



**CITY OF SALINAS  
COUNCIL STAFF REPORT**

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**DATE: JANUARY 19, 2021**  
**DEPARTMENT: OFFICE OF THE CITY MANAGER**  
**FROM: STEVEN CARRIGAN, CITY MANAGER**  
**BY: ANDREW MYRICK, SR ECONOMIC DEVELOPMENT MGR**  
**TITLE: SALINAS PLAN QUARTERLY UPDATE**

**RECOMMENDED MOTION:**

No action is required.

**RECOMMENDATION:**

No recommendation is provided since this Report is presented for informational purposes only.

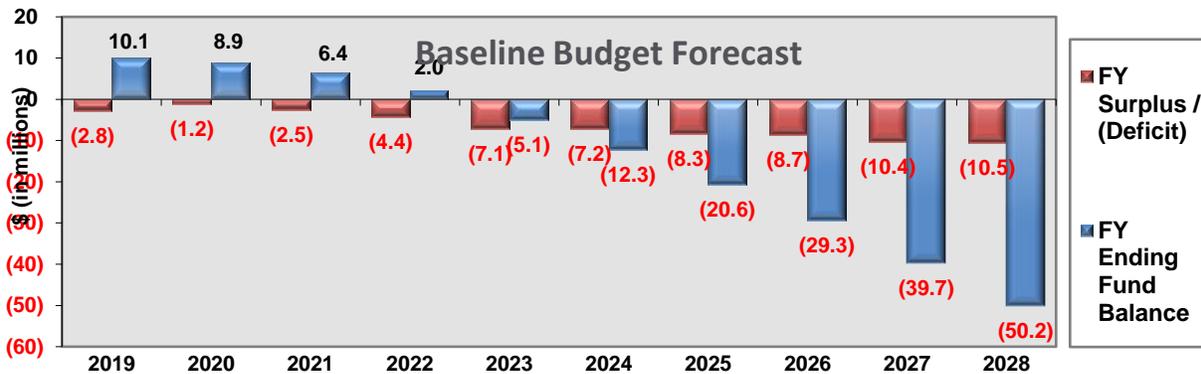
**EXECUTIVE SUMMARY:**

This Report serves primarily to update the Council on progress made towards the items identified in the Salinas Plan.

**BACKGROUND:**

On December 4, 2018, the National Resource Network (NRN) presented the Salinas Plan to the City Council. The Salinas Plan is a comprehensive review of City finances and operations that utilizes a ten-year budget model to identify the fiscal challenges facing the City; specifically, the model found that, absent corrective action, the City would see increasing deficits eventually exceeding \$10 million per year by FY27 and \$60 million total over the next ten years. Under this projection, the City would exhaust its reserves by FY23. Further, this projection assumes no additional investment by the City to help address the housing affordability crisis the City is now facing. On its current path, the City faces the steady erosion of existing services, with no additional resources available to address the housing crisis.

The chart on the following page details the projected City budgetary shortfall absent any corrective action. Note that under this scenario the City would need to cover annual shortfalls by utilizing reserve funds – this would result in the City depleting its reserves by FY23. Without reserves, the City would have no choice but to make the needed reductions in order to pass a balanced budget.



To prevent this outcome, the Salinas Plan includes a list of 32 recommended initiatives that, taken together, would enable the City to maintain its fiscal solvency, maintain its core services and strategic priorities, and identify additional resources to address the housing crisis. These initiatives achieve this through a variety of methods, including savings by reducing or eliminating non-core services; identifying new revenues to fund key strategic priorities; and finding efficiencies in operations to enable the City to continue to deliver key services at a lower cost. The recommendations span nearly all City Departments and entail sacrifices by employees, residents, and businesses – however, if completely implemented, the City should be able to maintain core services, increase efficiencies, implement new and expanded initiatives to address the housing crisis, and do so over the long-term by implementing fiscally sustainable practices.

**DISCUSSION:**

The Salinas Plan is designed to provide a “blueprint” for the City to establish a fiscally sustainable operational model – in other words, for the City to “live within its means.” Such an effort requires years of sustained leadership and discipline to complete. As such, the Salinas Plan was written with the intent that its recommendations be explored and, if appropriate, implemented. It was never the intention that this would be a document that would “sit on the shelf.” A Report on the Implementation of Salinas Plan Initiatives is attached to this Staff Report; it includes more specific information regarding the financial impacts and status of the individual Salinas Plan initiatives. The Salinas Plan has also been attached to this Report for reference.

As noted in the Report, some items of the Salinas Plan have been completed, while others are still being worked on. So far, 11 of the 32 recommendations have been completed, with several others expected to reach completion within the next year. Completion of an item does not necessarily mean that it has been implemented exactly as recommended – since each of these recommendations was made with the understanding that additional research would need to be conducted before decisions could be made, staff may find that implementation of a recommendation exactly as described may be unworkable or may have consequences that offset the value of implementation. When this happens, staff will provide the information to Council explaining why it determined that the implementation of a particular recommendation was considered inappropriate, and provide an alternative recommendation.

Thus far, the City's efforts on these items has exceeded the projected savings in the Salinas Plan – the Salinas Plan projected cumulative savings of 756,084, while actual cumulative savings for the period totaled \$2,197,111. However, starting in the current fiscal year, hitting the projected targets will become more difficult. The City does not expect to hit its target in FY21. Part of this relates to the timing of some projections – the Salinas Plan included significant savings in FY21 for the elimination of Management/Flex Leave (WF03), but employee contracts allowed for these benefits to be used until December 31, 2020, impacting half the fiscal year (the full targeted amount will be realized next year). Some items were negatively impacted by the COVID-19 outbreak – for example, the Downtown Parking District (MC01) was on track in March to completely cover its operational costs for the first time in decades before parking revenue plummeted due to the COVID-19 outbreak. Also, actual savings at the end of the year may be higher than the amounts budgeted as additional initiatives have been and will continue to be implemented over the course of the year.

While much has been accomplished in a short period of time, much more needs to be done. The amount of savings needed will continue to increase each year due to increases in employee costs, particularly employee retirement contributions and health care (the Salinas Plan assumes that employee salaries, health care costs, and retirement costs will continue to grow – the targets are designed to accommodate this growth). Even with the work already completed, the City could still find itself in a dire financial situation if certain key initiatives (such as the Storm Sewer Utility Fee or renewal of the Measure G Sales Tax) are not ultimately successful.

