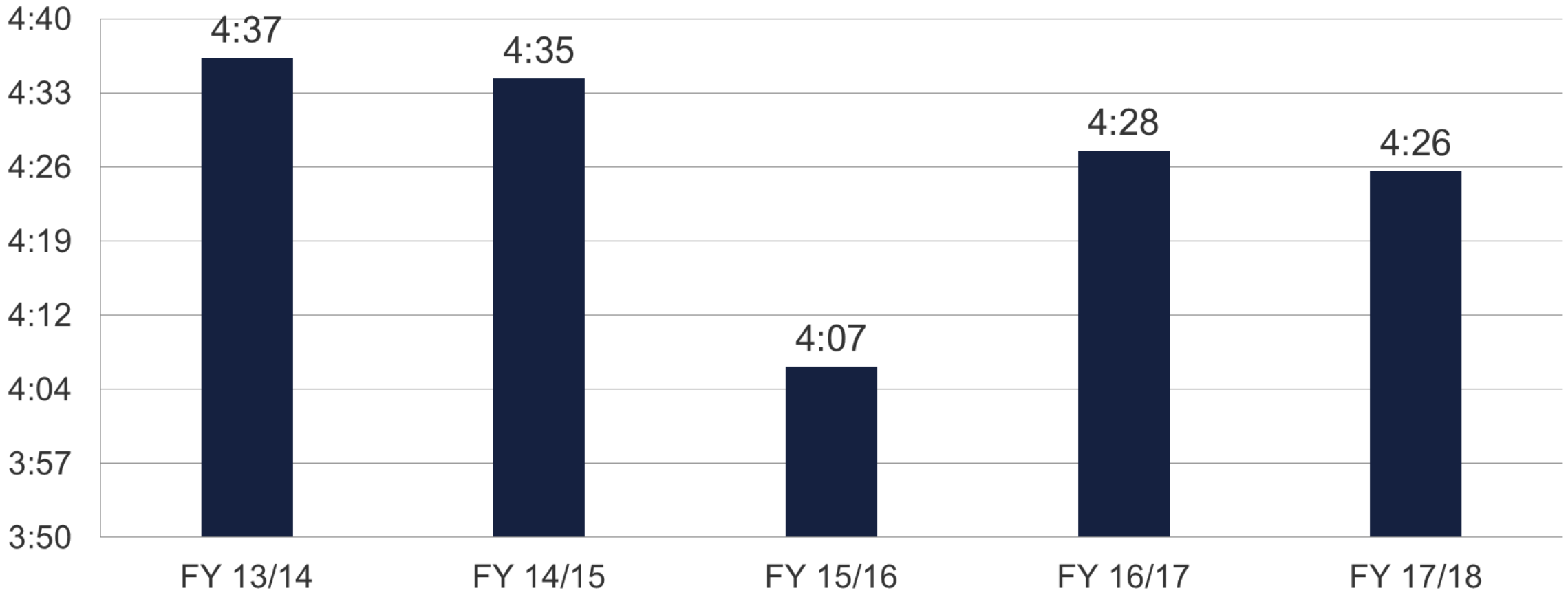


Self-Initiated Activity, Arrests and Police Reports

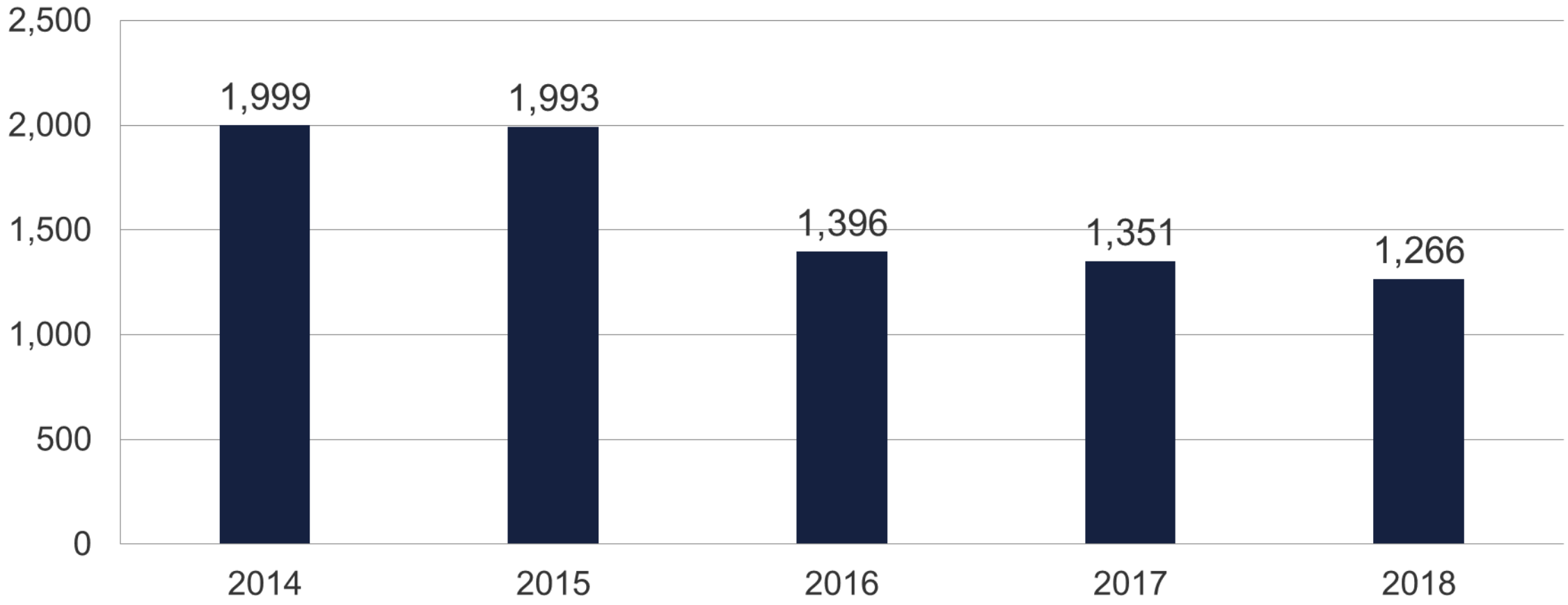


*2018 Data not yet finalized with the FBI; generally available by the end of January, 2019.

Priority One Calls - Response Times



Volume of Priority One Calls for Service



Crime Statistics

Crime	2013	2014	2015	2016	2017	2018 **
Homicide	0	0	1	3	2	1
Rape*	13	28	20	17	35	31
Robbery	55	89	71	58	82	71
Assault - simple & aggravated	548	568	526	481	536	514
Burglary	461	577	586	366	408	390
