



CITY OF
HAYWARD
HEART OF THE BAY

WS 2c

DATE: January 29, 2008
TO: Mayor and City Council
FROM: City Manager
SUBJECT: Budget Priorities and Goals

RECOMMENDATION

That Council review the report and provide staff any additional clarification regarding work effort priorities for the remainder of the fiscal year, ending June 30, 2008.

SUMMARY

Council's previously approved budget provides direction in terms of resource allocation toward particular goals and objectives, as outlined in the applicable budget documents. Periodically, these goals and objectives require review and confirmation of their applicability.

Discussion with Council in a work session in September provided staff input on possible changes in priorities, and it seems appropriate that in conjunction with Council's mid-year budget review that project priorities be revisited and confirmed by Council so staff has clear policy direction in terms of your priorities. This report summarizes previous Council input and discussion and seeks consensus on priorities to be focused on by staff for the remainder of the fiscal year.

BACKGROUND

Budget deliberations held during last year's budget process outlined a number of items requiring policy development, staff reports, research or other significant staff effort. The most critical of these work efforts were included in the adopted FY08 budget documents, while a number of others were left for future consideration. In addition to these items, Council has since identified additional issues that they would like to see pursued by staff.

Because of the number of items identified and recognition of limited staff resources to complete work on the entire list of issues, staff requests further discussion and clarification be provided at this work session so the organization's resources are committed appropriately to Council's major priorities.

DISCUSSION

Staff presents the following outline to represent what we understand to be Council's top priorities, and the various work efforts identified in support of those priorities. This outline is presented in the context of the many services and operations provided by the organization that support the community on a daily basis.

As the community continues to become more engaged with the City, requests for service, desire for more partnerships, awareness of additional problems, and other factors are putting strain on our organizational resources in new and different ways. Council's commitment and desire to be responsive to the community is also bringing important issues to light that need to be addressed by staff. The outline reflects staff's understanding of Council's priorities, both primary and secondary. When allocating resources, focus will be on the two primary priorities and associated work efforts to be accomplished this fiscal year.

Primary Priorities:

1. Crime Reduction/Public Safety
2. Community Cleanliness

Identified work efforts in support of these primary priorities:

(Items in **BOLD** require significant yet to be identified financial resources for implementation.)

Crime Reduction and Public Safety

1. Red Light Camera implementation
2. Completion of Police Department strategic planning process
3. **Identification of police staffing priorities**
4. Filling all currently authorized sworn positions
5. Strengthening of Police Department internal organization
6. Evaluating realignment of resources with focus on neighborhoods
7. Work with BART on station safety
8. Incorporation of Crime Prevention Through Environmental Design (CPTED)
9. Strengthening School District partnership and school safety efforts
10. **Use of video surveillance evaluation and implementation (crime prevention)**
11. **Disaster preparedness programs**
12. Social Host Ordinance

Community Cleanliness

1. **Introduction of Neighborhood Services Initiative (NSI)**
2. Development of Neighborhood Services Partnership model
3. Demolition Ordinance
4. Continued work with Keep Hayward Clean & Green Task Force
5. Downtown "Safe and Clean" Implementation (Phase I)
6. Administrative Citation Program overhaul

7. **Use of redevelopment funding and programming to eliminate blight**
8. Public Smoking Ban Ordinance
9. Strengthening of volunteer programming
10. **Development of Public Art Program**
11. Establishment of Blight Busters Program (San Jose Model)
12. Consolidated public nuisance ordinance

A number of other secondary priority areas will also require staff attention and work effort the remainder of this fiscal year. These work efforts will be undertaken as resources allow after meeting primary priority work efforts, and will likely extend into next fiscal year or beyond, depending on resource availability. Included below is a listing of these potential work efforts categorized into three priority areas:

Supporting Priorities

1. Organizational Health
2. Land Use and Sustainability
3. Fiscal Stability

(Items in **BOLD** require significant yet to be identified financial resources for implementation.)