While at times this effort may seem to be focused on accounting matters at a time when there is a great need for more services in the community, the value of this effort is not a simple matter of balancing a financial ledger. Services cost money for employees, infrastructure, facilities, and materials. It is not easy to reduce any of these expenditures in a financial crisis, and doing so generally results in the reduction or elimination of City services that will end up costing more through larger repairs, greater maintenance expenditures, increased legal costs, lost development opportunity, and/or the loss of experienced employees. In short, operating in a fiscally sustainable manner allows the City to meet the needs of tomorrow as well as those of today. While not every recommendation will be fully implemented, every reasonable effort should be made to find ways for the City to cover its costs and operate as efficiently as possible.

CEQA CONSIDERATION:

The provision of this information to the City Council is not a project as defined by the California Environmental Quality Act (CEQA) (CEQA Guidelines Section 15378).

STRATEGIC PLAN INITIATIVE:

The Salinas Plan furthers the City's general strategic plan goals of Risk Management, New Revenue and Operational Efficiencies by striving to improve the City's efficiency, reducing expenditures, and making necessary investment's in order to have long-term savings.

## DEPARTMENTAL COORDINATION:

All City Departments were consulted in the preparation of this information and will continue to be engaged on a regular basis during the exploration and implementation of recommendations contained within the Salinas Plan.

## FISCAL AND SUSTAINABILITY IMPACT:

The fiscal impacts of implementation of the Salinas Plan are described throughout this Report.

## ATTACHMENTS:

### Report on Implementation of Salinas Plan Initiatives

- Index
- Financial Summary
- Status of Initiative Implementation
  - o *Public Safety*
  - o *Shared Services*
  - o *Managed Competition and Privatization*
  - o *Operational Efficiencies*
  - o *Investment Strategies*
  - o *New Revenues*
  - o *Risk Management*

### The Salinas Plan



# Implementation Status of Salinas Plan Initiatives January 4, 2021

*The following pages identify the current status and activities associated with the recommended initiatives in the Salinas Plan. This information will be updated on a continuous basis as progress towards each initiative is made.*

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The Status of each initiative is identified as being one or more of the following:

**Pre-Study:** City staff has initiated internal discussions but has not yet begun the process of formally studying the Initiative

**Study:** Staff is gathering information and exploring the parameters and feasibility of this Initiative

**Design:** Staff is assembling a Project or Program to accomplish the Initiative

**Approval:** Project or Program has been designed and is being prepared to be considered for approval

**Implementation:** The Initiative has been approved, and staff is currently implementing the Initiative's provisions

**Complete:** Implementation is complete and the Initiative is incorporated into City practices on an ongoing basis, or the City has determined not to proceed with the referenced item.

Tasks identified represent only the current tasks being performed, and in many cases additional work will need to be performed before an initiative can be considered Complete. The numbering of each task (ie. “Task 1” or “Task 2”) only serves to distinguish them and is arbitrary.

# Index Of Initiatives

Code	Initiative
<b>Public Safety</b>	
PS01	Staffing and Overtime Reduction
PS02	Police Civilianization
PS03	Improve Police Department Technology
PS04	Evaluate Provision of Advanced Life Support Services
<b>Shared Services</b>	
SS01	Recover Full Cost of Service from Monterey County Regional Fire District
SS02	Consolidate Animal Services
<b>Managed Competition and Privatization</b>	
MC01	Eliminate Downtown Parking Fund Deficits
MC02	Eliminate General Fund Subsidy of Golf Course Debt Service
MC03	Eliminate Sherwood Hall Deficits
<b>Operational Efficiencies</b>	
OE01	Move Facility and Park Maintenance to Library and Community Services
OE02	Citywide Fleet Strategy
OE03	Improve Budget Process and Monitoring
OE04	Strategically Implement Consultant Studies with Action Plans and Savings Targets
OE05	Prepare a Preventive Maintenance Program for All City Facilities
<b>Workforce Strategies</b>	
WF01	Healthcare Cost Containment
WF02	Improve Base Pay on a Cost-Neutral Basis
WF03	Eliminate Management and Flex Leave
WF04	Continue to Address Workers' Compensation Costs, Moving Towards Sound Actuarial Funding
<b>Investment Strategies</b>	
IN01	Dedicate Savings to Capital Investment
IN02	Establish a Productivity Bank
IN03	Add an Analyst Position that Reports Directly to the City Manager
IN04	Convene Stakeholders to Develop an Implementation Plan to Create More than 4,000 New Units of Affordable Housing in the Next Ten Years
IN05	Establish a Housing Trust Fund with a Dedicated Revenue Stream for Affordable Housing
IN06	Develop a Land Strategy to Leverage Private Market Investment to Create up to 2,400 New Units of Affordable Housing
IN07	Create Regulations to Address Safety and Health Conditions in Rental and Other Group Housing
<b>New Revenues</b>	
NR01	Enact Storm Sewer Utility Fee to Fund Current Transfer of General Fund Revenues to Storm Sewer Fund
NR02	Increase Hotel Tax and Dedicate Funding that Results to Capital Investment
NR03	Establish a Mello-Roos Special Tax
NR04	Use Multiple Sources to Provide Revenue for the Housing Trust Fund
NR05	Rental Registry and Inspection Fees
<b>Risk Mitigation</b>	
RM01	Engage with the Salinas Community to Make the Measure G Sales Tax Permanent
RM02	Incorporate Multi-Year Financial Planning into All Budgetary Actions