Larceny – theft	2,169	2,287	2,641	2,035	2,810	2,518
Vehicle – theft	393	404	399	413	400	427
Arson	17	11	10	7	7	8
Crime Totals	**3,656**	**3,964**	**4,254**	**3,380**	**4,280**	**3,960 ** **

*Rape totals increased in 2014 and subsequent years due to a change in classification of crimes per the Department of Justice and Federal Bureau of Investigation.

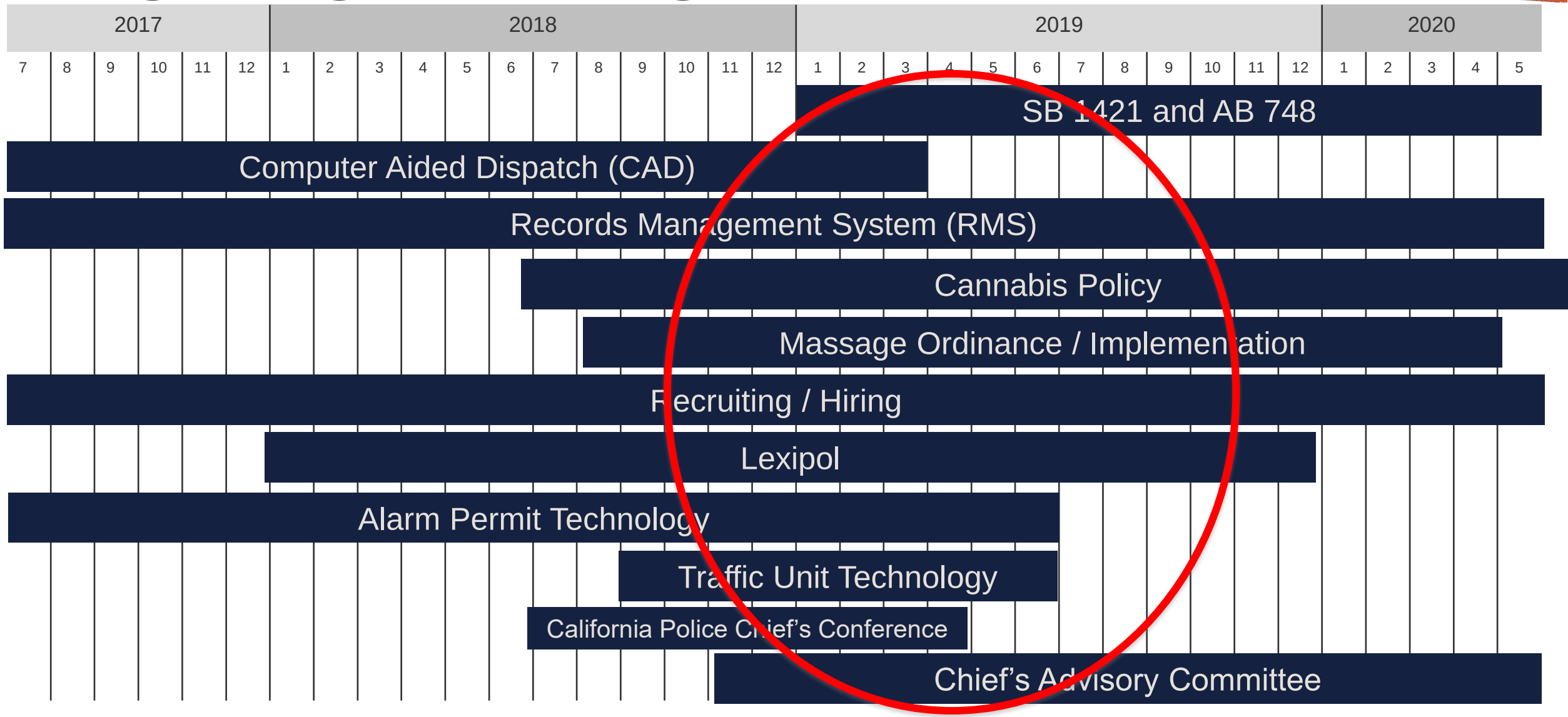
**Data through November 30, 2018; December figures will not be finalized with the FBI until the end of January, 2019.

