



## **CITY OF SALINAS COUNCIL STAFF REPORT**

---

**DATE:** AUGUST 13, 2019

**DEPARTMENT:** OFFICE OF THE CITY MANAGER

**FROM:** RAY CORPUZ, CITY MANAGER

**BY:** ANDREW MYRICK, ECONOMIC DEVELOPMENT MANAGER

**TITLE:** IMPLEMENTATION OF THE SALINAS PLAN

**RECOMMENDED MOTION:**

No action is required.

**RECOMMENDATION:**

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

**EXECUTIVE SUMMARY:**

Staff has completed its internal processes for tracking the completion of the initiatives recommended in the Salinas Plan, as well as the actual financial impacts of actions taken. A summary of the current status of these initiatives is provided herein.

**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.

To prevent this outcome, the Salinas Plan includes a list of 32 recommended initiatives (attached) 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 would 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:

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. A summary of these efforts is provided below.

### *Update on Financial Impacts*

The Salinas Plan includes projected savings from the implementation of specific initiatives in the Salinas Plan. For FY20, nine initiatives included projected savings amounts. On June 4, 2019, the City Council adopted its FY20 budget. This budget assumed certain savings regarding these nine actions. The following table compares budgeted savings to projected savings:

Code	Initiative	Responsible Department	FY20 Projected Impact	FY20 Budgeted Impact
PS03	<b>Improve Police Department Technology</b>	HR, Legal, Police	\$72,033	\$109,130
SS01	<b>Recover Full Cost of Service from Monterey County Regional Fire District</b>	Admin, Fire	\$119,665	\$0
SS02	<b>Consolidate Animal Services</b>	Admin, Police	\$53,000	\$76,452
MC01	<b>Eliminate Downtown Parking Fund Deficits</b>	Finance, PW	\$229,833	\$119,139
MC03	<b>Eliminate Sherwood Hall Deficits</b>	Admin, LCS	\$54,000	\$0
OE01	<b>Move Facility and Park Maintenance to Library and Community Services</b>	Admin, LCS, PW	\$189,703	\$0
WF04	<b>Continue to Address Workers' Compensation Costs, Moving Towards Sound Actuarial Funding</b>	Legal	\$106,600	\$0
IN02	<b>Establish a Productivity Bank</b>	Finance	(\$500,000)	\$0
NR05	<b>Rental Registry and Inspection Fees</b>	Admin, CD	\$431,250	\$0
<b>Total:</b>			\$756,084	\$304,721

Please note that staff is working on all of these items, and lack of inclusion in the budget does not preclude some level of savings if these items are implemented during the year. If an item was not budgeted, this was because staff did not have sufficient confidence in any particular number to justify including it as a budgetary item (the exception to this is IN02; in this case, staff was able to fund the Productivity Bank without utilizing or impacting the Operating Budget, and the \$0 represents the budgeted amount). More details on the status of each of these items are attached to this Report.

Some initiatives have the ability to generate savings even if savings were not projected in the Salinas Plan. For example, modifications to staffing practices within the Fire Department led to a reduction in overtime costs of \$609,000 in FY19. The FY20 budget assumes an additional \$300,000 in savings in public safety overtime through initiatives designed to reduce overtime

usage. When all 32 items are reviewed, total budgeted savings for FY20 is \$1,213,721. While the goal for the year has been met, this is largely due to significant savings achieved in public safety overtime. However, staff is optimistic that at some if not all of the initiatives that were not included in this year's budget will be addressed during the current fiscal year.

Projections show that the structural budget deficit is expected to increase significantly in FY21. In order to close the budget deficit, with the number of initiatives with defined projections increasing from nine to twelve, and the amount of savings needed is expected to increase to \$4,274,035. This information is summarized in the attached Report. Staff will continue to provide quarterly updates to Council regarding these items.

### *Implementation Tracking*

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 Report that would “sit on the shelf.” Tracking the efforts described in this Report requires a robust tracking system to ensure that each recommendation is receiving the necessary attention. This tracking is handled through the City Manager's Office.

Updates on all the progress for all 32 recommended initiatives have been provided as an Attachment to this Report.

### 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 goal of Effective, Sustainable Government as identified in the City Council's current Strategic Plan and would support other goals as well through its impacts.