Organizational Health

Introduction of Organizational Change Initiative (OCI)
 Implementation Management Achieving Performance System (MAPS)
Evaluation of organizational structure and program alignment
 Establishment of Innovations Task Force
 Increased performance accountability
Technology strategic plan development

Land Use/Sustainability

Development of Historic Preservation Ordinance
 Strengthen and formalize Green Building Standards
 Revisit South Hayward BART Plan
Report and recommendation on City Center project
Route 238 Land Use Study
 Continued work with Sustainability Committee and recommendations
 Mt. Eden Annexation, Phase II
 Revisit inclusionary zoning requirements for senior projects
Academic After School Program Partnership with School District/Funding Mechanisms
Residential Solar Funding Program
Facilities planning (Police, Library, Fire Station 7, Animal Shelter)

Fiscal Stability

Introduction of Fiscal Stability Initiative
 Possible revenue measure proposal

- Development of long range financial plans
- Development of comprehensive fiscal policies
- Pursue revenue enhancements wherever possible
- Provide transparent budget preparation process
- Development of financial management capacity within organization
- Development of Internal Service funds as necessary (Tech, Fleet, Facilities, etc)**
- Aggressive Economic Development programming (BioTech, Downtown)

To address many of these priorities, staff has developed three implementation initiatives. These three initiatives are designed to target both primary and secondary priorities above, and will be presented to the organization as integrated elements of an overall "Direction 2008" message from the City Manager. The three initiatives are:

Fiscal Stability Initiative (FSI): As outlined in previous communications on the budget, each department has been asked to bring forward 6% reductions in their General Fund expenditures for the coming fiscal year. This is not a pleasant process, and one I hope we can avoid in the future through longer range planning. However, our projected \$8.5 million deficit has to be dealt with in the very near term. The 6% reductions will help address this immediate issue, and may mean reductions in staffing unless additional revenues can be found. Recent economic news may require further reductions in subsequent fiscal years.

If our community elects to provide additional financial resources to the organization to maintain current service levels, these reductions may not be necessary. However, we need to plan for these reductions in the event the revenues are not forthcoming.

Financial stability is the key to the organization's ability to serve the community in a sustainable way. The organization has gone through various periods of extreme financial swings due to various causes. Taking a longer term look at our financial picture will help smooth out these gyrations. Recognizing the long term impacts of decisions made today is critical to our ability to plan for future needs and invest responsibly in the future.

Organizational Change Initiative (OCI): We have to be the change in the community that we want to see. That means we have a lot of work to do *internally* before we can provide superior services *externally*. Some of that internal work is included within the Fiscal Stability Initiative above. But money is just part of the picture. A number of current cultural norms will need to shift for the organization to be able to respond to our changing demands for service. And of course, we need to continue to provide service while in the midst of these changes: we can't close up shop to reinvent ourselves.

A shift in culture doesn't happen overnight, just as the changes we see in our community's needs didn't happen overnight. This effort will take a great deal of persistence on everyone's part to ensure it is built in a quality way. This effort will start from the ground up, or from the front lines, back. Leadership's job is to create conditions that allow this pillar to be raised, to become an outcome oriented, performance based, customer driven organization. Our goal should be to be recognized as a premier organization not only by the community we directly serve, but also within the Bay Area and all of California.

Neighborhood Services Initiative (NSI): What I have heard the most from various parts of the community is the need for City Hall to be more accessible and staff more engaged in our neighborhoods. In the past few months, some significant progress has been made to connect with our customers, particularly in our neighborhoods, but more, much more, needs to be done in this area. Even while we face significant financial challenges in our General Fund, we must find ways to provide resources to build our neighborhood services programming. This investment will move the community much faster in its efforts to improve livability, and will leverage the huge number of residents waiting for assistance and guidance on how they can contribute to their own neighborhoods, and thus the overall city. These efforts will also make the community more attractive to business investment and strengthen our economic vitality.

Associated with neighborhood livability are efforts to improve the physical appearance of our neighborhoods and commercial corridors. Consistent with the "broken windows theory" related to criminal activity, a similar phenomenon is observed with cleanliness and maintenance. An area that is cared for is less apt to deteriorate and in fact attracts investment. If it looks like nobody cares, nobody will, and conditions quickly decline. We need to be facilitators at one end of the spectrum in helping those who will partner with us, and enforcers on the other end of the spectrum, when voluntary compliance fails. This initiative is in direct support of both of Council's primary priorities.

Future Issues

Staff is highly committed to taking action on Council's primary priorities, and will focus resources to those priorities to the fullest extent possible. There are a number of work items that are of specific interest to Council, but not necessarily fundamental to the primary priorities described above. Therefore, Staff is recommending a number of these work items be delayed to next fiscal year for consideration due to a lack of internal resources to immediately address them. If Council would like to move any of these items to a higher priority for the current fiscal year, staff would like to discuss reordering the above priorities to accommodate completion this fiscal year.