Upcoming Policy Issues

- Senate Bill 1421 – require disclosure of records and incidents related to certain types of incidents (January 1, 2019)
- Assembly Bill 748 – produce video and audio recordings of critical incidents (July 1, 2019)
- Lexipol Policy Manual
- Regulation of Recreational Cannabis and workload impacts
- City-wide Special Event Permitting Process
- Massage Parlor Ordinance

City of Santa Clara
The Center of What's Possible

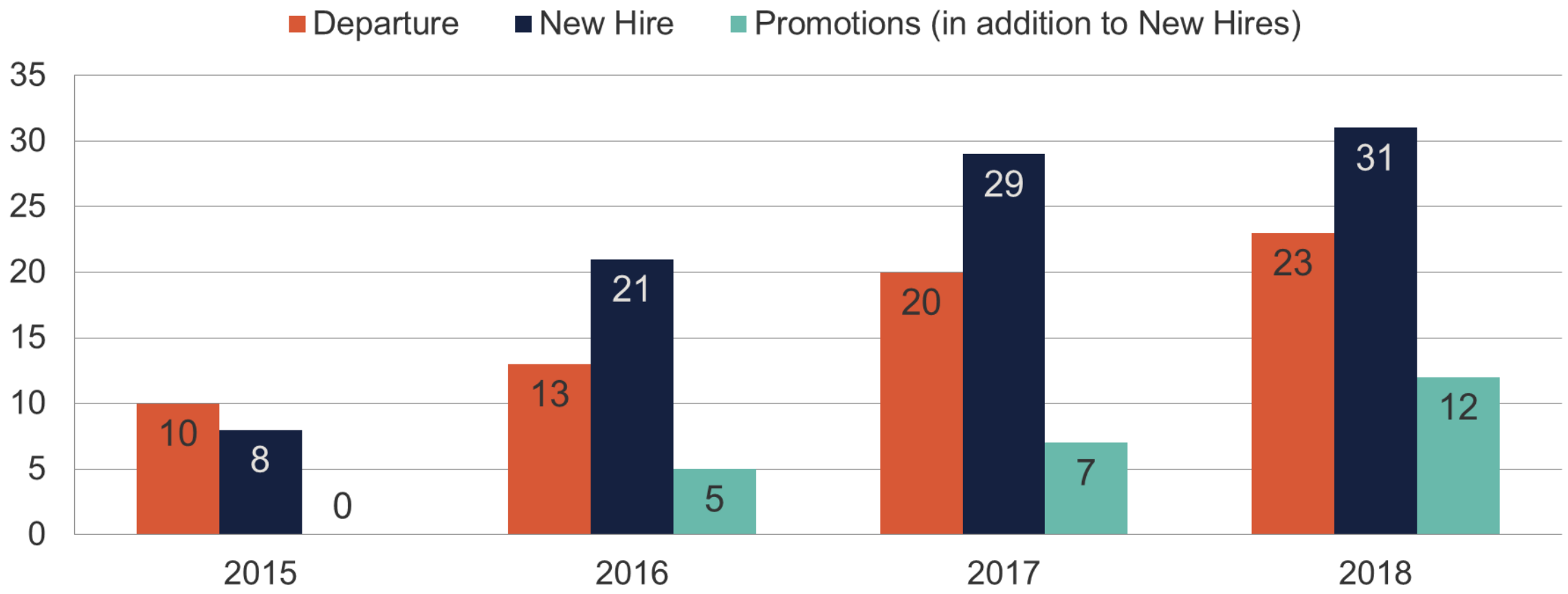
Long Range Planning



Operational Constraints

- Staffing
  - Increase in Public Records Act requests (new laws and complexity)
  - Demand from community for police-citizen community engagement (social media and programs)
  - Recruiting qualified candidates / demands on Human Resources
  - Length of time from application through training
  - Preparing employees for promotional opportunities
  - Injuries inherent to line of work / Risk Manager
  - Pending retirements
  - Stamina of full-time and as-needed staff to fulfill demands of Levi's Stadium
  - Address mandatory overtime for third party events (e.g. PG&E, Team 200, etc.)

Departure, Hiring and Promotion Summary



*In Fiscal Year 2015/16, SCPD hired CPSM to perform a staffing and operational analysis of the Department. The results and recommendations were presented to City Council on January 16, 2016. Twenty-four additional personnel over Fiscal Years 2016/2017 and 2017/2018, and the Department started a recruiting and hiring committee.