### 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
  - *Public Safety*
  - *Shared Services*
  - *Managed Competition and Privatization*
  - *Operational Efficiencies*
  - *Investment Strategies*
  - *New Revenues*
  - *Risk Management*



## Implementation Status of Salinas Plan Initiatives July 19, 2019

*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.*

### Table of Contents

Index of Initiatives.....	2
Financial Summary of Initiatives.....	3
Status of Initiative Implementation	
Public Safety.....	4
Shared Services.....	7
Managed Competition and Privatization.....	8
Operational Efficiencies.....	10
Workforce.....	13
Investment Strategies.....	15
New Revenues.....	19
Risk Mitigation.....	22

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
Public Safety	
PS01	Staffing and Overtime Reduction
PS02	Police Civilianization
PS03	Improve Police Department Technology
PS04	Evaluate Provision of Advanced Life Support Services
Shared Services	
SS01	Recover Full Cost of Service from Monterey County Regional Fire District
SS02	Consolidate Animal Services
Managed Competition and Privatization	
MC01	Eliminate Downtown Parking Fund Deficits
MC02	Eliminate General Fund Subsidy of Golf Course Debt Service
MC03	Eliminate Sherwood Hall Deficits
Operational Efficiencies	
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
Workforce Strategies	
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
Investment Strategies	
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
New Revenues	
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
Risk Mitigation	
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	FY19 Actual Impact	FY20 Projected Impact	FY20 Budgeted Impact	Cumulative Actual+Budget Impact Through FY20	FY21 Projected Impact
<b>Public Safety</b>							
PS01	Staffing and Overtime Reduction	Fire, HR, Police	\$609,000		\$909,000	\$1,518,000	
PS02	Police Civilianization	HR, Police	\$0		\$0	\$0	
PS03	Improve Police Department Technology	HR, Legal, Police	\$0	\$72,033	\$109,130	\$109,130	\$149,824
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	\$0	\$119,665	\$0	\$0	\$133,419
SS02	Consolidate Animal Services	Admin, Police	\$0	\$53,000	\$76,452	\$76,452	\$72,000
<b>Managed Competition and Privatization</b>							
MC01	Eliminate Downtown Parking Fund Deficits	Finance, PW	\$0	\$229,833	\$119,139	\$119,139	\$243,168
MC02	Eliminate General Fund Subsidy of Golf Course Debt Service	Admin, Finance	\$0	\$0	\$0	\$0	\$250,000
MC03	Eliminate Sherwood Hall Deficits	Admin, LCS	\$0	\$54,000	\$0	\$0	\$58,000
<b>Operational Efficiencies</b>							
OE01	Move Facility and Park Maintenance to Library and Community Services	Admin, LCS, PW	\$0	\$189,703	\$0	\$0	\$195,655
OE02	Citywide Fleet Strategy	Fire, HR, Police, PW	\$0	\$0	\$0	\$0	\$26,000
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	\$0	\$0	\$0	\$642,839
WF02	Improve Base Pay on a Cost-Neutral Basis	Admin, HR	\$0		\$0	\$0	
WF03	Eliminate Management and Flex Leave	Admin, HR	\$0	\$0	\$0	\$0	\$2,100,000
WF04	Continue to Address Workers' Compensation Costs, Moving Towards Sound Actuarial Funding	Legal, HR	\$0	\$106,600	\$0	\$0	\$111,930
<b>Investments</b>							
IN01	Dedicate Savings to Capital Investment	Admin, Finance	\$0		\$0	\$0	
IN02	Establish a Productivity Bank	Finance	\$0	(\$500,000)	\$0	\$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
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	\$0	\$431,250	\$0	\$0	\$791,200
<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>	\$609,000	\$756,084	\$1,213,721	\$1,822,721	\$4,274,035

## Public Safety

Code	Initiative	Responsible Departments	Current Phase	Current Task 1	Task 1 Estimated Completion Date	Current Task 2	Task 2 Estimated Completion Date
Public Safety							
PS01	Staffing and Overtime Reduction	Fire, HR, Police	Design/Implementation	Meet with SPOA/PMA regarding scheduling requirements of the MOU	10/22/2019	Reduce unnecessary overtime through use of iSubpoena software	8/1/2019
PS02	Police Civilianization	HR, Police	Study	Transfer processing of non-injury accidents to the Collision Center	8/15/2019	Examine recommendations of CPSM Report to evaluate their feasibility/appropriateness	3/31/2020
PS03	Improve Police Department Technology	HR, Legal, Police	Design/Implementation	Meet & Confer with SEIU	12/31/2019	Develop JD, Org Charts, etc. for Council consideration	11/19/2019
PS04	Evaluate Provision of Advanced Life Support Services	Admin, Fire	Design	Negotiate New Contract with Monterey County EMS for ALS and/or EMT Services	12/31/2019		