# Financial Summary of Initiatives

Code	Initiative	Responsible Departments	Cumulative Projected Impact Through FY20	Cumulative Actual Impact Through FY20	FY21 Projected Impact	FY21 Budgeted Impact	Cumulative Projected Impact Through FY21	Cumulative Actual+Budget Impact Through FY21	FY22 Projected Impact
<b>Public Safety</b>									
PS01	Staffing and Overtime Reduction	Fire, HR, Police		\$1,281,235		\$620,000		\$1,901,235	
PS02	Police Civilianization	HR, Police		\$0		\$0		\$0	
PS03	Improve Police Department Technology	HR, Legal, Police	\$72,033	\$110,157	\$149,824	\$0	\$221,857	\$110,157	\$232,787
PS04	Evaluate Provision of Advanced Life Support Services	Admin, Fire		\$0		\$0		\$0	
<b>Shared Services</b>									
SS01	Recover Full Cost of Service from Monterey County Regional Fire District	Admin, Fire	\$119,665	\$0	\$133,419	\$0	\$253,084	\$0	\$147,325
SS02	Consolidate Animal Services	Admin, Police	\$53,000	\$105,514	\$72,000	\$72,000	\$125,000	\$177,514	\$73,440
<b>Managed Competition and Privatization</b>									
MC01	Eliminate Downtown Parking Fund Deficits	Finance, PW	\$229,833	\$359,125	\$243,168	\$243,168	\$473,001	\$602,293	\$256,798
MC02	Eliminate General Fund Subsidy of Golf Course Debt Service	Admin, Finance	\$0	\$0	\$250,000	\$0	\$250,000	\$0	\$265,000
MC03	Eliminate Sherwood Hall Deficits	Admin, LCS	\$54,000	\$0	\$58,000	\$0	\$112,000	\$0	\$64,000
<b>Operational Efficiencies</b>									
OE01	Move Facility and Park Maintenance to Library and Community Services	Admin, LCS, PW	\$189,703	\$0	\$195,655	\$166,140	\$385,358	\$166,140	\$200,547
OE02	Citywide Fleet Strategy	Fire, HR, Police, PW	\$0	\$0	\$26,000	\$20,000	\$26,000	\$20,000	\$53,000
OE03	Improve Budget Process and Monitoring	Finance		\$0		\$0		\$0	
OE04	Strategically Implement Consultant Studies with Action Plans and Savings Targets	Admin		\$0		\$0		\$0	
OE05	Prepare a Preventive Maintenance Program for all City Facilities	Admin, PW		\$0		\$0		\$0	
<b>Workforce</b>									
WF01	Healthcare Cost Containment	Admin, HR	\$0	\$210,354	\$642,839	\$615,000	\$642,839	\$825,354	\$1,349,961
WF02	Improve Base Pay on a Cost-Neutral Basis	Admin, HR		\$0		\$0		\$0	
WF03	Eliminate Management and Flex Leave	Admin, HR	\$0	\$130,726	\$2,100,000	\$0	\$2,100,000	\$130,726	\$2,461,609
WF04	Continue to Address Workers' Compensation Costs, Moving Towards Sound Actuarial Funding	Legal, HR	\$106,600	\$0	\$111,930	\$0	\$218,530	\$0	\$117,526
<b>Investments</b>									
IN01	Dedicate Savings to Capital Investment	Admin, Finance		\$0		\$0		\$0	
IN02	Establish a Productivity Bank	Finance	(\$500,000)	\$0	(\$500,000)	\$0	(\$1,000,000)	\$0	(\$500,000)
IN03	Add an Analyst Position that Reports Directly to the City Manager	Admin, HR		\$0		\$0		\$0	
IN04	Convene Stakeholders to Develop an Implementation Plan to Create More than 4,000 New Units of Affordable Housing in the Next Ten Years	CD		\$0		\$0		\$0	
IN05	Establish a Housing Trust Fund with a Dedicated Revenue Stream for Affordable Housing	CD, Finance		\$0		\$0		\$0	
IN06	Develop a Land Strategy to Leverage Private Market Investment to Create up to 2,400 New Units of Affordable Housing	CD		\$0		\$0		\$0	
IN07	Create Regulations to Address Safety and Health Conditions in Rental and Other Group Housing	CD		\$0		\$0		\$0	
<b>New Revenues</b>									
NR01	Enact Storm Sewer Utility Fee to Fund Current Transfer of General Fund Revenues to Storm Sewer Fund	PW	\$0	\$0	\$0	\$0	\$0	\$0	\$0
NR02	Increase Hotel Tax and Dedicate Funding that Results to Capital Investment	Admin, Finance		\$0		\$0		\$0	
NR03	Establish a Mello-Roos Special Tax	Finance		\$0		\$0		\$0	
NR04	Use Multiple Sources to Provide Revenue for the Housing Trust Fund	Admin, CD, Finance		\$0		\$0		\$0	
NR05	Rental Registry and Inspection Fees	Admin, CD	\$431,250	\$0	\$791,200	\$0	\$1,222,450	\$0	\$1,308,332
<b>Risk Mitigation</b>									
RM01	Engage with the Salinas Community to Make the Measure G Sales Tax Permanent	Admin		\$0		\$0		\$0	
RM02	Incorporate Multi-Year Financial Planning into All Budgetary Actions	Finance		\$0		\$0		\$0	
<b>Total:</b>			\$756,084	\$2,197,111	\$4,274,035	\$1,736,308	\$5,030,119	\$3,933,419	\$6,030,325

# Public Safety

Code	Initiative	Responsible Departments	Current Phase	Current Task 1	Task 1 Estimated Completion Date	Current Task 2	Task 2 Estimated Completion Date
<b>Public Safety</b>							
PS01	Staffing and Overtime Reduction	Fire, HR, Police	Design/Implementation	Determine Optimal Police Staffing Schedule	2/28/2021		
PS02	Police Civilianization	HR, Police	Study/Design	Create Inventory of Duties Performed By PD - Review Current JDs	12/31/2021		
PS03	Improve Police Department Technology	HR, Legal, Police	Design/Implementation	Complete Design and Set-Up of New RMS System	12/31/2021		
PS04	Evaluate Provision of Advanced Life Support Services	Admin, Fire	Study	Identify Potential Modifications to ALS deployment model to identify potential for collaboration and workload reductions	6/30/2021		

## **PS01 Staffing and Overtime Reduction**

**Responsible Departments:** Human Resources; Legal; Police

**Salinas Plan Recommendations:** Reevaluate the current 4/10 Police Staffing Schedule and establish a staffing schedule that best meets community needs. Evaluate public safety overtime expenditures and policies to determine if overtime hours can be reduced. (Pages 53-55)

**Status:** The Chief of Police has engaged the services of Etico Solutions to evaluate optimal Police Department staffing schedules and determine whether a change from the current 4/10 schedule would be appropriate and would reduce the amount of required overtime. Etico Solutions has conducted an evaluation of the Police Department’s operations and has engaged with Police Department management, employees, and bargaining unit representatives to evaluate potential scheduling options with the goal of reducing required overtime levels while preserving service levels and employee working conditions. This evaluation will include a review of the current “Beat” boundaries, as the current boundaries include significant differences in the levels of service calls. This evaluation is expected to provide its findings imminently.

