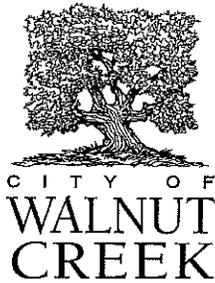


FISCAL SUSTAINABILITY STRATEGIC PRIORITY REPORT

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Agenda Report

DATE: APRIL 1, 2014
TO: CITY COUNCIL
FROM: CITY MANAGER'S OFFICE
SUBJECT: FISCAL SUSTAINABILITY – COMMUNITY OUTREACH AND ENGAGEMENT REPORT

STATEMENT OF ISSUE:

Last November, as part of the City Council's continuing work on the final phase of the Fiscal Sustainability Priority work—Community Outreach and Engagement—the Council directed staff to develop and proceed with a community outreach presentation aimed at informing the public of the City's fiscal challenges. Staff has completed this work and will present a summary of the feedback collected.

RECOMMENDED ACTION:

Accept the Community Outreach and Engagement Report, marking the completion of the fourth and final phase of the Fiscal Sustainability Strategic Priority work.

DISCUSSION:

On October 2, 2012, the City Council approved the City of Walnut Creek Work Program for fiscal years 2012-2014. This Work Program included four Strategic Priorities, with Fiscal Sustainability identified as the most important to the Council. Over the past two years, the Council and staff have devoted significant time and attention to accomplishing the Fiscal Sustainability Priority, including conducting a comprehensive review of all City services.

As part of the fourth and final phase of the Fiscal Sustainability Strategic Priority work—Community Outreach and Engagement—the Council commissioned a public opinion research poll to measure the community's awareness of the City's fiscal problem and capture the community's priorities and values around City services. The research found that over two-thirds of respondents were not aware of the City's financial situation. In response to this finding, last November the Council directed staff to proceed with a community outreach effort aimed at bridging this fiscal awareness gap.

Beginning in January, staff from the City Manager's Office launched an in-depth community outreach process with a presentation titled 'Walnut Creek's Fiscal Future' (Attachment 1). The core purpose of the presentation was to demonstrate that the City cannot afford to continue to provide the services, programs and facilities at the same level that residents currently receive. Careful

thought was given to translating the often complex world of local government finance into everyday, relatable terms. Those attending the presentations were also given an opportunity to ask questions and share their ideas on how to balance the budget.

Over the course of this outreach effort, staff presented to a total of thirteen community groups, representing over 400 people across a variety of service clubs, homeowners associations, business groups and non-profits. In addition to the public meetings, three employee presentations were held, reaching over 100 City staff. With an initial goal of reaching at least 300 people, staff is pleased to report that we met and exceeded our outreach goal. In addition to those reached directly throughout the presentations, a budget insert titled *Walnut Creek's Fiscal Future: Challenges and Choices* (Attachment 2), was also included in the spring edition of the City's *In a Nutshell* newsletter.

As part of each presentation, participants were given an opportunity to ask questions and provide their ideas for improving the City's fiscal health. In addition to collecting general feedback, participants were given a feedback form with the following questions:

- 1. If you were on the City Council, which "budget balancing tools" would you use to balance the 2014-16 Budget, and why?**
 - a. Raising fees
 - b. Using one-time money
 - c. Using reserves
 - d. Finding new ways to deliver service/contracting out
 - e. Cutting or elimination programs/services

- 2. Looking beyond the immediate budget, what ideas do you have for long-term fiscal health?**

A summary of the feedback collected, along with a complete set of the feedback forms submitted, are attached for the City Council's review (Attachment 3). In general, the following key findings emerged:

- Strong majority of the participants agreed that the City has a fiscal problem.
- Participants were most supportive of the 'raising fees' option, followed by 'finding new ways to deliver service/contracting out'.
- Participants were generally not supportive of using budget reserves.
- General interest among participants related to the feasibility and financial impact of a tax measure (it is important to note that this option was not discussed as part of the presentation, but was raised by participants).
- Support for using one-time money for one-time purposes, such as Information Technology and infrastructure needs.
- Concern about downtown residential development and future financial impacts to the City

At tonight's meeting, staff will present an overview of the outreach presentations and the key feedback collected from the community. With the Council's first review of the 2014-16 Budget scheduled for April 8, this report provides important and timely information to help inform the Council's budget review and direction.

FINANCIAL IMPACTS:

None at this time. Acceptance of the report does not constitute an allocation of funds.

ALTERNATIVE ACTION:

Accept the report and direct staff to conduct additional community outreach and engagement as part of the ongoing Fiscal Sustainability work.

DOCUMENTS:

- Attachment 1: Walnut Creek's Fiscal Future Presentation
- Attachment 2: Nutshell Insert: *Walnut Creek's Fiscal Future: Challenges and Choices*
- Attachment 3: Community feedback – summary and detail forms

COUNCIL ACTION RECOMMENDED:

Move to accept the Community Outreach and Engagement Report, marking the completion of the fourth and final phase of the Fiscal Sustainability Strategic Priority work.

STAFF CONTACT: Ken Nordhoff, City Manager
(925) 943-5812
Nordhoff@walnut-creek.org

Gayle Vassar, Communications and Outreach Manager
(925) 943-5812
vassar@walnut-creek.org



Walnut Creek's
Fiscal Future

How we balanced past budgets



- ▶ Cut staff from 391 in 2008 to 340
- ▶ Froze salaries
- ▶ Employees began paying toward for health insurance, retirement

**DID YOU
KNOW**



In today's dollars, the cost of 50 employees translates to \$5 million per year (includes benefit costs)

Some past cuts include ...



▶ 3

Fiscal reality

CHALLENGES

Walnut Creek's fiscal reality

Long-term financial forecast Fiscal Years 2014-2022

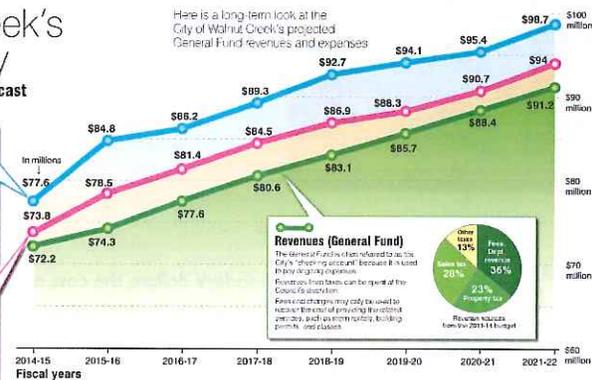
Expenses with additional unfunded needs

- \$20 million per year for facility maintenance needs of aging infrastructure: roads, storm drains, trails, parks, sidewalks and buildings
- \$10.5 million per year for public event infrastructure technology needs
- \$100,000 per year for services provided on additional 200,000 sq ft of a new city facility at a cost of \$10 million (funding from the Measure 2000 bonds will not be available)

Expenses

- Continue current services and staffing levels: plus
- \$10 million per year for facility maintenance
- \$10 million per year for employee benefit obligations
- \$10 million per year for library building and equipment maintenance
- \$10 million per year for building maintenance
- \$50 million per year for IT projects

Here is a long-term look at the City of Walnut Creek's projected General Fund revenues and expenses



Revenues (General Fund)

The General Fund is often referred to as the City's "operating budget" because it is used to pay for ongoing operations. Revenues from fees can be part of the General Fund.

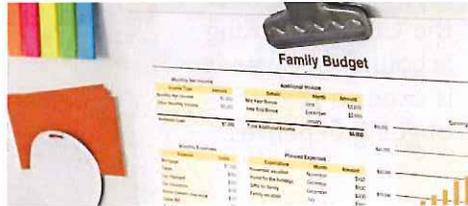
Fees and charges may only be used to reduce the level of providing the service, and are not for building, purchase, and/or replacement.



▶ 4

Government Finance 101

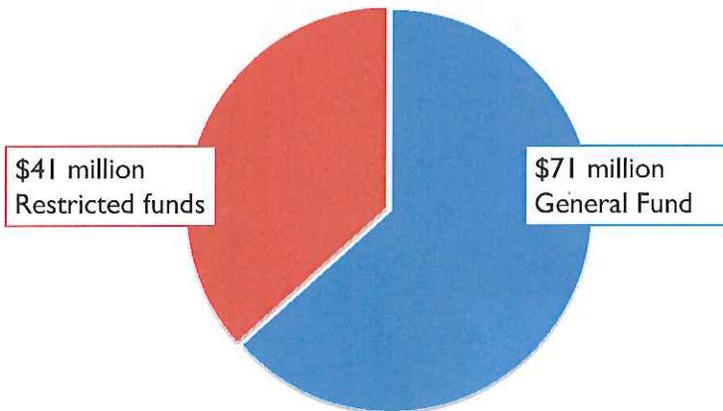
- ▶ Income (revenue)
- ▶ Expenses
- ▶ Savings (reserves)



▶ 5

All City Expenditures

FY 13/14



▶ 6

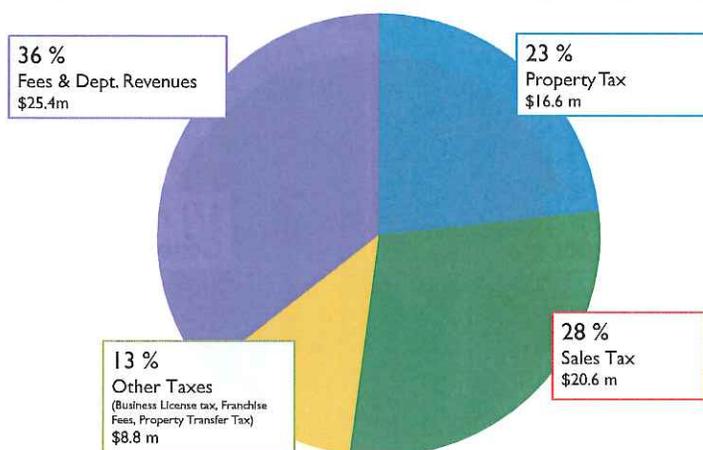
The Green Line General Fund

- ▶ The General Fund is often referred to as the City's "checking account" because it is used to pay ongoing expenses.
- ▶ But not all of the revenues coming into the General Fund can be spent at the Council's discretion.