Operational Constraints

- Local Issues
  - Abandoned vehicles
  - RV parking
  - Neighborhood parking (volume of cars, garage/driveway use down, northside impact on Levi's Stadium event days, residential permit parking)
- Regional Issues
  - Property crimes
  - Homelessness
  - RV parking
  - Traffic
  - Mental Illness
  - Law changes Reducing Criminal Sentencing (AB109, Propositions 47 and 57)

Areas of Opportunity

- Meet community demand for citizen-police engagement
- Chief's Advisory Committee
- Police Department Open House, June 1
- Continue to enhance community policing opportunities (Neighborhood Watch, Chat with the Chief, Coffee with a Cop, Talk and Tour)
- Updated Massage Ordinance and related enforcement
- Focus on Property Crimes

Police Department Summary

- Staffing
- Technology
- Traffic
- Property Crimes
- Regional Issues

Operational Priorities
Fire Department

City of Santa Clara
The Center of What's Possible

Services Provided – Fire Department

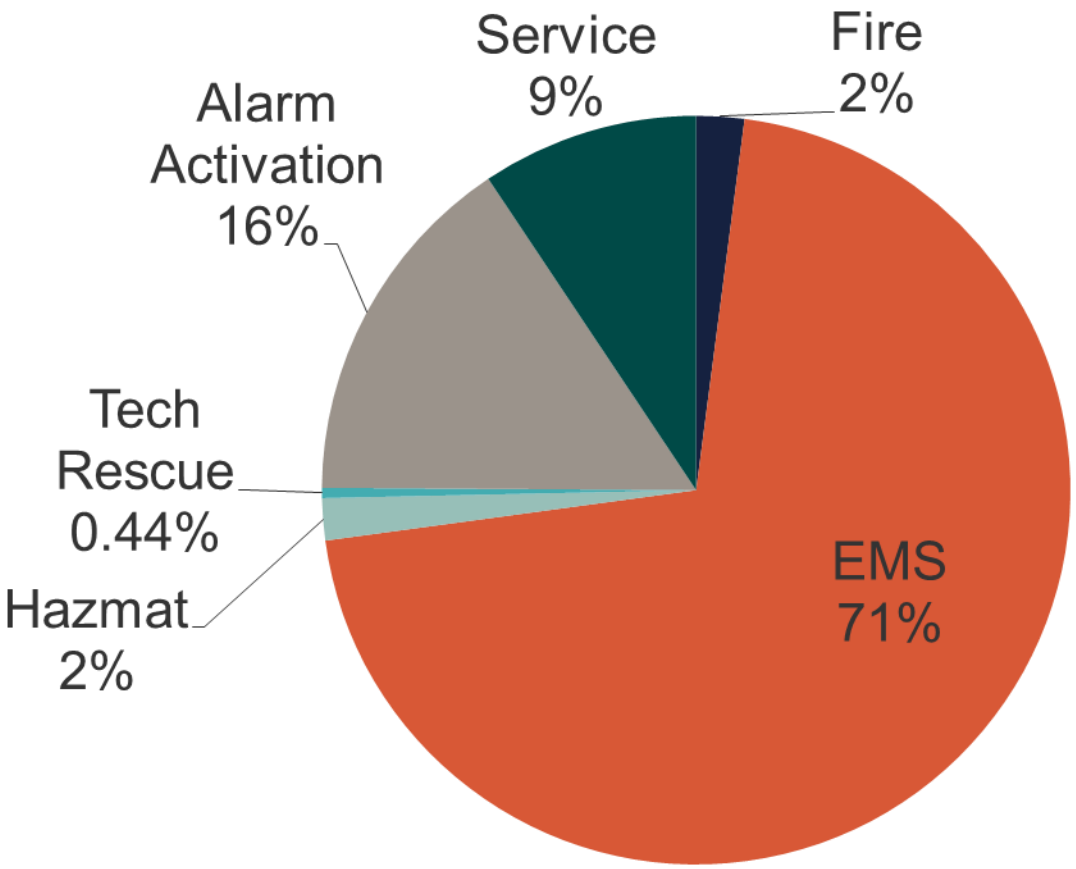
- Operations: Fire Suppression
- Fire Prevention and Public Education
- Hazardous Materials
- Fire Administration
- Emergency Medical Services
- Emergency Management
- Fire Training
- Volunteer Reserves Program

Existing Resources

Fire Department	FTEs	Budget
– Fire Protection	140.5	$39.5M
– Fire Prevention/Haz Mat	20	$4.95M
– Training	4	$1.31M
– Incremental EMS	2.75	$0.92M
Total	**167.25**	**$46.68M**