## **PS02 Police Civilianization**

**Responsible Departments:** Human Resources; Police

**Salinas Plan Recommendations:** Consider increased use of Community Service Officers (CSOs) to lower costs associated with sworn police officers performing tasks which could be performed by others at less cost. (Pages 55-56)

**Status:** The Police Department is currently analyzing the possibility of expanding the duties of civilian employees to include creating a Telephonic Reporting Unit (TRU) which would assign civilian employees to take reports over the phone and in person. Some CSO's have already begun to perform these duties. This would alleviate patrol officers of these tasks enabling them to focus on crime prevention through active patrol. The City is creating an inventory of all tasks currently performed by Police Department employees to determine if there are additional tasks which could be assigned to non-sworn personnel, and City staff are currently reviewing the potential to civilianize additional positions, such as the Criminalist position, with the Police Officer's Association (POA).

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### **PS03 Improve Police Department Technology**

**Responsible Departments:** Human Resources; Legal; Police

**Salinas Plan Recommendations:** Implement new technology and software for Police records. Eliminate the Word Processing Division in the Police Department and retrain and reassign existing staff into other City positions. (Pages 56-57)

**Status:** The City has hired a company to implement a new RMS system to streamline the creation of reports. This system is expected to be designed by June 2021, and to go "live" by the end of 2021. The Word Processing Division is currently being phased out, with staff being retrained and/or reassigned in order to fill needed functions within the Department. This process is expected to continue as the new RMS system is implemented. No layoffs are anticipated as a result of this process.

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### **PS04 Evaluate Provision of Advanced Life Support Services**

**Responsible Departments:** Administration; Fire

**Salinas Plan Recommendations:** Redesign the delivery of Advanced Life Support (ALS) services to reduce the number of paramedics by half, with AMR assuming more responsibility and the Salinas Fire Department focusing on Basic Life Support (BLS) services. (Pages 56-58)

**Status:** This recommendation has been analyzed in a study by the Center for Public Safety Management (CPSM). However, the feasibility of implementation will depend partially on the ability of other organizations, such as AMR and the County of Monterey, to be able to provide comparable services at a lower cost. The City is also required to meet-and-confer with affected employee bargaining units. Until the County and AMR reach an Agreement on Countywide services, reaching any reliable conclusions regarding this recommendation is

impossible. Staff will continue to examine potential options and will present a recommendation to Council regarding whether this recommendation is feasible and/or advisable at a later date.

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## Shared Services

Code	Initiative	Responsible Departments	Current Phase	Current Task 1	Task 1 Estimated Completion Date	Current Task 2	Task 2 Estimated Completion Date
<b>Shared Services</b>							
SS01	Recover Full Cost of Service from Monterey County Regional Fire District	Admin, Fire	Design	Complete Evaluation of Contract Costs to City	2/28/2021	Conclude Negotiations with MCRFD	3/31/2021
SS02	Consolidate Animal Services	Admin, Police	Implementation	Explore Possibility of Creating JPA	12/31/2021		

### **SS01 Recover Full Cost of Service from Monterey County Regional Fire District (MCRFD)**

**Responsible Departments:** Administration; Fire

**Salinas Plan Recommendations:** Examine historical data regarding the net number of calls fulfilled by the City of Salinas within MCRFD jurisdiction. Negotiate revised contract with MCRFD to reflect the actual costs incurred by the City of Salinas in the provision of these duties. (Pages 60-62)

**Status:** The Fire and Administration Departments have analyzed service call data for the past three years regarding the provision of services outside of the City’s boundaries. Based on this preliminary analysis, the Administration Department has estimated that the actual cost of the contract to the City is between \$700,000 and \$900,000 annually based on the estimate that the contracted calls make up 3.69% of total calls. The Fire Department is in the process of obtaining additional data to supplement the initial findings. Fire Department staff has commenced negotiations with MCRFD to negotiate a revised contract.

### **SS02 Consolidate Animal Services**

**Responsible Departments:** Administration; Police

**Salinas Plan Recommendations:** Combine Salinas Animal Services operations with County Animal Services operations in order to save on potentially duplicative costs. (Pages 62-64)

**Status:** In 2018 the City and County entered into a Memorandum of Agreement (MOA) to jointly administer both programs and have hired a joint administrator. Ongoing work has occurred, with a recent Amendment No. 2 to the MOA to modify the scope of services and provide additional shared services in the area of Animal Care and Veterinary Services. Also, the joint Volunteer Coordinator is now in place and funded 50% by the City. In early April 2020, and in response to the escalating COVID-19 state of emergency, the Parties agreed that all

animals in the City's physical facility located at 144 Hitchcock Road would move to the Monterey County Facility located across the street at 160 Hitchcock Road. City staff is also working now at the County facility.

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## Managed Competition and Privatization

Code	Initiative	Responsible Departments	Current Phase	Current Task 1	Task 1 Estimated Completion Date	Current Task 2	Task 2 Estimated Completion Date
<b>Managed Competition and Privatization</b>							
MC01	Eliminate Downtown Parking Fund Deficits	Finance, PW	Complete				
MC02	Eliminate General Fund Subsidy of Golf Course Debt Service	Admin, Finance	Study	Pursue Alternative Funding Sources to Maintain the Program	6/30/2021		
MC03	Eliminate Sherwood Hall Deficits	Admin, LCS	Study	Initiate a management and operational assessment of Sherwood Hall which will further review cost/revenue potential.	6/30/2021	Evaluate the potential of moving part of Recreation operations to this location to manage all assets in the Sherwood Park complex	12/31/2021

### **MC01      Eliminate Downtown Parking Fund Deficits**

**Responsible Departments:**    Finance; Public Works

**Salinas Plan Recommendations:** Modify parking program in Downtown Salinas to enable the Downtown Parking Fund to be self-supporting. (Pages 65-66)

**Status:** The Council approved changes to the rate structure for parking in the District at its February 19, 2019 Council meeting. These changes resulted in savings of \$283,108 in Fiscal Year 2020, and in the period ending March 2020 operations generated \$38,000 in net revenue, eliminating General Fund subsidies for the first time in decades. Unfortunately, COVID-19 has significantly disrupted the operation of business in the Downtown Area, and the Parking District is once again operating at a deficit. It is hoped that this is a temporary challenge that will resolve once the pandemic has passed. Public Works will continue to work to bring recommendations to the City Council as necessary to maintain needed parking services and infrastructure in downtown Salinas today and the future.