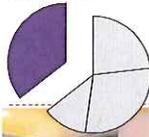


▶ 7

General Fund Revenues 2013-14



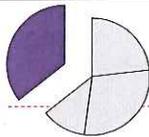
▶ 8



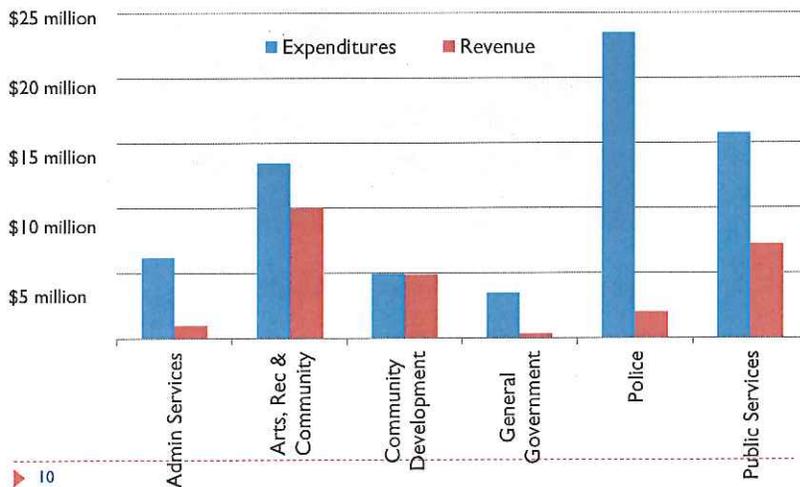
Fees & Department Revenues



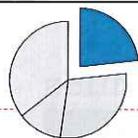
▶ 9



Cost Recovery by Department



▶ 10

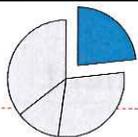


Property Tax

Where Does Your Property Tax Dollar Go?



▶ 11



Residential Property Tax

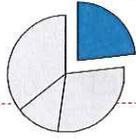


Average residential property tax bill: \$3,912*

Walnut Creek receives: \$368

*base tax; does not include additional taxes such as school parcel tax, etc.

▶ 12



Property Tax & New Construction



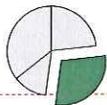
3 multi-family complexes currently under construction

\$75,000,000 ---- Total assessed value

\$ 750,000 ---- Property tax total

\$ 70,500 ---- Goes to Walnut Creek

▶ 13



Sales Tax



6 1/2 cents goes to the State



1 cent goes to Walnut Creek



1/2 goes to BART
1/2 cent to CCTA

▶ 14



Sales tax at the local level



Jeans cost: \$65
Total sales tax: \$5.52
Sales tax to WC: 65 cents

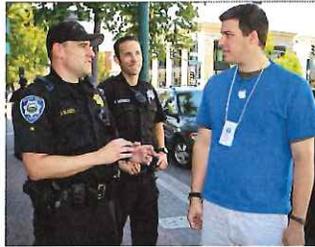


Car costs \$31,252
Total sales tax: \$2,656
Sales tax to WC: \$312

Where your money goes

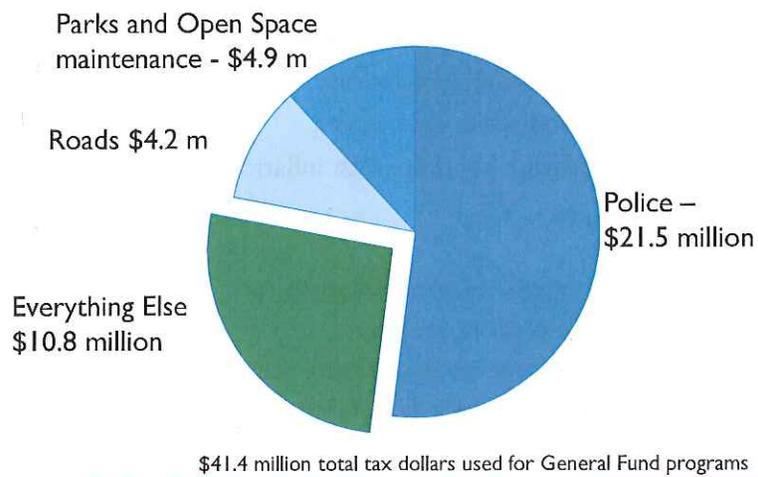


Where your tax money goes



▶ 17

Putting tax dollars toward priorities



▶ 18

Reserves (Savings accounts)

- ▶ Set by City Council policy
- ▶ Bulk of reserves are restricted
- ▶ General Fund Reserves
 - ▶ \$10 million for fiscal and catastrophic emergencies
 - ▶ \$10.5 million reserves for obligations (workers' comp, insurances, legal liabilities, pensions)



▶ 19

The Pink Line As we look ahead

- ▶ Continue services and staffing levels in place
- ▶ Pay employee benefit obligations
 - ▶ Retirement and health care, others
- ▶ Estimated salaries keep up with inflation
- ▶ PLUS
 - ▶ \$500k per year for building maintenance
 - ▶ \$500K per year for IT projects
 - ▶ \$600K per year for library maintenance (starting FY14/15)*
 - ▶ * In addition, some years will include library equipment replacement costs

▶ 20

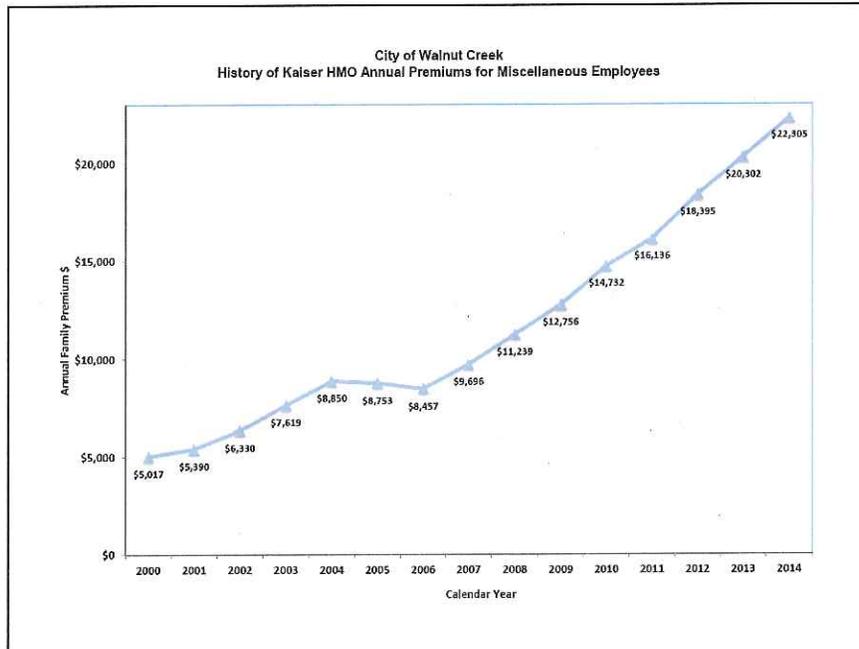
Why costs outpace revenues

- ▶ Cost of employee health care premiums
 - ▶ 400 % increase over the past 13 years
 - ▶ Unknown impact of Affordable Care Act



Walnut Creek does not offer
"medical after retirement"

▶ 21



Retirement Costs

- ▶ Pension costs continue to rise
- ▶ The City's Long Term Financial Forecast projects increases in pension costs by \$1.5-\$2 million dollars through fiscal year 2021-2022.



The average pension paid to City of Walnut Creek retirees is \$2,869 a month. City employees do NOT receive Social Security.

▶ 23

The Blue Line - Additional Unfunded Needs

- ▶ Infrastructure
 - ▶ Deferred maintenance – approximately \$3 million per year – to maintain infrastructure in current condition
- ▶ \$1.5 million per year for Information Technology needs outlined in IT Strategic Plan
- ▶ \$600,000 per year in funding for continuation of 21 hours at both libraries

▶ 24

Unfunded Infrastructure needs

► Infrastructure

- Roads, sidewalks, storm drains, buildings, parks and open space, signals and streetlights
- Our infrastructure is aging!



► 25

Unfunded IT needs



► 26

Paying for Our Libraries Going Forward

- ▶ The County provides 35 hours a week (no cost to the City)
- ▶ In 2002, voters passed Measure Q, which provides funding for 21 additional hours at each library branch, as well as funding for maintenance. Measure Q funds run out in FY 2014/15
- ▶ The City will be responsible for paying for library maintenance (including utility costs and equipment replacement) out of its General Fund. Cost: \$600K per year (more in some years due to equipment replacement) *This is in the Pink Line*
- ▶ No funding is in the General Fund for the 21 hours currently provided by Measure Q monies. *This is in the Blue Line*

▶ 27

To Recap: The Challenges

CHALLENGES

Walnut Creek's fiscal reality

Long-term financial forecast
Fiscal Years: 2014-2022

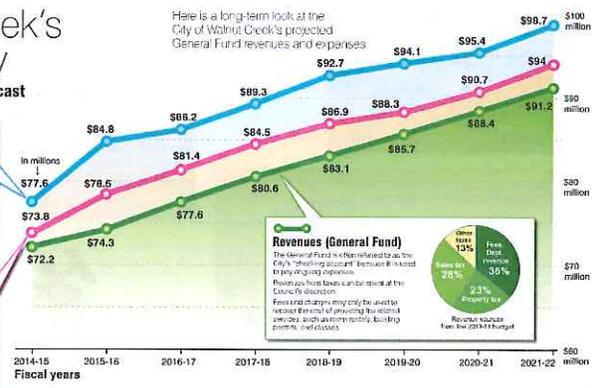
Expenses with additional unfunded needs

- All things we pay for today in our financial needs of aging infrastructure, roads, crime, crime, trails, parks, wastewater and library
- All things we pay for today and that we need to pay for in the future
- \$600,000 per year for our library program
- Additional \$1.5 million per year for our library program
- Measure Q funding from the County
- Measure Q funding will run out in 2014/15

Expenses

- Continue current service and existing levels, plus:
- Additional \$1.5 million per year for our library program
- \$100,000 per year for library building and equipment maintenance
- \$150,000 per year for building maintenance
- \$500,000 per year for projects

Here is a long-term look at the City of Walnut Creek's projected General Fund revenues and expenses:



Revenues (General Fund)

The General Fund is often referred to as the City's "operating account." Revenues are used to pay ongoing expenses. Revenues have been cut to the level of the Council's discussion. Fees and charges may only be used to replace the cost of providing the essential services, such as government, building, parks, and libraries.



▶ 28

What is at risk?



The Choices

What can be done by June 30?