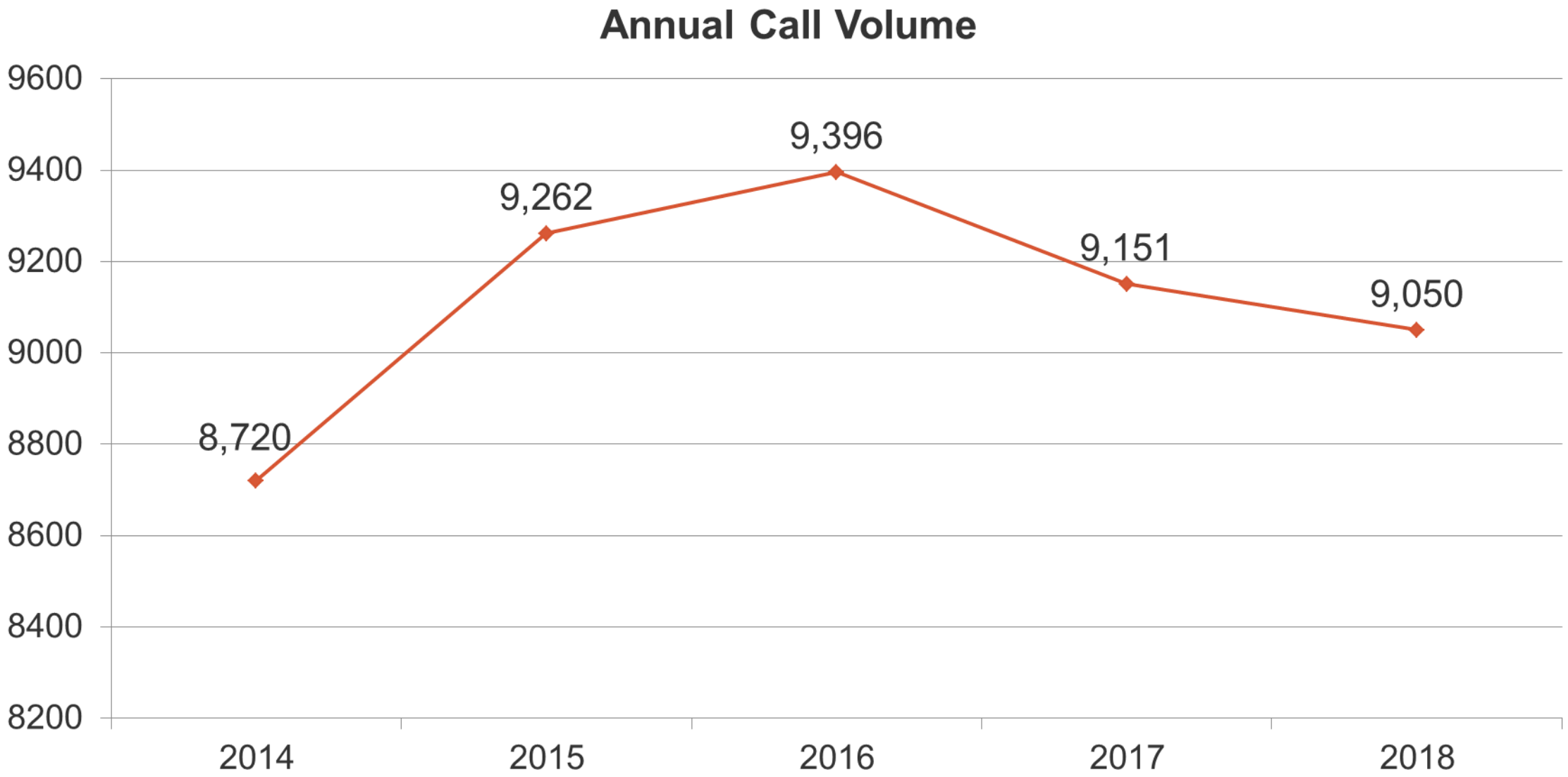
Service Delivery to Customers - Highlights

Percentage of 2018 Calls for Service by Type



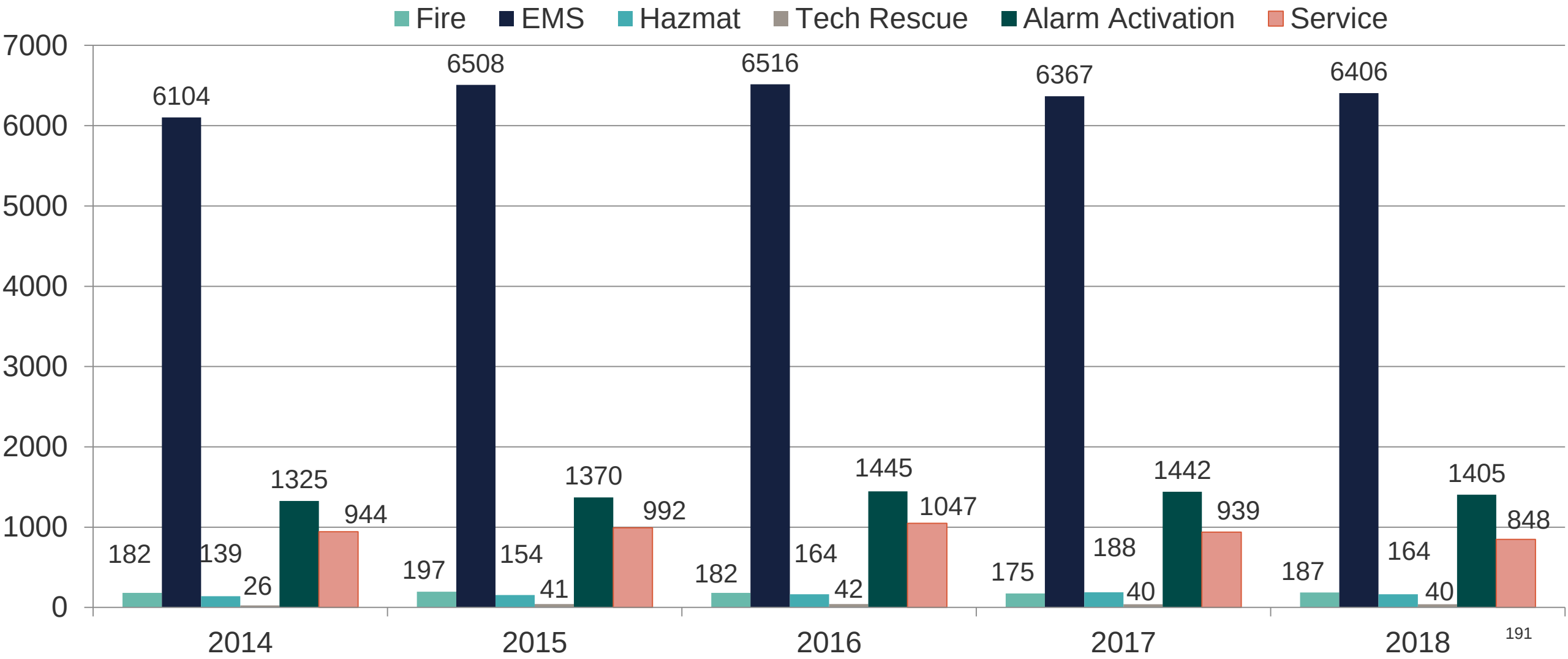
- **9,050** calls for service in 2018:
  - 6,406 = Emergency Medical Services
  - 1,405 = Alarm Activation
  - 848 = Other calls for Service
  - 187 = Fires
  - 164 = Hazardous Materials Release
  - 40 = Technical Rescue