### **MC02      Eliminate General Fund Subsidy of Golf Course Debt Service**

**Responsible Departments:**    Administration; Finance

**Salinas Plan Recommendations:** Identify possibilities for reducing or eliminating the amount of debt service currently paid by the Salinas General Fund for debt service on its golf courses. Possibilities include finding alternative uses for the land and redeveloping the golf courses to provide additional revenues, housing, and/or economic development opportunities. (Pages 67-68)

**Status:** City staff has met with representatives of key stakeholders. Thus far, the City has not identified significant interest among stakeholders in altering current arrangements. The City cannot unilaterally take action to change the existing legal agreements between the parties. City staff will continue to explore potential alternative funding options to reduce General Fund impacts from the golf courses.

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### **MC03      Eliminate Sherwood Hall Deficits**

**Responsible Departments:**      Administration; Library and Community Services

**Salinas Plan Recommendations:** Explore options for ensuring that operations at Sherwood Hall are revenue-neutral or revenue-positive. Options could include the sale or lease of the facility to an outside party that would take over operations and maintenance costs of the facility. (Pages 68-70)

**Status:** Staff plans to initiate a Management and Operations assessment of Sherwood Hall. This assessment will include a review of the current operational and cost model and make recommendations for a more sustainable model including opportunities revenue generating/cost saving opportunities such as identifying a long-term lease/operator. The Department is currently evaluating the potential of moving part of the Recreation operations to this location to better manage and support all assets in the Sherwood Park complex.

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## Operational Efficiencies

Code	Initiative	Responsible Departments	Current Phase	Current Task 1	Task 1 Estimated Completion Date	Current Task 2	Task 2 Estimated Completion Date
<b>Operational Efficiencies</b>							
OE01	Move Facility and Park Maintenance to Library and Community Services	Admin, LCS, PW	Complete				
OE02	Citywide Fleet Strategy	Fire, HR, Police, PW	Implementation	Populate Vehicle Database; Set up Vehicle Repair and Replacement Program	7/31/2021	Meet and Confer with SEIU and IAFF regarding consolidation of vehicle maintenance function	7/1/2021
OE03	Improve Budget Process and Monitoring	Finance	Complete				
OE04	Strategically Implement Consultant Studies with Action Plans and Savings Targets	Admin	Complete				
OE05	Prepare a Preventive Maintenance Program for All City Facilities	Admin, PW	Design	Develop System for Tracking Depreciation of City Assets and Buildings	12/31/2021	Prepare preventive maintenance program based on study	6/30/2021

### **OE01 Move Facilities and Park Maintenance to Library and Community Services**

**Responsible Departments:** Administration, Library and Community Services; Public Works

**Salinas Plan Recommendations:** Shift functions related the maintenance of City facilities and infrastructure to the Library and Community Services Department. (Pages 70-72)

**Status:** The transition of responsibilities between the Departments is now complete. Through this change the City was able to reduce the need for administrative employees and is expecting to achieve savings of \$166,140 in the current fiscal year.

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### **OE02 Citywide Fleet Strategy**

**Responsible Departments:** Fire, Human Resources, Police, Public Works

**Salinas Plan Recommendations:** Implement the recommendations of the Salinas Fleet Operational Review, including recommendations for the centralization of fleet functions (including tracking, procurement, and maintenance) as well as evaluating and “right-sizing” the current fleet. (Pages 72-75)

**Status:** The Public Works Department will soon complete the installation of new fleet maintenance software, and staff will then begin assembling a database for all City vehicles that will be used to track inventory, maintenance, and replacement. The consolidation of fleet services into a single entity has the possibility of impacting employee work conditions, and City staff will need to meet-and-confer with the bargaining unit representatives of affected employees.

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### **OE03      Improve Budget Process and Monitoring**

**Responsible Departments:**    Finance

**Salinas Plan Recommendations:** Modify budgeting policies and practices to ensure that budget policies are being followed, that revenues can be traced back to the Department and programs that collected them, and that the City is utilizing Priority-Based Budgeting to ensure that sufficient resources have been allocated to the City’s highest-priority programs. (Page 76)

**Status:** The City now tracks all revenues based on its point of origin, so that the net financial impact of individual programs can be analyzed. Staff will work with the City Council to determine priorities and resource assignments on an ongoing basis.

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### **OE04      Strategically Implement Consultant Studies with Action Plans and Savings Targets**

**Responsible Departments:**    Administration

**Salinas Plan Recommendations:** Review previous studies performed for the City to determine if recommendations have been implemented and develop an accountability matrix. (Page 77)

**Status:** Staff has reviewed the previous studies referenced in the Salinas Plan, and will refer back to them as situations warrant.

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### **OE05      Prepare a Preventative Maintenance Program for All City Facilities**

**Responsible Departments:**    Administration; Public Works

**Salinas Plan Recommendations:** Develop an analysis of existing City facilities to enable the City to understand likely costs for the ongoing maintenance of these facilities in the future. This will assist the City in managing its resources to ensure that needed resources are available to perform this maintenance. (Pages 77-78)

**Status:** Staff has completed a list of all City-owned real property and is assessing the current state of these assets to determine likely maintenance needs over the coming years.