- ▶ Budget “toolbox” the City Council can use to balance the budget
 - ▶ Recover a greater share of program costs (fees and charges)
 - ▶ Use “one-time money”
 - ▶ Use reserves
 - ▶ Find other ways to deliver services
 - ▶ Reduce or eliminate programs and services



Next Steps

- ▶ Outreach efforts ongoing through March
 - ▶ Join our Budget News e-mail list
- ▶ Staff will return to Council on April 1 with a report summarizing feedback gathered at these meetings
- ▶ Council and staff to use feedback and results while working through the recommended 2014-16 Budget
- ▶ Preliminary budget to be presented to City Council on April

▶ 31

Conclusion

- ▶ Take a look at the Long Term Financial Forecast graph again
- ▶ Do you agree that there is not enough money to continue to provide all the programs, services and facilities the community currently enjoys at the same level or in the same way?
- ▶ Which tools would you use to balance our upcoming budget?
- ▶ Don't forget to take and read your FAQs!

▶ 32

Walnut Creek's fiscal future



The Cost of Technology

Technology is essential for every service, from public safety to managing traffic lights, but it comes with a hefty price tag. The surge of cybercrime requires additional, and costly, preventative solutions.

Rising Costs of Employee Benefits

67 percent of the City's operating budget is for the employees who provide services. Even with employees contributing significant amounts toward health care and pension costs, increases in these benefits outpace inflation.

Aging infrastructure

Walnut Creek blossomed in the 1960s to 1970s, and many of the facilities and other infrastructure built during that time are showing signs of age. Deferring small repairs today can lead to larger problems tomorrow.

CHOICES

Raise fees
Charge more for services and programs

Use 'one-time' money
Use one-time money or dip into reserves

Cut costs
Reduce, eliminate or alter delivery of programs and services

Perceptions

Surveys find a high degree of satisfaction with the quality of life in Walnut Creek and the programs and services provided by the City. The same surveys show little awareness of any financial challenges facing the City.

Reality

The City has been dealing with budget shortfalls since the economic downturn in 2009, and the 2012-22 Long-Term Financial Forecast shows fiscal challenges will continue. To date, cost reductions have been done in a way that has had very little impact on the public.

Bottom line

The City no longer has the resources to be able to continue to provide all the programs, services and facilities the community currently enjoys at the same level and/or in the same way.

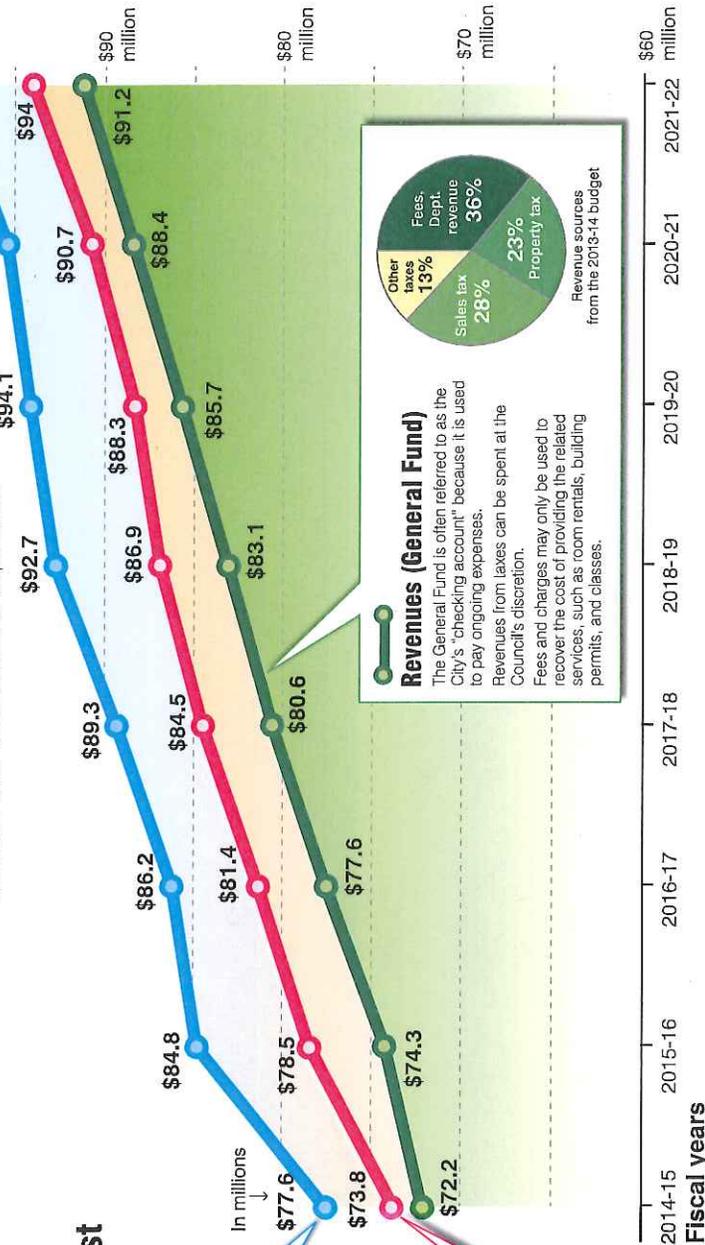
CHALLENGES

Walnut Creek's fiscal reality

Long-term financial forecast

Fiscal Years 2014-2022

Here is a long-term look at the City of Walnut Creek's projected General Fund revenues and expenses:



Revenues (General Fund)

The General Fund is often referred to as the City's "checking account" because it is used to pay ongoing expenses.

Revenues from taxes can be spent at the Council's discretion.

Fees and charges may only be used to recover the cost of providing the related services, such as room rentals, building permits, and classes.

Cost cutting

To balance recent budgets, the City has:

- Cut staff by 13 percent (51 positions total)
- Required employees pay full employee portion of pension cost
- Required employees contribute more toward health care
- Implemented a "second tier" pension benefit for new employees
- Contracted out services

Eliminated programs & services, including:

- Master's Swim Program
- Youth Council & Summer Interns
- Character Courts

Reduced programs & services, including:

- Code enforcement
- Open hours at City Hall (public counters are closed on Fridays)
- Median maintenance
- Year-round swimming at Larkey Pool

Expenses with additional unfunded needs

- \$3 million per year to fully meet maintenance needs of aging infrastructure: roads, storm drains, trails, parks, sidewalks and buildings
- \$1.5 million per year to fully meet Information Technology needs
- \$600,000 per year to continue providing an additional 21 hours a week of library services at both branches (current funding from the Measure Q parcel tax will run out in 2014-15).

Expenses

Continue current service and staffing levels, plus:

- Estimated salaries keep up with inflation
- Pay employee benefit obligations
- \$600,000 per year for library building and equipment maintenance
- \$500,000 per year for building maintenance
- \$500,000 per year for IT projects

Rising Employee Benefit Costs

Health care: Rising health care costs are a national problem. From 2000 to 2013, the City's premiums for a family Kaiser plan increased 400 percent.

Pensions: Walnut Creek participates in the California Public Retirement System (CalPERS), which has suffered significant losses due to low investment returns and outdated assumptions about life expectancy. Those losses must be covered by participating agencies: Walnut Creek's tab? An additional \$1½ to \$2 million a year.

Good to know:

Unlike many public agencies, Walnut Creek does not provide medical insurance after retirement. The average monthly pension for a retired Walnut Creek employee is \$2,669 per month. City employees do not receive Social Security.

Property tax

We can't build our way out of budget deficits:

Walnut Creek receives 9.4 cents per dollar of property tax. Of the average resident's \$3,912 property tax bill, only \$368 goes to the City. A \$100 million project will bring in \$90,400 to Walnut Creek.

Where does your property tax dollar go?



Sales tax

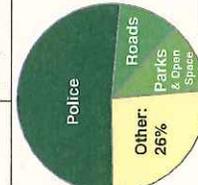
While the total sales tax rate in Walnut Creek is 8.5 cents per dollar, the City receives a single penny. Bought a \$40,000 car? Walnut Creek will get \$400 in sales tax. Of that 8.5 cents:



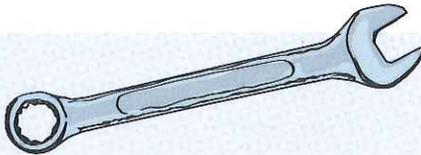
Where your tax dollars go

City Services	Cost paid through tax dollars
Police	\$21.5 million
Road Maintenance	\$4.2 million
City Parks and Open Space	\$4.9 million
Total for these services	\$30.6 million
Total tax dollars used for General Fund	\$41.4 million

74% Percentage of tax dollars dedicated to top 3 priorities



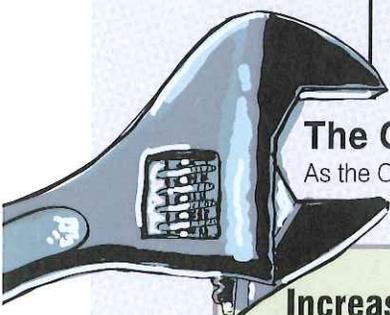
CHALLENGES AND CHOICES:



Tools the Council has...

The City Council must approve a balanced budget by June 30.

As the Council considers budget options in April through June, it has a limited number of tools at hand.



Increase Fees

The City could choose to increase fees, but cannot charge more than the cost of providing the particular service.

In 2006, fees represented 15 percent of the City's General Fund revenue. Today, fees make up 36 percent.

Some services, such as building permits, cover the entire direct cost of the service provided. However, other fees do not recover the entire cost.

One-Time Money

Examples of one-time money include money raised through the sale of City property.

A City Council policy states that one-time money should not be used for operating expenses.

The City will receive up to \$3 million over the next 5 years in one-time money as part of the Broadway Plaza Development Agreement. (In addition, the agreement provides for two 5-year extensions, which would include \$1 million in one-time money at the end of year 10 and year 15.)

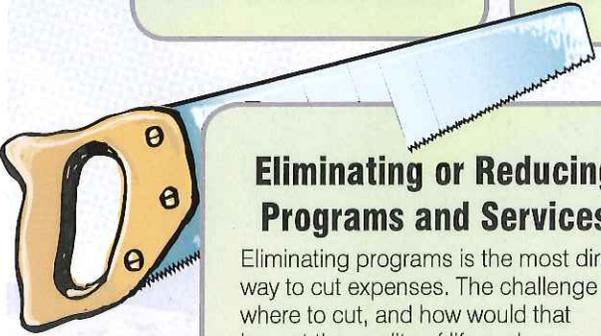
Dipping into Reserves

Reserves are the City's savings account.