### **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:** Currently, labor agreements with police employees provide for a 4/10 schedule; any modifications to this schedule must therefore go through the negotiation process. City staff is currently involved in negotiations with both the Salinas Police Officer's Association (SPOA) and the Police Manager's Association (PMA). City staff is also currently in the final stages of implementing iSubpoena software, which will provide for better tracking and management of overtime.



## **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:** At this time, the Police Department has determined that replacing existing sworn Police Officer positions with CSOs is infeasible. However, operations are being examined and some current functions are being reassigned (such as non-injury accidents being reassigned to the Collision Center). Staff will perform additional study on this recommendation to develop an inventory of tasks performed by various employees, as well as perform a cost analysis.

---

## **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:** Staff has identified the appropriate software and is in the process of implementing the necessary actions to utilize it on an ongoing basis. Staff is currently engaged in a meet-and-confer action with the Salinas Municipal Employee's Association (SMEA) to discuss potential Departmental restructuring. At this time, the Police Department has determined that replacing existing sworn Police Officer positions with CSOs is infeasible. However, operations are being examined and some current functions are being reassigned (such as non-injury accidents being reassigned to the Collision Center). Staff will perform additional study on this recommendation to develop an inventory of tasks performed by various employees, as well as perform a cost analysis.

---

## **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. The City is currently in discussions with Monterey County regarding the provision of these and other priority medical services. 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.

---

## Shared Services

Code	Initiative	Responsible Departments	Current Phase	Current Task 1	Task 1 Estimated Completion Date	Current Task 2	Task 2 Estimated Completion Date
Shared Services							
SS01	Recover Full Cost of Service from Monterey County Regional Fire District	Admin, Fire	Design	Initiate Conversations with MCFD	8/31/2019	Evaluate net service calls.	7/31/2019
SS02	Consolidate Animal Services	Admin, Police	Implementation	Initiate Meet and Confer with SEIU for Existing City Employees	8/31/2019	Amend MOA to Include Additional Cost-Sharing Opportunities	9/24/2019

### **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 Department now has access to data regarding call type and volume that was not available during the initial NRN engagement. The Fire Department is currently analyzing the data to determine the net level of services provided and the City's costs of providing that service. If justified by the findings, City staff will begin negotiations with MCRFD to ensure that the provision of services within MCRFD does not negatively impact City finances.

---

### **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:** The City and County have entered into a Memorandum of Agreement (MOA) to jointly administer both programs, and have hired a joint administrator. The City intends to soon initiate discussions with the County to identify further potential cost-sharing opportunities, and will meet-and-confer with SEIU regarding any potential impacts to current employees.

---

## 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	Implementation	Complete Talks With Maya Cinemas Regarding Validation	12/31/2019		
MC02	Eliminate General Fund Subsidy of Golf Course Debt Service	Admin, Finance	Study	Meet with First Tee to Discuss Deficit and Options	9/3/2019	Pursue Alternative Funding Sources to Maintain the Program	10/1/2019
MC03	Eliminate Sherwood Hall Deficits	Admin, LCS	Study	Initiate a management and operational assessment of Sherwood Hall which will further review cost/revenue potential.	9/3/2019	Evaluate the potential of moving part of Recreation operations to this location to manage all assets in the Sherwood Park complex	9/3/2019

### **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 City Council has adopted revisions to the Downtown parking program. This is estimated to save the City \$119,139 in FY20, with the amount increasing over the next several years. Staff is currently in discussions with Maya Cinemas regarding parking validation compensation rates. Upon completion of these negotiations, this item will be deemed complete.

### **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 will meet with representatives of First Tee to discuss the ongoing City deficit as well as potential options going forward. City staff will also explore potential alternative funding options to reduce General Fund impacts if the courses are maintained.

### **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 is currently performing an operational assessment of Sherwood Hall to determine current costs and/or revenues generated by operations at the site. Staff is also evaluating the possibility of moving some Recreation operations to Sherwood Hall to better manage the assets within the complex.