Call Volume Totals

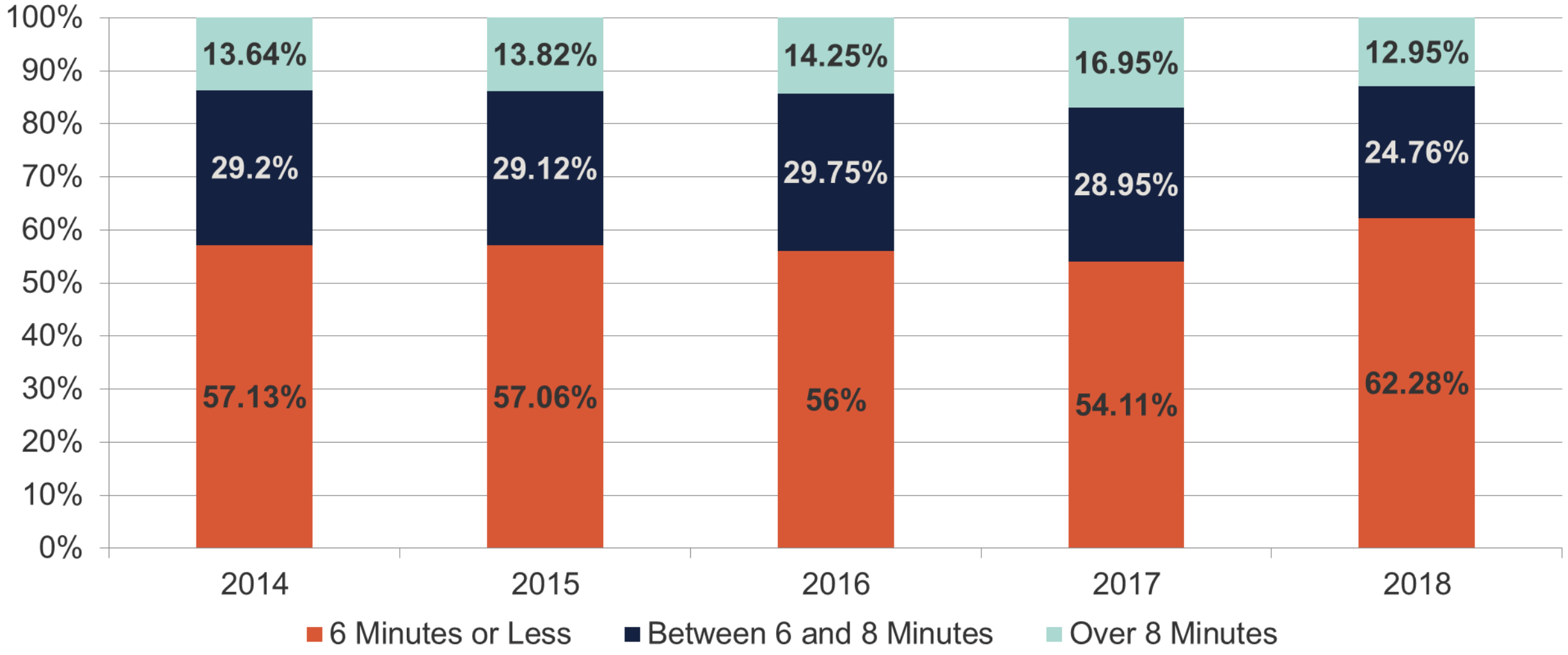


City of Santa Clara
The Center of What's Possible

Emergency Response By Call Type

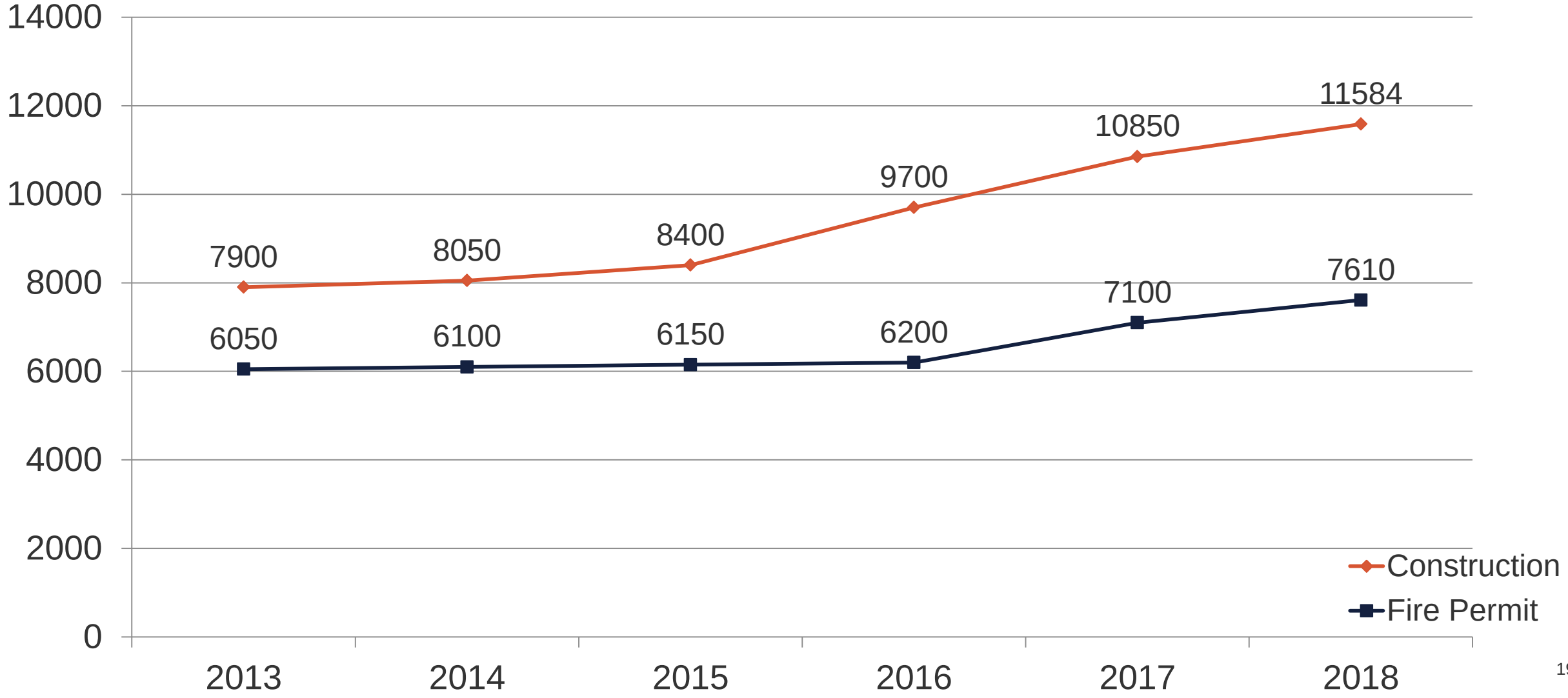


EMS Response Times



Note: Response times improved with the addition of the new Public Safety, Computer Aided Dispatch system in November 2018.

Fire Inspection Trends



Service Delivery to Customers - Highlights

- Assisted local fire victims with emergency shelter needs and case management services during recovery
- Enhanced emergency preparedness by conducting the 2nd annual, *Prepare Santa Clara,* full-scale disaster response exercise

Service Delivery to Customers - Highlights

- Upgraded emergency vehicle fleet by placing a new aerial ladder truck and a new hazardous materials response unit in service.
- Upgraded lifesaving Emergency Medical Services (EMS) equipment on all fire response vehicles
- Upgraded all emergency response vehicles with progressive technology to reduce total response time to emergencies
- Enhanced response capabilities to emergencies involving the release of hazardous materials

Service Delivery to Customers - Highlights

- Implemented the California Fire Code with local amendments
- Conducted over 10,000 fire and life safety inspections, corrected over 5,000 code violations
- Provided fire safety education at major City events, reaching over 25,000 people
- Provided Fire, EMS and Emergency Management services at Levi's Stadium