Deferred projects/work efforts:

- Ban on Plastic Bags and Styrofoam in City limits*
- Recycled water use in City of Hayward*
- Report on Low/Mod Housing Program*
- Tax on Fast Food establishments*
- Possible Acquisition of Constituent Response Management (CRM) System*
- Neighborhood Leadership Academy Development*
- Funding recommendation for Fire Station 7 construction*
- Evaluation of Downtown Plan*
- Mission Corridor Redevelopment/Specific Plan*
- Big Box Ordinance*
- Corporate Benchmark Development (12-15 Organization-wide Measures)*

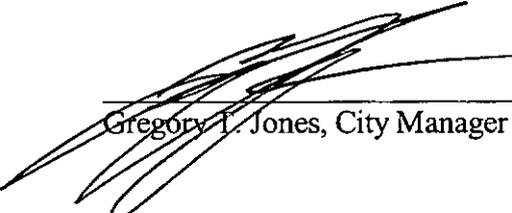
FISCAL IMPACT

Work items included here all require significant staff resources to accomplish. Others (highlighted in **BOLD**) will require additional funding in the current year or future budget cycles. Cost estimates have not been developed for many of the items, nor have funding sources been identified (grants, Redevelopment Agency, General Fund, etc.) at this point in time. Some of these work items have already received budget allocations to support their accomplishment.

CONCLUSION

There are many items that Council wishes staff to pursue in support of the community's desires to enhance livability. While staff is making many strides in meeting those desires in support of Council's priorities, we need to regularly revisit where and how staff is focusing the limited resources available. Alignment of staff's efforts with Council's priorities is an essential and ongoing effort. As new issues arise requiring additional resources, the additional work effort and budgetary implications need to be considered and evaluated, and adjustments made, to existing priorities.

Some items included here have no existing funding source identified to support them, and may conflict with current Council desires and/or with previously approved objectives contained in the FY08 budget. Staff is seeking Council direction on these listed priorities to better align resources and staff time in achieving the Council's desired outcomes.



Gregory T. Jones, City Manager

- Attachments:
1. Council Priorities-2008 (Table)
 2. Fiscal Stability Initiative
 3. Organizational Change Initiative
 4. Neighborhood Services Initiative

COUNCIL PRIORITIES
January 2008

CRIME/PUBLIC SAFETY		CLEANLINESS
<ul style="list-style-type: none"> • Red Light Cameras • Police Dept. Strategic Plan • Police Staffing Priorities • Police Dept. Internal Organizational Review • BART Station Safety • Crime Prevention through Environmental Design (CPTED) • School Safety Partnerships • Video Surveillance Alternatives • Disaster Preparedness • Social Host Ordinance 	<ul style="list-style-type: none"> • Introduction of Neighborhood Services Initiative • Neighborhood Partnership Program • Downtown Safe & Clean Efforts • Administrative Citation Program Overhaul • Blight Elimination through RDA • Public Smoking Ban • Volunteer Programming Enhancements • Public Art Program • Blight Busters Program • Consolidated Public Nuisance Ordinance • Keep Hayward Clean Green Task Force 	
ORGANIZATIONAL HEALTH	LAND USE & SUSTAINABILITY	FISCAL STABILITY
<ul style="list-style-type: none"> • Introduction of Organizational Change Initiative • Management Achievement Performance System • Evaluation of Organizational Structure • Innovations Task Force • Performance Accountability • Technology Strategic Plan 	<ul style="list-style-type: none"> • Historic Preservation Ordinance • Green Building Standards Development • South Hayward BART Plan Revisited • City Center Project • Route 238 Land Use Study • Sustainability Committee • Mt. Eden Annexation, Phase II • Inclusionary Zoning/Senior Projects • Residential Solar Funding Program • Facilities Planning (Animal Control, Station 7, etc.) 	<ul style="list-style-type: none"> • Introduction of Fiscal Stability Initiative • Possible Revenue Measure • Long Range Financial Planning • Fiscal Policies • Revenue Enhancements • Budget Transparency • Financial Management Capacity • Internal Service Funds Est. • Targeted Economic Development (Bio-tech, et al)

Fiscal Stability Initiative

Element 1: Balanced General Fund Budget Policy

- Take actions necessary to eliminate use of reserves by July 1, 2009
- Focus on efficiency improvements and employee innovations
- Saving jobs top priority, but reduction of staff may be necessary
- Attrition first goal in reducing staffing numbers
- May recommend retirement enhancement to induce departures

Element 2: Long Range Financial Plans

- Council adoption of long range financial planning fiscal policy
- Development of General Fund 10-year Financial Plan
- Development of 10-year Financial Plans—Other major funds