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## Workforce Strategies

Code	Initiative	Responsible Departments	Current Phase	Current Task 1	Task 1 Estimated Completion Date	Current Task 2	Task 2 Estimated Completion Date
<b>Workforce Strategies</b>							
WF01	Healthcare Cost Containment	Admin, HR	Implementation	Additional Employee Contributions To Be Discussed in MOU Negotiations in FY23	12/31/2022		
WF02	Improve Base Pay on a Cost-Neutral Basis	Admin, HR	Complete				
WF03	Eliminate Management and Flex Leave	Admin, HR	Complete				
WF04	Continue to Address Workers' Compensation Costs, Moving Towards Sound Actuarial Funding	Legal, HR	Implementation	Designate an Employee to act as Citywide Safety Manager and chair Safety Committee.	12/31/2021	Develop a Citywide Safety Training Program	6/30/2021

### **WF01 Healthcare Cost Containment**

**Responsible Departments:** Administration, Human Resources

**Salinas Plan Recommendations:** Develop a more affordable employee health care benefits package through cost-sharing with employees, adjustment of current benefit levels, or other methods which align health care benefits with market norms, with the goal of employees contributing 20% of total health care costs by FY26. (Pages 115-116)

**Status:** All employees pay for at least 5% of the cost of their healthcare benefits. This is estimated to generate \$615,000 in savings during the current fiscal year. The Salinas Plan recommends that the percentage paid by employees increase to 10% in FY22; however, most current contracts go beyond FY22. The City will explore this possibility when new employee contracts are negotiated.

### **WF02 Improve Base Pay on a Cost-Neutral Basis**

**Responsible Departments:** Administration, Human Resources

**Salinas Plan Recommendations:** In order to improve efforts to attract new staff, eliminate a variety of employee stipends and other benefits, and utilize the savings to increase employee base pay by a corresponding amount. (Page 117)

**Status:** During negotiations most employee bargaining units did not express support for the reallocation of benefits as identified in the Salinas Plan. At this time, it does not appear that the City is experiencing any significant difficulty in attracting qualified applicants for City jobs. Given this lack of difficulty in recruitment, lack of interest from existing employee bargaining units, and the lack of any financial savings from this recommendation, staff is not pursuing this item at this time. Staff will revisit this recommendation in the event that the City begins to experience difficulty in recruiting qualified applicants for positions in the future.

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### **WF03      Eliminate Management and Flex Leave**

**Responsible Departments:** Administration, Human Resources

**Salinas Plan Recommendations:** Eliminate employees' Management and Flex Leave benefits. (Pages 117-118)

**Status:** Management and Flex Leave has been eliminated for nearly all employees. This change is expected to produce an annual savings of \$573,664 in FY21, increasing to over \$2.3 million in FY22.

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### **WF04      Continue to Address Worker's Compensation Costs, Moving Towards Sound Actuarial Financing**

**Responsible Departments:** Human Resources; Legal

**Salinas Plan Recommendations:** Work to control costs associated with worker's compensation claims. This would be accomplished by designating an employee as a Citywide Safety Manager. This employee would be responsible for implementing a citywide training program to promote employee safety and proactively identifying and mitigating unsafe work and environmental conditions. Further, the City should seek to fund its workers compensation liabilities on an actuarially sound basis. (Pages 118-119)

**Status:** City staff is continuously evaluating its claims to determine potential savings through settlements. Staff is currently in the process of determining the best model for designating a Citywide Safety Manager. Once this is complete, this manager would work with the existing Safety Committee to develop a Citywide Safety Program with the goal of promoting employee safety and reducing worker's compensation claims.

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## Investment Strategies

Code	Initiative	Responsible Departments	Current Phase	Current Task 1	Task 1 Estimated Completion Date	Current Task 2	Task 2 Estimated Completion Date
<b>Investment Strategies</b>							
IN01	Dedicate Savings to Capital Investment	Admin, Finance	Complete				
IN02	Establish a Productivity Bank	Finance	Complete				
IN03	Add an Analyst Position that Reports Directly to the City Manager	Admin, HR	Complete				
IN04	Convene Stakeholders to Develop an Implementation Plan to Create More than 4,000 New Units of Affordable Housing in the Next Ten Years	CD	Implementation	Convene Affordable Housing Developers	12/31/2021		
IN05	Establish a Housing Trust Fund with a Dedicated Revenue Stream for Affordable Housing	CD, Finance	Implementation	Complete Agreement for Funding with HCD	7/1/2021		
IN06	Develop a Land Strategy to Leverage Private Market Investment to Create up to 2,400 New Units of Affordable Housing	CD	Design	Identify Methods to Leverage Private Investment to Support Affordable Housing In GPU	12/31/2023		
IN07	Create Regulations to Address Safety and Health Conditions in Rental and Other Group Housing	CD	Design/Approval	Prepare Ordinance Extending Use of Motels for Farmworker Housing	1/19/2021	Prepare Ordinance to Allow for Permanent Conversion of Motels	7/1/2021

### **IN01 Dedicate Savings to Capital Investment**

**Responsible Departments:** Administration; Finance

**Salinas Plan Recommendations:** In order to maintain needed funding for capital improvements such as buildings, parks, and streets, dedicate savings from implementing the provisions of the Salinas Plan to provide one-time funding for capital projects. (Pages 78-80)

**Status:** The City currently has budgetary policies in place regarding the use of carry-over funds. City staff will periodically review the current policy to determine if modifications are feasible and/or appropriate.

## **IN02            Establish a Productivity Bank**

**Responsible Departments:**     Finance

**Salinas Plan Recommendations:** Create a Productivity Bank, the purpose of which would be to create a loan fund to enable City Departments to “borrow” money for one-time costs that will result in long-term budgetary savings. (Pages 80-81)

**Status:** City staff has met multiple times with the heads of City Departments and employee bargaining units. Based on these conversations, a program focused on employee-initiated ideas has been designed and adopted by the Council. City staff has developed policies and forms related to the administration of this program and has formed a review committee for the Productivity Bank. Thus far, no proposals have been received from employees – however, the structure remains in place should any employees wish to pursue any initiatives.

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## **IN03            Add an Analyst Position That Reports Directly to the City Manager**

**Responsible Departments:**     Administration; Human Resources

**Salinas Plan Recommendations:** Create a Management Analyst position in the City Manager’s Office to support the tracking and implementation of the Salinas Plan. (Pages 81-82)

**Status:** The Salinas Plan envisioned funding this position through savings achieved from other efforts from the Salinas Plan. However, based on the City’s ongoing structural deficit and the acute financial strain placed upon the City by the COVID-19 pandemic, staff has determined that such funds are not available at this time. As such, this item has been placed on hold until circumstances warrant reconsideration of this item.