While most of the City's reserves are restricted, General Fund reserves can be used at the Council's discretion in accordance with approved policies. These include:

\$10 million in reserves for fiscal and catastrophic emergencies.

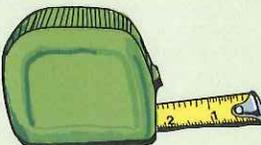
\$10.5 million in reserves for legal obligations, pensions, worker's compensation insurance.



Eliminating or Reducing Programs and Services

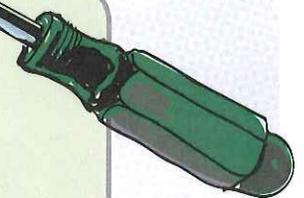
Eliminating programs is the most direct way to cut expenses. The challenge is where to cut, and how would that impact the quality of life and community expectations in Walnut Creek?

Reducing programs softens the immediate impact on the public, yet services are still rolled back.



Find Other Ways

The Council could choose to find other ways to deliver services, such as contracting out, partnering with community groups or sharing with other agencies the cost and provision of services.



What you can do

Come to one of the "Fiscal Future" presentations offered in March*

*Schedule available on our Budget website

Attend Council meetings or share ideas via Open Town Hall

Check out our online budget FAQs

Stay informed!

Your Budget One-Stop Shop

Whether you want to join our budget e-mail list, get meeting dates, or dig into details about operating expenses, you'll find links and resources on our Budget website.

Check it out at www.walnut-creek.org/budget

Walnut Creek Fiscal Future Presentation Summary of Feedback

1. If you were on the City Council, which “budget balancing tools” would you use to balance the 2014-16 Budget, and why? (Circle as many as you like)

Raising fees: 48

Using one-time money: 22

Using reserves: 13

Finding new ways to deliver service/contracting out: 32

Cutting or eliminating programs/services: 29

- *Sales tax increase.*
- *¾ cent tax – ½ to bring us to functional level and ¼ to bring back some of the services we've lost (i.e., student interns).*
- *Add a new “Measure Q” for libraries – why hasn't this already been done?*
- *Raising the sales tax to be comparable with neighboring communities may work at this time.*
- *½ cent sales tax makes the most sense and generates the most potential revenue.*
- *Encourage businesses that generate lots of sales tax.*
- *Raise the sales tax.*
- *Increase property tax.*
- *Our City draws well-educated, involved citizens because of its programs & services.*
- *Try to keep the programs that make Walnut Creek a great place to live.*
- *Raise the sales tax rate—in the meantime use one-time money to cover the expense of maintaining library hours.*
- *½ cent sales tax.*
- *Renegotiate union contracts to have employees pay more significant portion of health care costs—given costs have increased 400%.*
- *Ask voters to support a sales tax.*
- *Use reserves—capped at 5%.*
- *Use one-time money only for one-time expenses—infrastructure/IT.*
- *Privatize additionally such as Center Rep and Bedford Gallery.*
- *Don't use reserves.*
- *Put sales tax measure on ballot for November.*
- *Raising sales tax ½ - 1 cent.*
- *Implement additional sales tax so that everyone shoulders the burden equally. I.e., general tax, property tax increases place a disproportionate burden on homeowners.*
- *I recommend using one-time money and reserves to bridge the gap until a SALES TAX MEASURE passed by the electorate would kick in.*

- *One-time money will last only a year or so. It does nothing for the long term financial picture. Postponing a decision on a tax, hoping to economy will spring back to pre-2008, is wishful thinking and puts the city on the path to bankruptcy. Even if a sale tax should pass, this year, there would possibly be a gap in funding which could be filled with reserves. However, the reserve money would be returned as soon as possible. The Blue Ribbon Task Force recommended this approach, and I believe it's the best course of action. How long a tax would last – 6 years, 10 years, permanent – is open to analysis.*
- *Need more information.*
- *Incorporate more.*
- *Special tax—infrastructure.*
- *Sell unused assets or use them to generate revenue that can provide money every year.*
- *Not a net gain—incorporate areas of the county into the city that should logically be part of WC, i.e., Walnut Blvd.*
- *Cut services that are not used by sufficient numbers of local residents—including library.*
- *Cities need to ban together and demand they keep more of their local property tax money and sales tax money.*
- *Only use one-time money for infrastructure and one-time expense.*
- *Do not use reserves—no way to back fill.*
- *Privatize some programs such as Center Rep.*
- *Increasing sales tax by ½ to 1 %.*
- *Do we offer our street sign printing shop to other cities?*
- *Do we charge when agencies use our bomb squad & truck?*
- *Can we change the operating hours of the libraries so they open later and stay open each day for four hours not close on Sunday and cut back to 35 hours.*
- *Have you looked at other health care providers besides Kaiser? It's been my experience that they are the most expensive both in premiums charged and co-pays.*
- *Increase sales tax to be in line with Moraga and Orinda.*
- *Sales taxes seems less objectionable than a parcel tax—we cannot continue to cut services and skilled employees. We must get more revenue. I would vote for both sales tax and parcel tax.*
- *Sales tax increase*
- *New ways to contract services including IT, maintenance, etc. Have volunteers and high school students heading programs.*
- *Raising the sales tax ½ cent*
- *½ cent sales tax is the obvious/simplest solution to keep the special character of Walnut Creek.*
- *Preliminarily, it appears to me that the police force could be trimmed. I will follow up on some specific questions. For example, were any officers cut in the 51 City employees that were eliminated?*
- *Raising fees only if the market can bear*
- *I would get a new prop for funding longer library hours. I would get a prop for again infrastructure. I would increase sales tax by a half cent. If you make it graduated, it won't impact the poor so greatly.*
- *I would sponsor a ½ cent sales tax. I am conservative; however, I trust Walnut Creek to use our money wisely.*

- *½ cent sales tax—fees are already high at some point users are lost; i.e., Diablo Theater will no longer perform in Lesher equals lost revenue to City. Trying to balance budget on one-time money is bad fiscal planning. Using reserve money is worse.*
- *Encourage more volunteers to supplement City staff*
- *Increase sales tax rate*
- *Entrance fee for non-WC residents to our parks*
- *Getting a new Measure Q on the ballot*
- *Getting a new sales tax on the ballot*
- *Cutting services will not work because you have already cut too much. We don't want to lose what makes us Walnut Creek.*
- *I work at Northgate High School, and we need to keep our crisis counselor funding. This is essential funding that prevents suicide, mental health crises at the high school.*
- *Raising fees on certain programs/facilities, e.g., Lesher Center and recreational classes and park reservation*
- *Raise sales tax ½ cent*
- *All of it and take a lesson from Australia on public pensions*
- *I do not want to see the city cut services and programs. Also, it is not fiscally prudent to use reserves for ongoing needs. Using one-time money only “kicks the can” down the road making the solution harder.*
- *Cutting too many library hours for example will affect potential buyers. This is an affluent city and so schools, libraries need to be tope of the line.*
-
- *Would look at a combination of tools to minimize the impact on any one of the tools.*
- *Taxes/contributions from business. They benefit from city's growth and people come from all over to use our programs (like Civic Arts for example). These visitors patronize the business!*
- *All of the circled above done in the most equitable way!*
- *Consider closing YV library branch. Why maintain two branches?*
- *Contracting out services such as median, green wall maintenance is understandable re labor, longer term benefit obligations; however, the contractors should be held to higher standards and quality. Contracting out should not mean lower quality work performance standards should be part of contract and enforced*
- *Use of professionally skilled volunteers to supplement/integrate with City services*
- *Find non-impactful techniques*
- *Raising fees—unfortunately—ARCS needs to be self-sustaining*
- *New sales tax*
- *Severe program cuts*
- *All of the above—seems that “across the board” options won't be feasible—need to look deeper about areas where fee increase are plausible, services that are high cost*
- *Polls need to be more specific posed by individual areas to get a sense for values—not just police vs. arts but what specific activities in each*
- *Increase the use of volunteer work projects such as ‘Friends of the Creek’ and ‘Eastbay Trail Dogs’ to supplement current city employees’ efforts (I know this is a minor impact!)*
- *A possibility—have people who don't live in the City pay a fee to use city services, such as for the dog park, classes from the City, etc. activities in the Open Space (organized events)*

- *We need to stop using reserves to close the budget gap. A ½ cent sales tax is very important.*
- *Look at corporate sponsor spending dollars—lease “names” for annual fee. Example, Safeway “Heather Farm” field. Safeway paid for name \$XX for X years.*
- *Center Rep should be privatized and not be funded with so much general fund money.*
- *Only use one-time money for one-time expenses—do not violate Council’s policy of not spending one-time money for ongoing expenses.*
- *Close Ygnacio Valley library*
- *My question deals with present revenues. In the past, budget cycle surpluses helped pay for additional capital improvements. How are we doing in this present budget cycle? Is it possible or probable to have a surplus (from budget) to help pay the difference between the green line and blue line?*
- *Realistic projections of sales following recovery as well as sharp increase in recent property values. Surely both result in sizeable revenue gains!*
- *City residents expect police, roads, and general services. If Art and other programs are extra, those users would pay more.*
- *Both: Remove low priority or low use/high subsidized programs.*
- *Contract for new services = IT.*
- *Raising fees especially for non WC persons*
- *Cut 10% across the board*
- *It’s important to save reserves and one-time money. I think the residents need to feel the pinch – reduced services – to get them motivated and aware of the situation.*
- *All to some extent*
- *Staff has taken a hit, but as mentioned, the public also needs to feel the pain so to say.*
- *Don’t use the reserves or one-time money.*
- *Fees levied on the alcohol drinks (put the solution back on the users heavily demand the City’s resources).*
- *Have more input from employees who are doing the programs, projects, maintenance, etc.*
- *All*
- *One-time monies last.*
- *Do anything except cut programs and contracting out. If things are cut, it will be really difficult to bring them back.*
- *I would use them all, but use of reserves and one-time money as to be coupled with a firm, public commitment by City Council to look at long-term revenue measures otherwise they’re just kicking the can.*
- *Describe the great services that we are going to lose. The details are critical.*
- *What are we in the business of doing?*
- *How much of our population uses certain services?*
- *How much it costs to run these services?*