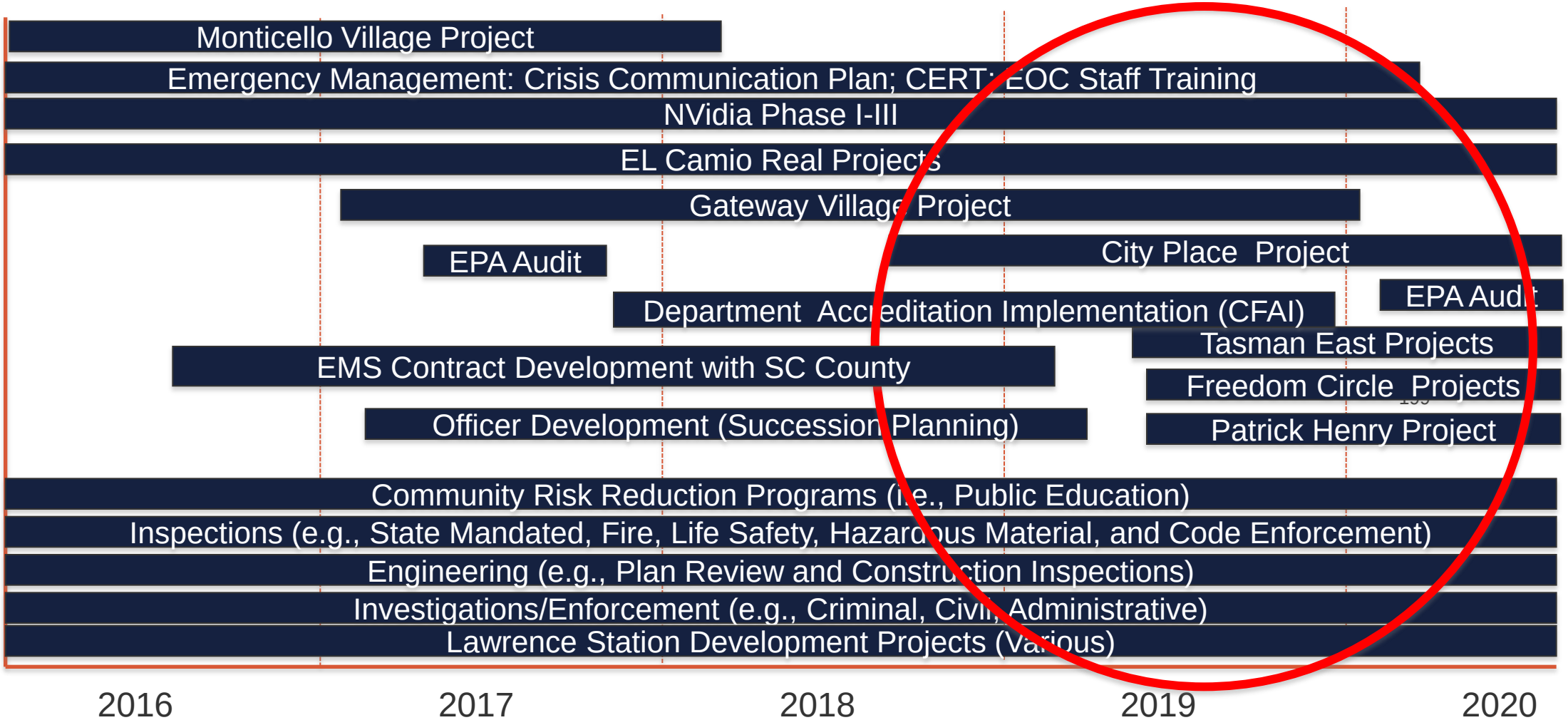
Accomplishments

- Achieved International Accreditation from the Center for Fire Accreditation International
- Activated a new Public Safety Computer Aided Dispatch (CAD) system
- Replaced mobile display computers on all emergency response vehicles
- Upgraded the Fire Department records management system
- Conducted a Formal Community Risk Analysis and updated the Department's Standards of Response Coverage documentation
- Conducted employee leadership training/succession planning for Fire Officers
- Hired 4 new Firefighters, 3 new Deputy Fire Marshals and a Fire Protection Engineer

Accomplishments

- Secured almost $180,000 in grant funding - $160,000 for advanced Haz Mat response equipment and over $16,000 for the City emergency management program
- Completed disaster recovery work from the 2017 winter storms, and the City received reimbursement of $90,000
- Trained 278 City employees in CPR and in the use of Automated External Defibrillators
- The CERT Training Program trained 75 new volunteers this year and provided continuing education to 300 additional CERT volunteers
- Completed a renovation of the City Emergency Operations Center, incorporating progressive technology
- Developed an employee behavioral health program to enhance employee health and wellbeing

Long Range Planning



Upcoming Policy Issues

- Potential Fire Department impact due to the regulation of cannabis
- Relocation of Fire Station #10 as part of the CityPlace Development
- SB 1205: Annual Report on Fire Safety Inspections of State-mandated facilities (K-8 schools, Apartment buildings)

Operational Constraints

- Emergency Medical Services contract with Santa Clara County
- Capital funding availability for Fire Station modernization
- Length of recruitment process (Applicants to Firefighters); up to 9 months from start of recruitment to beginning of recruit academy
- High volume of developer requests for service
- High volume of public record requests
- Recruitment and retention due to high cost of living

Areas of Opportunity

- Reduce response time with new CAD system
- Incorporate technology for field-based operations (all Fire Dept. Divisions)
- Increase community emergency preparedness and disaster resilience
- New fire station and upgrade of existing fire station(s)
- Grant funding
- Enhance crisis communication, and community emergency alerting
- Incorporate drone technology into emergency operations

Fire Department Summary

- Modernize the Fire Department vehicle fleet
- Incorporate technology to improve efficiency and effectiveness
- Employee development and succession planning
- Increase community emergency preparedness
- Maintain critical infrastructure
- Monitor legislation for potential impacts to emergency operations
- Reduce community risk through public education, community development, and fire code application

City of Santa Clara

The Center of What's Possible