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## **IN04            Convene Stakeholders to Develop an Implementation Plan to Create More than 4,000 New Units of Affordable Housing in the Next Ten Years**

**Responsible Departments:**     Community Development

**Salinas Plan Recommendations:** In order to meet a projected current shortfall of 4,000 affordable housing units, the City should engage with community partners such as the County of Monterey, State representatives, non-profit organizations, and private businesses in order to develop and implement a plan to construct these 4,000 units over a ten-year period. (Pages 130-131)

**Status:** In December of 2019, the first Housing Technical Advisory Committee (TAC) met to discuss housing policies and programs to facilitate safe and affordable housing. The TAC was established by the City Council Housing and CDBG Committee, which has since been renamed the Housing and Land Use Committee. The TAC has met seven times to discuss new state regulations on rent stabilization, an education program to assist both landlords and tenants on their rights, Accessory Dwelling Unit (ADU) education, and policy to facilitate affordable housing. The TAC had discussed housing policies to convene affordable housing developers to highlight development opportunities, which was placed on hold because of the pandemic. Similar discussions have also occurred at the Oversight Committee of the Farmworker Housing and Action Plan. The City restarted meeting with the TAC in August and has been able to facilitate a change to development impact fees for housing based upon size.

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## **IN05      Establish a Housing Trust Fund with a Dedicated Revenue Stream for Affordable Housing**

**Responsible Departments:**      Community Development; Finance

**Salinas Plan Recommendations:** Establish a City Housing Trust Fund to enable the City to combine and leverage resources from multiple parties to support the construction of new affordable housing units in Salinas. (Pages 131-135)

**Status:** The City submitted an application for its Permanent Local Housing Allocation (PLHA) to California Housing and Community Development Department (HCD) in July. This will result in approximately \$1 million annually for housing development. The City is still awaiting its standard agreement with HCD. The City also partnered with the County to apply for funding to set up a regional housing trust fund and is awaiting notification from HCD. City staff will continue to work with the County in establishing a regional trust fund.

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## **IN06      Develop a Land Strategy to Leverage Private Investment to Create Up to 2,400 Units of Affordable Housing**

**Responsible Departments:**      Community Development

**Salinas Plan Recommendations:** Identify private land within the City that can be utilized to provide up to 2,400 units of affordable housing. Areas to examine include the FGA and the Alisal Corridor. (Pages 135-137)

**Status:** The Salinas Plan recommended the development of 2,400 units of affordable housing in the Future Growth Area. Staff have been working diligently to entitle both the West Area Specific Plan (WASP) and Central Area Specific Plan (CASP). The WASP was approved in December of 2019 and the CASP was approved in November 2020. Both Specific Plans incorporate the Inclusionary Housing Ordinance Provisions. Housing advocates negotiated commitments from one of the Housing Developers of the CASP to build ownership inclusionary

units and to market to local buyers. The Specific Plans allow for Accessory Dwelling Units and conversion of commercial square footage to higher density, multi-family housing. The experience of other jurisdictions indicates that these policies tend to facilitate affordable housing. In addition, as part of the General Plan Update process the City will identify how to leverage private investment to facilitate more affordable housing units. As the FGA is built out, staff will monitor affordable housing production and ensure compliance with all affordable housing plans.

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## **IN07          Create Regulations to Address Safety and Health Conditions in Rental and Other Group Housing**

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**Responsible Departments:**      Community Development

**Salinas Plan Recommendations:** Establish a number of new initiatives to ensure that residents have access to quality housing while providing additional housing options. This would include the creation of a rental registry and inspection program, protect tenants from owner retaliation, establishing occupancy standards, developing a regulatory scheme to allow for consideration and regulation of boarding houses in residential districts, and creating a master lease program for privately owned motels to support transitional housing. (Pages 137-142)

**Status:** In 2019, several zoning code modifications were initiated to address safety and health concerns of employee housing. Amendments included provisions that allow for employee housing in low density zoning districts with a Conditional Use Permit (CUP). Since 2018 the City has also allowed for the temporary use of motels/hotels for employee housing and has been working with hotel/motel owners on developing provisions to allow such uses permanently. Staff have also been cooperating with the County to facilitate the development of agricultural housing on unincorporated land just outside of the city limits that could be connected to city sewer, including both a 600-bed and 1,200-bed agricultural housing project just outside the Salinas border, providing immediate relief to a very tight housing supply. The City will present a Zoning Code Amendment to extend the Temporary Use of Land Permit for Employee Housing for motel/hotels to City Council on January 19, 2021 and is in the process of creating a Zoning Code Amendment for Extended Stay that would allow hotel/motels this use subject to a Conditional Use Permit. As part of the rental registration and inspection program discussions, staff has initiated research related to boarding house regulations. Although minimal progress has been made due to staff capacity, it is anticipated that focus will shift to this effort after work on the Rental Registry and Inspection Program is completed.

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## New Revenues

Code	Initiative	Responsible Departments	Current Phase	Current Task 1	Task 1 Estimated Completion Date	Current Task 2	Task 2 Estimated Completion Date
<b>New Revenues</b>							
NR01	Enact Storm Sewer Utility Fee to Fund Current Transfer of General Fund Revenues to Storm Sewer Fund	PW	Study/Design	Complete Study to establish fee nexus, amounts, and potential structure	2/28/2021		
NR02	Increase Hotel Tax and Dedicate Funding that Results to Capital Investment	Admin, Finance	Pre-Study	Prepare fiscal impact analysis and proposal and present to the Finance Committee	7/1/2023	Meet with industry leaders and other stakeholders to discuss the idea.	8/1/2023
NR03	Establish a Mello-Roos Special Tax	Finance	Complete				
NR04	Use Multiple Sources to Provide Revenue for the Housing Trust Fund	Admin, CD, Finance	Design	Complete Funding Agreement with HCD	7/1/2021		
NR05	Rental Registry and Inspection Fees	Admin, CD	Study/Design	Design Program, including Identification of cost and fee structures	9/1/2021		

### **NR01 Enact Storm Sewer Utility Fee to Fund Current Transfer of General Fund Revenues to Storm Sewer Fund**

**Responsible Departments:** Public Works

**Salinas Plan Recommendations:** Eliminate General Fund support for the Storm Sewer Fund by establishing a new fee to cover the costs of implementing State and Federal requirements regarding storm water runoff. (Pages 82-83)

**Status:** The City is in the process of conducting a study examining the potential structure and amounts of the new fee, as well as establishing a required nexus. Following this, City staff will review the findings of the study to determine the appropriate next steps.