2. Looking beyond the immediate budget, what ideas do you have for our long-term fiscal health?

- *Sales tax increase.*
- *Fees increase but not nickeling and diming people to death.*

- *Control retirement and pension costs.*
- *What kind of computer modeling can be done re fiscal health, budget possibility of passing sales tax increase at specific proposed rates?*
- *Council needs to do study for sales tax and put it to the voters in Fall 2014.*
- *Sales tax.*
- *Let the people decide to raise sales tax by ½ cent!*
- *Increase sales tax.*
- *Get voters to approve a \$50 million bond by 8 years to pay the difference.*
- *Reduce police costs.*
- *Cut the police budget.*
- *Pay policemen less.*
- *Strengthen the City over site over how police are paid.*
- *I strongly support a new sales tax of a half cent or full cent.*
- *It seems that a 0.5 cent addition to sales tax for a limited time--5-10 years--would close the gap.*
- *Pursue the ½ cent sales tax.*
- *Idea: charge fees for library goods/services/computer use in order to help cover costs of 21 hours keeping library open.*
- *Continue examining expenses-revenue question. Take advice of Blue Ribbon Financial Tax Force.*
- *Raising sales tax by 1 cent, permanent.*
- *Sales tax on ballot in November.*
- *Privatize some programs.*
- *Maintaining the services and programs that make our city the magnet that so many have worked together to create.*
- *Investment spend (sic) to bring more folks into WC and increase WC property values. E.g., fund more programs at the LCA to attract visitors.*
- *Assess special taxes on new private development projects.*
- *Raise local sales tax rate.*
- *Explore revenue sources that do not require votes.*
- *Cutting back on programs and services takes away much that makes Walnut Creek desirable and vital. If people decide we are too ho hum to bother with, we will see a decline in visitors and sales tax income, increasing the downward spiral.*
- *Revenue is sufficient but too much of our local revenue goes to the State of California.*
- *If an increase in sales tax will stay in WC, then this is a good idea.*
- *Put ½ cent General sales tax on the November ballot.*
- *Increase sales tax.*
- *Raise fees, find new ways to deliver services, contract out.*
- *Invent a fundraiser that is available year round or at least each quarter. Don't know what it is, but there are plenty of smart people here who can think of something.*
- *Adding a ½ cent sales tax.*
- *We must present the budget to the community and make sure they understand what's at stake for Walnut Creek.*
- *Walnut Creek needs pension reform similar to San Jose's 2012 measure on pension reform. ½ cent sales tax*
- *Continue to keep close takes on expenses*

- *The most obvious and effective—raise sales tax by half a cent*
- *Studying more carefully surrounding communities that don't have fiscal issues. Both in terms of current budget and longer-term projections.*
- *An increase in sales tax seems like a fair and appropriate way*
- *I would look carefully at the police costs, which you did not break down for us. Overtime, this has been a large cost for other cities. Can they do their work in a smarter way and for less money?*
- *I am conservative; I trust Walnut Creek to use our money wisely. We are at a point where we simply need to raise taxes.*
- *Raising sales tax*
- *Since the largest deficit is in year two of the budget even though a sales tax wouldn't take effect, if passed, the council could adjust cuts mid cycle*
- *Maintain a sustainable budget approach in planning*
- *Explore partners to provide financial support for programs*
- *Maintain a proactive approach to attract grants*
- *Look at city assets for sale/lease options*
- *Raise developers' fees to recognize the "value" of building in WC.*
- *Unify the school districts—MDUSD is woefully inadequate.*
- *Plastic bag ordinance is not good for the City. People will shop elsewhere; less tax will be collected increase public transportation on Ygnacio Valley. Building a hotel downtown. Redo the Clarke Swim Center in ?Heather Farm to make it up to date, charge more*
- *Build more condos for seniors and provide incentives for elderly homeowners to move to the new homes and sell their current homes. This is to provide the city with higher property tax base.*
- *Corporate partnership*
- *Volunteer use*
- *Attracting more "high tech" science based business/industry*
- *Pass a ½ cent sales tax lasting for 15 years.*
- *Attracting more businesses that can contribute to the tax base*
- *Raise transfer tax*
- *Propose a sales tax increase*
- *Look at ways to involve citizens of WC.*
- *Buy WC, partnerships with neighborhood groups*
- *Renew bond money on ballots as needed.*
- *Increase fees when necessary*
- *Use volunteers for all kinds of programs.*
- *Look into changing the "formula" by which schools etc. get tax revenues allocated— increase the percentage that the city gets*
- *Nominal increase in local "sales" taxes that go 100% to WC—(not parcel tax/homeowner-focused only)*
- *Need to understand that WC needs a way to support its role as a regional center.*
- *Pension reform might be important but it needs to be in perspective.*
- *Taxes, bonds in addition to above*
- *More development of grant funds, private and corporate donations and sponsorship*
- *More police revenue through traffic enforcement*

- *More revenue for in city vs. out of city costs for services*
- *Does the cost of providing services to the residents of all the new residential buildings contribute to a create gap between revenue and expenses?*
- *Do not continue to defer infrastructure projects. The cost for replacement is much higher than repairs.*
- *Add to sales tax—it spreads out the responsibility and pain*
- *Remember the lessons we have learned the hard way—don't make promises (for pensions, etc.) based on today's economy for the future—don't kick the can to the future, pay as you go except for exceptional cases, within reason.*
- *The city needs to make some decisions about priorities and levels of serves accepting that our revenues require permanent changes.*
- *Adjust retirement programs—more IRA, 401K, more employee participation less City payment—a must.*
- *Increasing revenues—put a ½ cent general sales tax increase on the November ballot so that we can maintain our infrastructure and maintain programs and programs that are valued by our community and the quality of life we all treasure.*
- *Increase local taxes dedicated to Walnut Creek (general tax)*
- *Invest in infrastructure*
- *I believe that cuts must be made to match expected revenues. Health care, pensions, and personnel cuts are the way I suggest to reach a balanced budget.*
- *Appeal for reallocation of property taxes between recipient organizations of the State. What state fiscal authority is involved? What politicians are or would be involved?*
- *Work with business community to promote visitors (regionally) to WC*
- *Relax rules for food and beverage*
- *Increase destination of WC*
- *Outside of basic services; fee increases; and staff reduction of those who may oversee programs outside of basic services = contract per added program.*
- *Need to flatten long-term benefits—change retirement and benefits long term.*
- *Do not undertake more than the last year's income allows.*
- *Control pension costs.*
- *Don't pay for services like crossing guards that other agencies are really responsible for.*
- *Increase sales tax by ½ percent*
- *We need to continue to keep the focus and work toward closing the budget gaps.*
- *Continue with getting the info out there.*
- *The need to consider the implications/additional costs to the City for the new construction taking place.*
- *Medical premium legislation to control costs*
- *Continue to strive for greater cost recovery*
- *The public needs to know the risk of not having the funding.*
- *The reality is we must find new funding resources or eliminate/reduce services.*
- *Sales tax increase.*
- *Facility Enhancement Assessment*
- *By not always using the quick fix.*
- *Stop putting in new things before the old has been fixed.*
- *Tax*
- *Sale tax increase and a property tax.*

- *Sales tax would include non-residence and property tax would spread out the burden*
- *Tax and/or service cuts.*
- *Have citizen groups (church, schools, homeowners associations, clubs) adopt a project and raise funds to contribute (bridge repair, flowers, sprinklers) then signage “This provided by Kiwanis of WC)*
- *Where is the waste in the city spending?*
- *How is the city making sure the costs are the lowest/best?*
- *Pensions? Supplies? Salaries? # of officers – in realistic terms not hypothetical or compared to New York, etc.*
- *I think a good source for ideas could be looking to examples of other cities to see what they did or are doing to face the same problems.*
- *More \$ allocated to reserves*
- *Create fees to the city for buying and selling homes*

3. Our goal today was to increase awareness of the City’s fiscal situation. Do you have suggestions on ways we can improve this presentation, or ideas for reaching more community members?

- *Very good presentation!*
- *Put power point handouts out in the community—churches, apartments, businesses*
- *In the meetings—stress the availability to meet with subgroups—sports teams; church groups, HOAs, schools (sounds like you are doing that!)*
- *Continue to educate the public with facts such as “no medical after retirement” or the average PERS pension. Particularly sharing the facts that are often skewed in the media.*
- *Contact HOAs throughout the City.*
- *Reach out to the City’s partners who receive financial support from the City (i.e., schools) to shift back responsibilities back to them.*
- *Slide 30—nothing is “off the table” – this says to me that nothing is protected, i.e., not in consideration for cuts*
- *Presentation seemed to indicate that no solutions have been put forth yet--which is it that you want to convey?*
- *Slide 31—plus Ks not all cap.*
- *Reach out to Clubs and groups that meet in town. Bee keepers club, churches and maybe Chamber of Commerce.*
- *Stronger close—give people actionable items, even if it’s just “come to study session and let Council know what you think”*
- *Show photo of infrastructure disasters*
- *Fundraisers*
- *Parcel taxes or specific taxes for specific things*
- *Sending fliers to residents informing them of these presentations, post posters around the city facilities inviting residents to attend these presentations.*

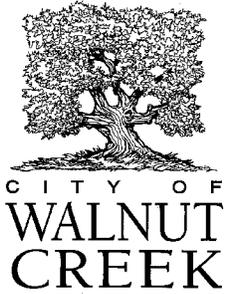
Other:

- *Are our local newspapers (their e-services) writing about the fiscal problems?*
- *This was a very valuable presentation.*

- *I am a library supporter. It's a wonderful facility. We have employees who have degrees in Library Science; we need them to provide the best service. We have programs and support for all areas; we bring the arts in (authors, lectures, affordable care information, etc.) I personally use the library twice a week. I'm a volunteer for PSC, Project Second Chance, adult literacy. I can make a reservation for a study room. It's wonderful and helps the students. I also attend as many of the guest lectures as possible. We would be doing our community a major disservice by reducing the library hours.*
- *San Carlos/Ygnacio intersection is a big safety concern. Would like to see that improved ASAP. I have seen several near accidents there.*
- *I hope the so-called living wall gets living plants!*
- *Parking is an ongoing challenge in downtown Walnut Creek. It seems like new development (e.g., Sprouts, Neiman Marcus, etc.) do not have sufficient parking.*
- *Signal at Ygnacio Valley and San Carlos would benefit from a left-turn signal (safety)*
- *Change traffic light at Ygnacio/San Carlos. It would be best to also have a pedestrian bridge there.*
- *Must continue funding the arts, parks and open space—many families move here because of them.*