## 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	Design	Develop a transition plan to integrate Park Maintenance into the LCS Department	9/3/2019	Review Park Maintenance functions and assess performance/workload measures.	1/1/2020
OE02	Citywide Fleet Strategy	Fire, HR, Police, PW	Implementation	Implement Fleet Maintenance software to track vehicle inventory and maintenance	8/31/2019	Meet and Confer with SEIU and IAFF regarding consolidation of vehicle maintenance function	3/31/2020
OE03	Improve Budget Process and Monitoring	Finance	Implementation	Generate Summary of Compliance with Budgetary Policies for FY19	9/30/2019	Redefine Priority-Based Budget Criteria Based Upon Updated Council Strategic Plan	5/31/2020
OE04	Strategically Implement Consultant Studies with Action Plans and Savings Targets	Admin	Study	Prepare Summary of Completion of Recommendations of Past Studies	10/1/2019		
OE05	Prepare a Preventive Maintenance Program for All City Facilities	Admin, PW	Study	Prepare Comprehensive Database of All City Property, including Leased Sites, and the Current/Potential Uses	9/30/2019	Examine Existing Public Facilities to Determine Current Condition and any Needed Maintenance/Repair Work	12/31/2019

### **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:** City staff has conducted a more thorough analysis of this recommendation, and has determined that this recommendation could be best implemented by shifting only park maintenance functions to Library and Community Services. Staff is currently in the process of reviewing current functions and needed tasks, so as to develop a transition plan to move responsibility for the maintenance of park facilities to Library and Community Services.

## **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:** New fleet maintenance software is being installed, and is expected to be operational in the near future. 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.

---

## **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 complete a summary of adherence to the City’s budget policies once all activities for the prior fiscal year have been resolved and the prior year is closed out. Council will soon be asked to develop a new three-year Strategic Plan for the City; once this is complete, the City’s Priority-Based Budgeting program will need to be aligned with the new Strategic Plan.

---

## **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:** The matrix developed for the Salinas Plan (as well as models from other studies such as the Citygate Report) can be used as a model for other plans, if necessary. Staff is conducting a review of prior studies to determine the status of implementation as well as potential paths forward.

---

## **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 is currently in the process of developing a matrix with a summary of existing City assets and their current uses. Following completion of this, staff will initiate work to assess the current state of these assets to determine likely maintenance needs over the coming years.

---



## 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	Design	Meet & Confer with All Employee Bargaining Units	12/31/2019		
WF02	Improve Base Pay on a Cost-Neutral Basis	Admin, HR	Design	Develop Internal Goals	8/13/2019		
WF03	Eliminate Management and Flex Leave	Admin, HR	Design	Develop Internal Goals	8/13/2019		
WF04	Continue to Address Workers' Compensation Costs, Moving Towards Sound Actuarial Funding	Legal, HR	Design	Designate a City to act as Citywide Safety Manager and chair Safety Committee.	12/31/2019	Develop a Citywide Safety Training Program	6/30/2020

### **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. (Pages 115-116)

**Status:** As this recommendation directly effects employee compensation packages, and modifications are subject to negotiations with employee groups. City staff has conducted research regarding potential options related to this recommendation, and will meet with employee bargaining unit representatives to discuss.

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

**Responsible Departments:** Administration, Human Resources

**Salinas Plan Recommendations:** In order to increase employee base pay, 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:** As this recommendation directly effects employee compensation packages, and modifications are subject to negotiations with employee groups. City staff has conducted research regarding potential options related to this recommendation. The next step is to define the City's priorities with regards to the implementation of this recommendation.

---

**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:** As this recommendation directly effects employee compensation packages, and modifications are subject to negotiations with employee groups. City staff has conducted research regarding potential options related to this recommendation. The next step is to define the City's priorities with regards to the implementation of this recommendation.