Element 3: Internal Service Fund Establishment

- Fleet Replacement
- Facilities Replacement (components and capacity)
- Technology Replacement (components and capacity)
- Liability/Workers Compensation
- Retiree Medical Liability Fund
 - Determine estimated annual funding requirements for each fund
 - Use available one time monies as seed funding for establishing funds and build reserves over the 10-year plan

Element 4: Capital Improvement Program (CIP)

- Development of 10-year CIP
- Include operating cost obligations associated with projects
- Identify alternative funding sources for needed improvements
- Maximize Redevelopment investments

Element 5: Performance Based Budgeting (PBB)

- Establishment of outcome driven budgeting
- Inclusion of performance indicators (qualitative measurements)
- Inclusion of task measurements (quantitative measurements)
- Likely use of task force to develop

Element 6: Revenue Enhancement Efforts

- Establish full cost recovery as goal in appropriate areas
- Ensure fully loaded charges to all funds back to General Fund
- Look at all possible/legal alternative funding sources
- Propose revenue measure to public to support service level maintenance
- Review fees annually for all services and apply CPI
- Evaluate inter-jurisdictional partnerships/fees for service (fleet maintenance partnership, technology services partnerships, etc.)

Organizational Change Initiative

Element 1: Mission, Ambitions, and Values Task Force

- Creation of the MAV Employee Task Force to establish the organization's Mission, Ambitions and Values

Element 2: Innovations Task Force

- Creation of an employee task force to look at best practices and evaluate for implementation (underway)

Element 3: Management Achieving Performance System (MAPS) Implementation

- Implementation of performance planning and evaluation system for all management and executive team staff (underway)

Element 4: Departmental Realignment for Service Delivery Improvement and increased accountability

- Develop budget recommendation to integrate all **Maintenance Services** operations (structure to be determined)
- Evaluate **Development Services** for possible integration of process elements
- Integrate **Neighborhood Services** programs (structure to be determined)

Element 5: Customer Service Task Force

- Creation of an employee task force to develop departmental customer service action plan framework

Element 6: Accountability

- Active enforcement of personnel policies regarding work environment, harassment, behavior, work habits, etc. Department Heads, managers, and supervisors to be held accountable for ensuring personnel policies are adhered to.
- The Human Resources Department will train at least two members of their staff to assist departments in conducting administrative investigations.
- Employee evaluations will be conducted regularly and in a quality manner and will be reviewed by appropriate departmental staff

Element 7: Outcome Orientation Development

- A process to develop benchmarks for all program areas will be established and included within future budget documents. Department Heads and their managers will be held accountable for establishing, measuring and working toward benchmark goals.
- Problem solving will become an organizational focus. "We can if" will replace "We can't because" within our organizational culture.

Neighborhood Services Initiative

Element 1: Reorganization of departments to create focus on neighborhoods

- Integration of Neighborhood Services Programs (structure to be determined)
- Integration of Maintenance Services operations (structure to be determined)
- Evaluate Animal Control Services organizational placement

Element 2: Creation/strengthening of adopted Public Nuisance Ordinance

- Review for inclusion of all nuisance issues that are spread among other ordinances, such as graffiti, weed abatement, inoperative vehicles, etc.
- Adopt Demolition element within public nuisance ordinance

Element 3: Legal support of abatement proceedings

- Request City Attorney evaluate need and provide continued necessary support for aggressive and immediate action to move to abatement after administrative citation process is exhausted.

Element 4: Additional staffing for Community Preservation efforts

- Evaluate alternative funding sources with the goal to provide additional code enforcement personnel to establish a Neighborhood Partnership Program. Funding proposed to come from citation process and RDA transfer with no General Fund impact as part of FY09 budget.

Element 5: Creation of Corridor Improvement Program

- Assign dedicated code enforcement personnel to major commercial corridors, working with Planning Staff to ensure compliance with original conditions of approval and enforce existing conditions.

Element 6: Creation of Neighborhood Partnership Program

- Development of a programmatic approach to establishing neighborhood/City relationship.
- Build system of integration of neighborhood needs with capital improvement requests and 10-year CIP and establish neighborhood project fund using surplus land sale as seed funding source as well as increased RDA funding where possible

Future Element: Police Staffing

- Consistent with the future Police Department Strategic Plan, create neighborhood/district policing offices with CSO staffing and community meeting space in North, South and Central districts (to be determined) when resources become available.

Future Element: Neighborhood Leadership Academy

- Develop internal Neighborhood Leadership Academy for aspiring neighborhood leaders that want to learn about how the City operates, resource availability/constraints, etc.