- *Traffic signal at San Carlos & Ygnacio Valley—budgeting for left turn change should be considered more than just this neighborhood's issue (that is funding should not be sought through Berean) Most of the traffic impact is driven by shoppers frequenting the gas station and shops, restaurants, etc.*
- *Living wall*
- *Left-turn light YVR & San Carlos*
- *Funding library hours*
- *Refinancing of any long-term debts at lower rates*
- *Please fix the signal while making a left-turn from San Carlos Drive to Ygnacio Valley Road. This is a traffic hazard.*
- *Voter measures—bonds*
- *Would make more sense to show pie chart first, then identify the portion on the pie chart that is on the General fund lines and more clear about which budget categories are able to be cut vs. obligations*
- *People's priorities don't necessarily mean that same amount of money or that a more nuanced solution won't be available.*
- *Good info. Thank you. Excellent presentation and question answering.*
- *Are we building more housing and actually creating a larger deficit?*
- *Very effective slide—the one that shows what the public sees and what staff sees*
- *Do (who?) you go after getting businesses giving grants for the summer intern program, summer park programs, park maintenance costs? Do you have a dedicated person doing this? They would pay for themselves. I did fundraising professionally for schools in Cambridge, MA and I could tell you how to do it. There are large CA foundations that would pay for your parks and their programs*

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Agenda Report

DATE: JULY 26, 2013

TO: CITY COUNCIL

FROM: CITY MANAGER'S OFFICE

SUBJECT: FISCAL SUSTAINABILITY SERVICE REVIEW SUMMARY & ACTION PLAN
NEXT PHASE-COMMUNITY ENGAGEMENT AND OUTREACH – PUBLIC
OPINION RESEARCH

STATEMENT OF ISSUE:

The City Council adopted a Work Program for 2012-14 on October 12, 2012 that included four strategic priorities and objectives. In November 2012, work began on addressing the first one—Fiscal Sustainability—with a comprehensive review of all City services. In January 2013, staff presented 27 services that represented all City operational activities. Of those 27 services, the Council selected 13 for more detailed discussion and review. That review process has occurred over the past several months and this report presents a summary of the City Council's direction, including a series of action items and strategic fiscal sustainability outcomes. This report marks the completion of the first three activities of the Fiscal Sustainability Strategic Priority.

With the completion of three of the four Fiscal Sustainability Strategic Priority Activities, today's meeting will also begin the next phase of the Fiscal Sustainability work—Community Outreach and Engagement—with a public opinion research structure and approach presentation by the City's consultant, EMC Research.

RECOMMENDED ACTION:

1. Receive the Fiscal Sustainability Service Review Summary and Action Plan reports and direct staff to proceed with implementation of the actions, within the order of priority presented.
2. Approve the public opinion research project approach and structure presented at today's meeting and direct staff to work with EMC Research to develop a survey and conduct the opinion research.

DISCUSSION:

Background:

On October 2, 2012, the City Council approved the City of Walnut Creek Work Program for fiscal years 2012-2014. This Work Program included four Strategic Priorities, with Fiscal Sustainability capturing a priority deemed to be of highest importance and urgency to the Council. The basis for this important work centers on an acknowledgement of the City's Fiscal Sustainability Problem: *The Programs, services and facilities Walnut Creek provides to the community will no longer be fiscally sustainable at current levels beginning with the 2014-2016 budget.* There are various sources of information to support this statement, including the Long Term Financial Plan (LTFP), Capital Investment Program (CIP), and Community Blue Ribbon Task Force Report issued in November 2011.

In January, the Council began an important course of action for improving the City's fiscal health and accomplishing the Fiscal Sustainability Strategic Priority work, beginning with a comprehensive review of all City services—twenty-seven in total—with the goal of confirming which programs the City should continue to deliver. A summary of the twenty-seven services is attached as Exhibit I, for the Council's reference. As a result of this initial service review, the Council confirmed 15 services continuing without needing further information and identified 12 services that required additional study. An additional service was later based upon the City Manager's review of January's Council direction, resulting in 13 services for further study. In response to the Council's direction, staff developed a framework by which the Council could evaluate each service and make informed and strategic decisions within the context of the three listed Fiscal Sustainability Priority Activities:

1. What business are we in/who do we serve (Evaluation and Affirmation of the City's Mission)
2. How are services delivered (Alternative Service Delivery Models)
3. How we use and finance our assets (Asset Management and Financing Alternatives)

Over the past several months, staff across all City departments have prepared and presented in-depth analysis and information for each of the 13 services. Each service presentation included a set of strategic recommendations, which considered a number of factors, including service history, cost recovery, service delivery model, asset needs and comparative analysis with other cities. Each set of service recommendations served as an opportunity for the Council to provide strategic direction for future service provision to improve the long-term fiscal health of the City.

Summary of Council Direction

Over the course of this comprehensive service evaluation process, it was clear that Walnut Creek provides many quality services that are highly valued by the community and delivered by an organization of passionate and professional City staff. The presentations were also illustrative of staff's enterprising approach to continually look for ways to optimize services, reduce costs, collect fees and improve efficiencies. As a result, in many cases, the Council's direction was to remain in the business of delivering the service, while continuing to strive for greater efficiency, cost recovery and alternative service delivery models when prudent.

However, the Council also provided strategic direction on a variety of service recommendations, resulting in important work to address fiscal sustainability. Staff has accumulated and summarized the Council's direction in the attached Fiscal Sustainability Service Review Summary (Exhibit B) and Action Plan Report (Exhibit C). In total, the Council's direction for the thirteen services resulted in 23 action items—each representing a potential 'pivot point' change in the way we deliver services. Some of this work was already underway, while other actions will require months, or longer, to fully analyze and implement (to improve the City's long term fiscal condition). Included in the Service Review Summary Table is an implementation timetable, with each action prioritized into *Short* (6 months), *Medium* (12 months) and *Long* (18 months) range implementation goals.

In addition to the formal Council actions summarized in the report, there were also threads of overarching feedback that provide additional guidance as we proceed with the Fiscal Sustainability work:

- **Plan for Asset Management & Replacement Costs:** The full cost of delivering services should be inclusive of asset management and replacement needs and ensure sufficient financial resources are allocated for the maintenance and eventual replacement of City-owned assets and facilities.
- **Explore Partnership Opportunities:** Explore opportunities to expand and optimize partnerships with existing and new community partners, including non-profits, private entities and neighboring jurisdictions in the provision of City services. Partnership models may take many forms, including sharing resources, in-sourcing services and transferring services to a partner's care and management. Successful partnerships capture economies of scale, leverage resources and benefit from shared expertise.
- **Increase Cost Recovery:** Where feasible and appropriate, identify opportunities to increase cost recovery of City services. This work would include ensuring costs are properly allocated, adjusting fees where appropriate and ensuring service levels are commensurate with demand.

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- **Explore Alternative Service Delivery Models:** staff should continue to proactively explore alternative service delivery models in pursuit of greater efficiencies, economies of scale and opportunities to reduce costs.

With the completion of the first three activities of the Fiscal Sustainability Strategic Priority initiative, staff presents the attached Fiscal Sustainability Service Review Summary (Exhibit II) and Action Plan (Exhibit III) for the Council's review and consideration. (NOTE: we actually capture 15 services and their respective results in these documents, as we divided your direction from the facilities/fleet, and school/non-profit sessions, into separate action Service Descriptions). Your acceptance of the report at today's retreat will allow staff to begin implementing your policy directives, along with analyzing and recommending solutions that could improve our long-term fiscal sustainability.

The Council should understand that with your acceptance of the Service Review Summary and Action Plan, the action items would become an imbedded part of the City of Walnut Creek 2012-2014 Work Program. As such, we ask that the Council consider the progress on the rest of the Work Program Strategic Priorities within the context of Fiscal Sustainability remaining the highest of Work Program Priorities for this coming year.

As this work proceeds, staff will return to Council on a semi-annual basis with a progress report of work underway or completed.

Next Phase-Community Engagement and Public Outreach

As we look forward to the next phase of the Fiscal Sustainability work—Community Engagement and Outreach—the Council has an opportunity to go directly to those we serve (neighborhood associations, business groups, non-profits, etc.) and present our fiscal problem, assess constituent understanding of the City's financial situation and capture critical feedback to help inform our Fiscal Sustainability work. Efforts in this area are the beginning phases of work required under Fiscal Sustainability Work Program Activity 4.

Over the next couple of months, staff will inform the Council of our plans to implement a community outreach and engagement effort, which will employ a variety of communication tools at the Council's disposal. As presented at your July 2nd Council meeting, staff anticipates that this work will include the use of a public opinion research firm, which will allow the Council to obtain answers directly from voters on a variety of topics, including City services, fiscal sustainability or other matters the Council deem of high importance. As this important outreach work proceeds, we will also leverage other communication tools such as Open Town Hall, community meetings, Walnut Creek TV and other social media tools to engage and inform the community.

In preparation for today's retreat and this next phase of the FSSP work, the Council interviewed three public opinion research firms on July 16th. Of the three firms, the Council selected EMC Research to work with the Council and staff in exploring ways that public opinion research can be leveraged to collect valuable information from voters and help guide and inform the Fiscal Sustainability work.

At today's retreat, staff has reserved time for the Council to explore this opportunity further and provide important direction on this surveying work. EMC Research will be on-hand to present their proposed research approach, structure, objectives and project timeline for the Council's review and approval. Council's approval will allow staff to work with EMC Research in developing a survey and completing the research in a timely and efficient manner. With your approval, staff anticipates returning to the Council with research results, to be presented by EMC, in October.

FINANCIAL IMPACTS:

None. No specific budgetary impacts come from reviewing the Fiscal Sustainability Service Review Summary and Action Plan. Individual actions may require additional funding and future appropriations.

ALTERNATIVE ACTION:

1. The City Council could choose to modify the prioritization of the actions as presented in the Fiscal Sustainability Service Review Summary and Action Plan reports.
2. The City Council could direct staff to work with EMC Research to develop a revised project and request modifications to the proposed approach, structure or timeline.