---

**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.

---

## 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	Study	Review Current Policy Regarding Use of Annual Savings	10/31/2019		
IN02	Establish a Productivity Bank	Finance	Implementation	Develop Application and Review Forms and Policies	7/19/2019	Appoint and Convene Review Board	8/31/2019
IN03	Add an Analyst Position that Reports Directly to the City Manager	Admin, HR	Design	Identify Potential Funding Sources for Position	2/28/2020		
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	Design	Reconvene Stakeholder Groups from Previous Initiatives to Discuss Potential Options	12/31/2019		
IN05	Establish a Housing Trust Fund with a Dedicated Revenue Stream for Affordable Housing	CD, Finance	Design	Provide Report to Council exploring various funding options and presenting recommendations.	9/9/2019		
IN06	Develop a Land Strategy to Leverage Private Market Investment to Create up to 2,400 New Units of Affordable Housing	CD	Design	WASP to be considered by City Council	10/8/2019	Circulate DEIR for CASP	10/15/2019
IN07	Create Regulations to Address Safety and Health Conditions in Rental and Other Group Housing	CD	Study/Design	Issue Permits + Inspect for Temporary Use of Hotels for Employee Housing	8/31/2019	Meeting with Stakeholders regarding permanent use of Hotels for Employee Housing	8/19/2019

### **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 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 is currently developing policies and forms related to the administration of this program, and will then initiate the process of forming a review committee for the Productivity Bank.

---

## **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:** A Job Description for a Management Analyst position has been created. Staff will review the potential role of such a position as described in the Salinas Plan, as well as determine potential sources of funding for the position.

---

## **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:** City staff has developed many relationships through its prior work in the Downtown Vibrancy Plan, Alisal Vibrancy Plan, the Future Growth Area (FGA), and the Regional Farmworker Study. Staff intends to reconvene these groups to initiate this discussion.

---

## **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:** A City account has been created in order to serve as a vessel for a potential Housing Trust Fund, although it has not yet been allocated or received any funding. Staff is collecting information regarding a potential structure and funding options for such a fund, and intends to present options to the City Council at a later date.

---

## **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 City's Inclusionary Housing Ordinance requires the provision of affordable housing as a part of the development of the FGA. City staff expects to bring the West Area Specific Plan (WASP) to the City Council for consideration in the near future. Further, staff expects to be prepared to release a Draft Environmental Impact Report (DEIR) for the Central Area Specific Plan (CASP) in the near future as well.

---

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

**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:** The City is currently developing outlines for a rental registry and inspection program that would include some tenant protections. Thus far, the City has met with stakeholders multiple times, and will be hosting a community meeting on August 26. Information gathered from these sessions is being used to craft the proposed program. Many private hotels and motels are currently being leased by agricultural companies in order to house their employees. Rather than develop a City-run master lease program, the City is working to develop a pathway to legalize the use of hotels and motels for employee housing. Several Temporary Use of Land Permit applications have been submitted and are currently under review.

---

## 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	9/30/2019	Examine feasibility and processes for implementing the stormwater fee.	10/31/2019
NR02	Increase Hotel Tax and Dedicate Funding that Results to Capital Investment	Admin, Finance	Pre-Study	Conduct Public Outreach Sessions to Determine Community Priorities	12/31/2020		
NR03	Establish a Mello-Roos Special Tax	Finance	Complete				
NR04	Use Multiple Sources to Provide Revenue for the Housing Trust Fund	Admin, CD, Finance	Study	Prepare Staff Report exploring various funding options and presenting recommendations.	9/9/2019		
NR05	Rental Registry and Inspection Fees	Admin, CD	Study/Design	Host Community Outreach Meeting	8/26/2019	Design Program, including Identification of cost and fee structures	9/30/2019

### **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 potential structure and amounts of the new fee, as well as establishing a required nexus. Following this, the City will review the findings of the study to determine the appropriate next steps.

---

## **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.

---

## **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 elected 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.

---

## **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 City account has been created in order to serve as a vessel for a potential Housing Trust Fund, although it has not yet been allocated or received any funding. Staff is collecting information regarding a potential structure and funding options for such a fund, and intends to present options to the City Council at a later date.

---

## **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:** The City is currently developing outlines for a rental registry and inspection program that would include some tenant protections. Thus far, the City has met with stakeholders multiple times, and will be hosting a community meeting on August 26. Information gathered from these sessions is being used to craft the proposed program, including the structure and amount of any associated fees.

---

## Risk Mitigation

Code	Initiative	Responsible Departments	Current Phase	Current Task 1	Task 1 Estimated Completion Date	Current Task 2	Task 2 Estimated Completion Date
Risk Mitigation							
RM01	Engage with the Salinas Community to Make the Measure G Sales Tax Permanent	Admin	Pre-Study	Conduct Public Outreach Sessions to Determine Community Priorities	6/30/2022		
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.