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## **NR02      Increase Hotel Tax and Dedicate Funding the Results to Capital Investment**

**Responsible Departments:**    Administration; Finance

**Salinas Plan Recommendations:** Subject to voter approval, provide a dedicated funding source by increasing the current Transient Occupancy Tax (TOT) from 10% to 12%, with the funds collected to be used for long-term benefits such as capital improvements or paying down debt (including pension debt). It is recommended that this be placed on the ballot no later than November 2022. (Page 83)

**Status:** City staff will initiate conversations with the community to determine potential support and feasibility for such an initiative. If these meetings demonstrate there is community interest in such a measure, staff would examine potential dates to hold an election, and coordinate with the City Council regarding the placement of such a measure on the ballot.

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## **NR03      Establish a Mello-Roos Special Tax**

**Responsible Departments:**    Finance

**Salinas Plan Recommendations:** Establish a Mello-Roos Special Tax on the City's Future Growth Area, with the proceeds to be used to cover general governmental operations, in order to prevent the Future Growth Area from being a financial burden on the General Fund. (Pages 83-84)

**Status:** After reviewing the proposal, staff has recommended not to proceed with the recommendation. Staff has conducted a study which determined that the addition of such a measure would place a financial burden on projects within the FGA that could jeopardize their ability to move forward. Further, projected additional revenues from the development are expected to be sufficient to cover the City's General Fund expenditures (taking into account that maintenance of streets, parks, and other public facilities within the Future Growth Area would be covered through Assessment Districts or similar financing instrument). Given the critical need for additional housing within the City, staff does not recommend this provision be implemented.

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## **NR04      Use Multiple Sources to Provide Revenue for the Housing Trust Fund**

**Responsible Departments:**    Administration; Community Development; Finance

**Salinas Plan Recommendations:** If the City forms a Housing Trust Fund (see **IN05**, above), it will be necessary to identify and engage with potential funding sources other than just the City in order to enable the Housing Trust Fund to make investments with a meaningful

impact. There are a number of potential partners within the community which could be engaged to assist with this effort; further, there are additional funding sources the City could explore in order to raise funds. (Page 142)

**Status:** A Housing Production Capital Improvement Program Fund was established that combined other funds and will be utilized in a manner similar to a Housing Trust Fund. Recently, an SRA Loan was paid off in the amount of \$2.350 million, which will be used for future affordable housing development and is providing an important source of funding. In addition, the City submitted its application for the Permanent Local Housing Allocation of just over \$1 million this year. These funds will be used to leverage grant funding and tax credits to build affordable housing. Finally, the City continues to work with the Monterey Bay Economic Partnership (MBEP) to leverage funds the City contributed to a Regional Housing Trust Fund and work with the County on a more flexible Regional Housing Trust Fund.

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## **NR05      Rental Registry and Inspection Fee**

**Responsible Departments:**      Administration; Community Development

**Salinas Plan Recommendations:** In conjunction with recommendation **IN07**, above, establish fees for registration of rental units and proactive inspections of such units, in order to cover all City costs associated with the proposed program. (Pages 143-144)

**Status:** After the passage of AB 1482, the State of California's Rental Stabilization Ordinance, the NRN initiated revisions to the Study with recommended guidance on how to fold these regulations into a possible Rental Registration and Inspection Program. City Council established a Technical Advisory Committee (TAC) in November 2019, which has subsequently met three times to review parts of the study and make recommendations on the proposed program outlined by NRN. The TAC strongly recommended that an education campaign about AB 1482 be launched first before proceeding with the Rental Registration and Inspection Program as the new state law may potentially address some of the community's housing concerns. Staff has initiated work on educational materials and workshop content for this education campaign and has drafted elements of a recommended plan. After a delay due to COVID-19, staff resumed meetings in August through a digital platform and will begin work on this recommendation in 2021

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## Risk Mitigation

Code	Initiative	Responsible Departments	Current Phase	Current Task 1	Task 1 Estimated Completion Date	Current Task 2	Task 2 Estimated Completion Date
<b>Risk Mitigation</b>							
RM01	Engage with the Salinas Community to Make the Measure G Sales Tax Permanent	Admin	Pre-Study	Prepare public education plan	7/1/2023	Present to Finance Committee and begin stakeholder outreach.	8/1/2023
RM02	Incorporate Multi-Year Financial Planning into All Budgetary Actions	Finance	Complete				

### **RM01 Engage with the Salinas Community to Make the Measure G Sales Tax Permanent**

**Responsible Departments:** Administration

**Salinas Plan Recommendations:** Due to the potentially devastating impacts that will occur to the City’s General Fund upon expiration of the Measure G Sales Tax, engage with the community well in advance of its expiration to provide information on this topic and determine support for making the tax measure permanent. The election should be held no later than November 2024 to provide time for the City to prepare in the event the tax is not made permanent. (Pages 46-47)

**Status:** City staff will initiate conversations with the community to determine potential support and feasibility for such an initiative. If these meetings demonstrate there is community interest in such a measure, staff would examine potential dates to hold an election, and coordinate with the City Council regarding the placement of such a measure on the ballot.

### **RM02 Incorporate Multi-Year Financial Planning into All Budgetary Actions**

**Responsible Departments:** Finance

**Salinas Plan Recommendations:** Support the Council’s ability to evaluate proposed initiatives by implementing the use of a five-to-ten-year forecasting model to provide information to Council regarding the long-term fiscal impacts of items being considered. (Page 47)

**Status:** Council has adopted a Resolution directing staff to provide information regarding the long-term fiscal impacts of items that are estimated to result in annual cost or savings of \$100,000 or more over at least three years. Templates for this information have been completed and are expected to be available for staff use beginning with the August 27 Council Meeting.