DOCUMENTS:

Exhibit I: Fiscal Sustainability Services
Exhibit II: Fiscal Sustainability Service Review Summary
Exhibit III: Fiscal Sustainability Action Plan

COUNCIL ACTION RECOMMENDED:

1. Receive the Fiscal Sustainability Service Review Summary and Action Plan reports and direct staff to proceed with implementation of the actions, within the order of priority presented.
2. Approve the public opinion research project approach and structure presented at today's meeting and direct staff to work with EMC Research to develop a survey and conduct the opinion research within the proposed project timeline.

STAFF CONTACT: Ken Nordhoff, City Manager
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Nordhoff@walnut-creek.org

Service Summary - Regulatory & Internal Services Only

REGULATORY SERVICES

1	Clean Water - includes activities that preserve and protect our watersheds from pollutants including site controls, business monitoring and inspections, public education, water quality monitoring, and trash load reduction.
2	Development Support and Regulation - includes services required for development project planning, review and approvals such as traffic engineering, civil engineering support, FEMA/flood plain analysis, public art development and siting, as well as planning, building and housing development services oversight, nuisance abatement, zoning code and building code enforcement, and long range planning.
3	Emergency Preparedness - includes all appropriate planning activities, drills, preparing the Emergency Operations Center as required to successfully respond when needed.
4	Transportation Network - includes all services related to the operation and maintenance of our multimodal transportation network system including; street and sidewalk maintenance, street sweeping, traffic enforcement, transportation planning, traffic signals, lighting, etc.

INTERNAL SERVICES

5	Asset Management - Non-Programmed - includes maintenance and management of buildings and vehicles (other than police vehicles).
6	Council and Commission Support - includes a variety of services such as the followign: 1) CMO - City Manager's oversight of Council policies and goals; support to Mayor, Council, community and Departments; 2) CAO - legal advice and opinions; 3) Clerk - processing of agendas, minutes, and all other documents required for public meetings; oversee municipal elections; legislative and administration (office holders) compliance; primary repository for all permanent City records, contracts, etc. 4) support functions for Commissions.
7	Financial Activities and Budget Development - includes preparing biennial budgets, 6-month budget updates, Priority-Based Budgeting information, and the Long Term Financial Plan; and managing all accounting functions i.e., accounts payable and receivable, and annual audit. Also includes business licensing services and support services related to the City's role as the Successor Agency to the Redevelopment Agency.

8	Human Resources - includes employee recruitment; labor relations & negotiations; staff development/training, support and recognition; salary & benefits administration; and policy development and compliance.
9	Legal Support - includes the preparation of ordinances/ resolutions/ contracts, handling litigation and processing claims against the city, and providing opinions and advice to Council, Commissions and staff.
10	Risk Management - includes insurance administration; safety program development and compliance; and claims administration.
11	Technology Infrastructure - includes services associated with the management of all software and hardware needs related to computers, telecommunications, etc.

Service Summary - Community

Council Retreat 1/25/13

	Service Name	Quartile Group (1=high; 4=low)	% Residents Served** (Scores 0-4)	# Served per year*** (Scores 1-4)
12	Aquatics - includes all services related to the operation and maintenance of the Clarke and Larkey Aquatic Centers (Larkey is seasonal), which includes programs for all ages and skill levels. Aquatics provides instructional, lifeguard, recreational and fitness programs, as well as competitive swimming rentals.			
ARCS	Aquatics Instruction	2	3	2
ARCS	Pool Rentals (teams, clubs, meets, privates)	3	3	4
ARCS	Recreation & Fitness Swimming	3	3	3
13	Classes and Camps - includes Civic Arts Education programs and classes for adults and youth in areas that range from drama and music to dance and 2D and 3D arts and a preschool program. Recreation classes include the areas of health and fitness, food and cooking, science and technology, martial arts, parent and me, fashion and beauty, and personal enrichment. Camps and sports programs provide structured adult and children's sports and fitness activities as well as wellness and personal enrichment activities for developmentally disabled individuals; as well as Open Space programs. Also includes maintenance and repair of parks sports turf.			
ARCS	Performing Arts Classes	3	2	2
ARCS	Visual Arts Classes	3	3	2
ARCS	Arts, Adventures & Academics (AAA)	4	3	1
ARCS	Pre-School Program	3	3	1
ARCS	Recreation Classes-Infants thru Teens	3	3	2
ARCS	Recreation Classes-Adults	3	3	2
ARCS	After School Sports	2	4	1
ARCS	Adult Sports	3	1	2
ARCS	Specialized Recreation	3	2	1
ARCS	Children's Summer Day Camps	3	3	2
ARCS	Teen Summer Programs	3	3	1
PSD	Open Space interpretive programs and the Community Garden	2	1	2
PSD	Open Space Camping and Picnic Facility Rentals	4	1	1
PSD	Maintenance and Repair of Parks Sports Turf	1	4	4
14	Civic and Special Events – includes the permitting of special events taking place in City parks and plazas; e.g. Art and Wine Festival, Walnut Festival, ice rink, walk-a-thons, etc., as well as planning and delivering Civic Events (e.g. Veterans and Memorial Days)			
GG	Special Events & Programs	4	4	4
GG	Community Programs-CMO	4	4	4
GG	Civic Events	4	4	4
ARCS	Special Events	2	Unknown	4

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Service Name		Quartile Group (1=high; 4=low)	% Residents Served** (Scores 0-4)	# Served per year*** (Scores 1-4)
PSD	Civic and Special Events	1	4	4
15	Community Engagement & Outreach - includes all activities that involve community members in City issues and decisionmaking, sharing City information with the community, connecting community members to each other and to the City.			
GG	Citizen Engagement Programs	3	4	4
GG	WCTV	1	4	4
GG	External Communications	3	4	4
GG	Media Relations	4	4	4
16	Economic Development - includes outreach and support services that attract new business, retain existing businesses and provide assistance to existing businesses that want to expand all designed to generate jobs, foster success in the business community, and strengthen the City economic base.			
GG	Community-Business Partnerships	2	4	4
GG	Business Improvement District Administration	3	4	4
GG	Business Retention, Attraction, and Expansion (BREA)	3	4	4
17	Golf and Clubhouse Events – includes all activities relating to golf including regular rounds, tournament rounds, instruction, junior golf programs, cart rental, merchandise sales, resident card sales and food and beverage sales associated with daily rounds. Event services include banquets for nonprofit fundraisers, corporations, fraternal organizations and private uses such as weddings, bar mitzvahs, etc.			
ARCS	Boundary Oak Golf Course & Clubhouse	Not in PBB	3	3
18	Housing - includes administration services for Community Development Block Grant (CDBG) and community service grants that create, preserve, and improve housing opportunities within the City.			
*CDD	New Construction/Substantial Rehabilitation Affordable Housing Program	1	2	2
*CDD	Workforce housing	1	2	2
CDD	Community Development Block Grants	1	2	2
CDD	Home Rehab Loan & Emergency Grant Program	2	2	2
CDD	Housing-related intergovernmental relations	3	2	2
CDD	First-time Homebuyer Assistance Program	3	2	2

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Service Name		Quartile Group (1=high; 4=low)	% Residents Served** (Scores 0-4)	# Served per year*** (Scores 1-4)
19	Library - includes only those services purchased from Contra Costa County: the 21 extra open hours at both libraries and the facility maintenance at the County-owned Ygnacio Valley Library.			
GG	Library Services by contract with CCC	TBD	4	4
20	Parks and Open Space - Non-Programmed - includes maintenance and security of Open Space; and maintenance of regional paved trails, passive-use parks, playgrounds, special amenities and urban forestry.			
PSD	Maintenance of Open Space developed areas	3	2	3
PSD	24/7 Open Space Security/Safety Response	1	2	3
*PSD	Natural Resource Protection	3	2	3
PSD	Regional Paved Trail Maintenance	2	4	4
PSD	Maintain Passive Parks Landscape, Medians and Greenways Maintenance	1	4	4
PSD	Maintain Playgrounds and Hardscapes	2	4	4
PSD	Urban Forestry	2	4	4
PSD	Maintain Special Park Amenities	3	4	4
21	Performing and Visual Arts – includes the programs and services provided in the Leshner Center for the Arts such as theatre rentals and ancillary services for over sixty producers on four stages, City-owned Center Repertory Company and Bedford Gallery, Young REP (educational program), and the annual Family Theatre Festival.			
ARCS	Leshner Center for the Arts (LCA)	2	2	4
ARCS	Family Theatre Festival	3	2	2
ARCS	Exhibition Program	3	2	3
ARCS	Gallery Facility Rental	4	2	1
ARCS	Center REPeritory Theatre Company	2	2	3
ARCS	Young REP	3	2	1
22	Police Administration - includes all support services such as records management, communications support, property administration, non-parking services provided by PSOs, and technology and volunteer management, as well as outfitting police vehicles.			
*PSD	Outfitting Vehicles	2	0	0
*PD	Records Processing, Property and Evidence	3	4	3
PD	Dispatching Services, Radio Operations	2	4	3
*PD	Training & Development	3	4	3
PD	Volunteer Services	3	4	3
PD	Regulatory Services	3	4	3
PD	PD/City Hall Front Counter Staffing	4	4	3
PD	Special Response Teams	4	4	3

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Service Name		Quartile Group (1=high; 4=low)	% Residents Served** (Scores 0-4)	# Served per year*** (Scores 1-4)
23	Police Operations - includes patrol, investigations, downtown policing team activities, services provided by and management of reserves, and management of the contract with Contra Costa County for animal control services.			
*PD	Animal Control	4	4	3
PD	Patrol Services	1	4	3
PD	Traffic Enforcement	1	4	3
PD	Community Policing	1	4	3
PD	Parking and Field Services	1	4	3
PD	Community and Department Service	1	4	3
PD	Investigations	2	4	3
24	Programmed Facility Rentals – includes room rental at the City’s three community centers and the Walnut Creek Library, and seasonal outdoor rentals at four picnic areas and the gazebo as well as indoor and outdoor rental services at three gyms and fourteen play fields.			
ARCS	Indoor Facility Rentals	4	Unknown	4
ARCS	Outdoor Facility Rentals	4	Unknown	2
ARCS	Tennis	3	3	4
ARCS	Gym & Field Rental Program	2	3	4
25	Public Parking - includes administration services related to off-street (garage/surface lots) and on-street (meters) operations, enforcement, permit programs, transportation planning (shuttles, enforcement, maintenance).			
GG	Parking Administration	Not in PBB	4	4
PD	Parking Enforcement	1	4	3
26	School, Non-Profit and Other Agency Support - includes management of funding and resources provided for services not offered directly by the City such as school programs (crisis counselors, crossing guards, etc.); non-profit partner grants (Walnut Creek Concert Band, Lindsay Wildlife Museum), facility agreements to use City-owned buildings (i.e., Lindsay Wildlife Museum, Railroad Museum, etc.); County Connection for trolley fares			
CDD	School Support Services - Crisis Counselors and Crossing Guards	4	1	1
PSD	Community Programs-PS	4	2	2
ARCS	Community Concert Program	3	2	2
CDD	Trolley Contract Oversight	not in PBB	1	1

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Service Name		Quartile Group (1=high; 4=low)	% Residents Served** (Scores 0-4)	# Served per year*** (Scores 1-4)
27	Senior Support - includes providing lifelong learning opportunities, essential legal, financial, nutritional, and social services, recreational and social activities, as well as a sense of place in the community for senior citizens.			
ARCS	Senior Transportation	3	4	2
ARCS	Senior Social Services	4	4	2
ARCS	Senior Special Events	4	4	2
ARCS	Senior Classes & Activities	4	3	2
ARCS	Senior Hot Meals & Meals-On-Wheels	4	3	2

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Program	Action Items	Implementation Timetable*				Comments
		Ongoing	Short 6 months	Medium 12 Months	Long 18 Months	
1. Golf & Event Services: <i>Includes all activities relating to golf including regular rounds, tournament rounds, instruction, junior golf programs, cart rental, merchandise sales, resident card sales and food and beverage sales associated with daily rounds. Event services include banquets for golf tournaments, nonprofit fundraisers, families, businesses, as well as civic, fraternal and other organizations.</i>	None	X				
2. Public Parking & Downtown Enhancements: <i>Includes all citywide parking services, including off-street (garages), on-street (meters), enforcement, resident and valet permit programs; and various enhancements to Downtown, e.g., tree lighting, free trolley, downtown kiosks, landscaping, etc.</i>	1. Explore strategic service delivery alternatives. Specifically, study the feasibility of contract models for enforcement and meter operations.			X		Initial work expected to begin in spring 2014.
	2. Develop scenarios in the Parking Enterprise Fund's Long Term Financial Forecast that plan for the life-cycle replacement costs of existing infrastructure and assets.			X		Work on the Parking Enterprise Fund Long Term Financial Plan is underway. Draft will be presented to the City Council this fall.

Program	Action Items	Implementation Timetable*				Comments
		Ongoing	Short 6 months	Medium 12 Months	Long 18 Months	
3. Clean Water: <i>The program's primary goal is to assist in the protection of our receiving waters (local creeks and the Bay) by preventing pollutants generated from activities in the City from entering our storm drainage system.</i>	None	X				Staff will continue to own and maintain the City's storm drainage system and manage the City's Clean Water Program under the current source control management model.
4. Facility Asset Management: <i>Includes Facilities Maintenance; Facilities Contractual Services Management; Energy and Sustainability Program Management; Real Property and Lease Management Services; Graffiti Removal; Custodial Services.</i>	3. Explore strategic service delivery alternatives for the City's facilities, including serving other agencies or management contracting models.	X				
	4. Explore the use of inter-departmental funding transfers to fund facility maintenance.		X			
	5. Explore alternatives for the future of the Lar Rieu Residence		X			

Program	Action Items	Implementation Timetable*				Comments
		Ongoing	Short 6 months	Medium 12 Months	Long 18 Months	
	6. Provide separate report and recommendations to address the future of the Corporation Yard.		X			The Corporation Yard study is underway and scheduled for August 6 th Council meeting.
5. Fleet Asset Management: <i>Includes Fueling System Management; Hazardous Materials Management; Management of Facility back-Up Generators; Fleet Purchasing and Disposition; Fabrication and Special Projects; Fleet Maintenance and Repairs.</i>	7. Explore strategic service delivery alternatives, including serving other agencies or management contracting models.	X				
6. Senior Support: <i>Includes providing lifelong learning opportunities, essential legal, financial, nutritional, and social services, recreational and social activities, and transportation services; as well as a sense of place in the community for senior citizens.</i>	8. Explore developing a formally structured public/non-profit partnership senior support service delivery model.			X		This will be explored working with the Walnut Creek Seniors Club.
7. Parks & Open Space (non-programmed): <i>Includes maintenance and security of Open Space; natural resources protection; maintenance of</i>	9. Explore strategic service delivery alternatives for the City's parks and open space, specifically opportunities to serve other agencies or management	X				

Program	Action Items	Implementation Timetable*				Comments
		Ongoing	Short 6 months	Medium 12 Months	Long 18 Months	
<i>regional paved trails; maintenance of passive park landscape; medians and greenways; playgrounds and hardscapes; special park amenities; and urban forestry.</i>	contracting models.					
8. Library: <i>Includes the operations and maintenance services provided directly by the City to support the Walnut Creek Library for the 21 extra open hours at both libraries and the facility maintenance at the County-owned Ygnacio Valley Library.</i>	10. Provide direction on the future of the library services in Walnut Creek related to extra open hours prior to March 2014.		X			The Measure Q Fund is projected to have a balance of approximately \$530,000 at the end of current fiscal year (June 30, 2014). This fund balance is not sufficient to continue funding the 21 extra hours at each of the libraries and the ongoing maintenance costs at the Ygnacio Valley Library for the entire FY 2014-15.

Program	Action Items	Implementation Timetable*				Comments
		Ongoing	Short 6 months	Medium 12 Months	Long 18 Months	
Library continued	11. Explore the option of privatizing the operation of the Walnut Creek Library.		X			The County is not willing to consider privatizing all libraries. In order to privatize the Walnut Creek Library, the City would need to withdraw from the County library system. However, in so doing, the base funding collected by the County to pay for the 35 open hours would not be available to Walnut Creek. According to the County Librarian, the tax assessment specifies that the funds are for the County to provide library service; if they no longer provide the service, the funds cannot be collected.

Program	Action Items	Implementation Timetable*				Comments
		Ongoing	Short 6 months	Medium 12 Months	Long 18 Months	
9. Technology Infrastructure: <i>Includes all city computers, phones, mobile devices, servers, networks, application software, technology security, geographic information services, and public facing technology such as websites and Wi-Fi</i>	12. Explore using inter-departmental funding transfers to begin funding IT asset replacement reserves.				X	This work will be initiated as part of the 2014-2016 budget development process.
	13. Build IT costs into fees charged for services where appropriate.				X	This work will be initiated as part of the 2014-2016 budget development process.

Program	Action Items	Implementation Timetable*				Comments
		Ongoing	Short 6 months	Medium 12 Months	Long 18 Months	
10. School Services: <i>Includes funding for school crisis counselors and crossing guards</i>	14. Reduce the number of crossing guards to only those that are warranted under the California Manual of Uniform Traffic Control Devices criteria and require matching grant to fund 50% of the cost of those crossing guards that are warranted. Should a school district wish to continue having a crossing guard that is not warranted by MUTCD, they could continue to be a part of the City's contract with the Crossing Guard consultant, but would need to pay 100% of the cost.			X		Staff recommends that the reduction in funding begin in fiscal year 2014-15, thereby allowing time for the school districts to negotiate new contracts with the crossing guard contractors prior to the start of the school year.

Program	Action Items	Implementation Timetable*				Comments
		Ongoing	Short 6 months	Medium 12 Months	Long 18 Months	
11. Non-Profit and Other Agency Support: <i>Includes non-profit use of City-owned facilities and financial support of various non-profit organizations.</i>	15. As leases expire, renegotiate leases to transfer maintenance responsibilities to the non-profit agency as appropriate.				X	The implementation of this work will be subject to the expiration and renewal of existing lease agreements. Many of the City's non-profit leases are long-term contracts, with the next lease renewal scheduled for 2020.
12. Arts, Recreation and Open Space Classes and Camps: <i>Includes Civic Arts Education programs and classes for adults and youth in areas that range from drama and music to dance and 2D and 3D arts and a</i>	16. Explore opportunities and make policy recommendations to increase cost recovery.		X			It is anticipated the Cost Recovery study will begin in August.

Program	Action Items	Implementation Timetable*				Comments
		Ongoing	Short 6 months	Medium 12 Months	Long 18 Months	
<p><i>preschool program. Recreation classes include the areas of health and fitness, food and cooking, science and technology, martial arts, parent and me, sports, and personal enrichment. Camps and sports programs provide structured adult and children's sports and fitness activities as well as wellness and personal enrichment activities for development all disabled individuals; as well as Open Space interpretative programs.</i></p> <p>13. Facility Rentals: <i>Includes room rental at the City's three community centers and the Walnut Creek Library, seasonal outdoor rentals at three picnic areas, the Civic Park gazebo as well as rental services at three gyms, 14 play fields, two sand volleyball courts and one skate park. It also includes management of the City's 28 tennis courts, the Open Space camping, picnic area, and community garden plot rentals.</i></p>	17. Explore strategic service delivery alternatives for Classes and Camps, specifically those identified as potential shared opportunities with other public agencies or having portions or all of these operations provided by other organizations.			X		
	18. Explore opportunities to increase cost recovery, including completion of an ARCS cost recovery study and policy related recommendations.		X			It is anticipated the Cost Recovery study will begin in August.
	19. Explore strategic service delivery alternatives for Facility Rentals, specifically those identified as potential shared opportunities with other public agencies or private sector organization.			X		

Program	Action Items	Implementation Timetable*				Comments
		Ongoing	Short 6 months	Medium 12 Months	Long 18 Months	
14. Aquatics: <i>Includes all services related to the operation and maintenance of the Clarke and Larkey Aquatic Centers, which includes programs for all ages and skill levels. The aquatics program consists of swim instruction, recreational and fitness swimming programs, as well as pool rentals to competitive swim teams.</i>	20. Explore opportunities to increase cost recovery, including completion of an ARCS cost recovery study and policy related recommendations.		X			It is anticipated the Cost Recovery study will begin in August.
	21. Explore partnering with community groups to rebuild and potentially manage one or more aquatics facilities.			X		
15. Performing and Visual Arts: <i>Includes the programs and services provided in the Leshner Center for the Arts, which are Leshner Center (theatrical rentals) Center REPeritory Theatre Company, Bedford Gallery exhibitions and the annual Family Theatre Festival.</i>	22. Explore alternative funding structures to enhance the quality of the LCA and its programs.			X		
	23. Explore strategic service delivery alternatives, including potential shared opportunities with non-profit partners.				X	