

**MINUTES OF THE ADJOURNED REGULAR MEETING OF THE
CITY COUNCIL AND COMMUNITY DEVELOPMENT COMMISSION –
HOUSING AUTHORITY OF THE CITY OF NATIONAL CITY**

FISCAL YEAR 2018 BUDGET PRIORITY WORKSHOP

February 7, 2017

The Adjourned Regular Meeting of the City Council and Community Development Commission – Housing Authority of the City of National City was called to order at 4:07 p.m. by Mayor / Chairman Ron Morrison.

ROLL CALL

Council / Board members present: Cano, Mendivil, Morrison, Rios, Sotelo-Solis.
Administrative Officials present: Dalla, Deese, Duong, Eiser, Manganiello, Parra, Raulston, Roberts, Rodriguez, Stevenson, Vergara, Williams, Ybarra.

PLEDGE OF ALLEGIANCE TO THE FLAG

NEW BUSINESS

1. Deputy City Manager, Stacey Stevenson, gave a brief overview of the FY 2018 Preliminary Budget Workshop, reviewed the planned agenda, and introduced City Manager, Leslie Deese, Assistant City Manager, Brad Raulston, and Director of Finance, Mark Roberts, who made individual presentations on the below listed topics and responded to questions.
 - a. 2016 Accomplishments
 - b. Budget Overview
 - c. Strategic Plan
 - d. Proposed Budget Priorities

PUBLIC COMMENTS

Dukie Valderrama, National City, said the first priority should be addressing the structural deficit and to do that you need to do something about pensions.

Roberto Garcia, National City, expressed concerns about the pension problem and the need to address the deficit by increasing revenues and bringing in more businesses. Mr. Garcia also expresses an interest in having a line item in the budget for training for city boards and commissions.

NOTE: All presentation materials are attached as Exhibit "A".

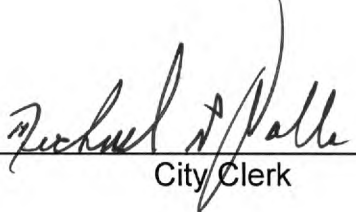
MAYOR AND COUNCIL

Member Sotelo-Solis expressed support for the 'squad' proposal, promoting economic development, a capital needs assessment and continuing with amortization.

ADJOURNMENT

Motion by Sotelo-Solis, seconded by Cano to adjourn the meeting to the next Regular Meeting of the City Council and Community Development Commission – Housing Authority of the City of National City to be held Tuesday, February 7, 2017 at 6:00 p.m. at the Council Chambers, National City, California. Carried by unanimous vote.

The meeting closed at 5:43 p.m.



City Clerk

The foregoing minutes were approved at the Regular Meeting of November 21, 2017.



Mayor



**“Tenacity”
A to Z
2012 thru 2014**



**“Velocity”
A to Z
2014 thru 2016**



TOGETHER



February 7, 2017

*2016 Organizational
Accomplishments
A to Z*



Addressing Needs

- Fiscal Sustainability
 - Structural Deficit
 - Use of Fund Balance
 - Economic Development
- Public Safety
 - Sworn Staffing Increased
 - Violent Crime Decreased by 10%
 - 2016 Homicides Resolved
 - 90% Compliance by Sex Offenders
 - CPR Classes Taught by
 - 2016: 122 people
 - 2015: 195 people
 - Bystander CPR Increased by 18%
 - Fire Squad Pilot Program Underway
- Beautification & Code Compliance
 - Graffiti Removal
 - 2016: removed 8,830
 - 2015: removed 7,786
 - Homeless Outreach (Alpha Project)
 - 121 completed intake process
 - 81 men & 40 women
 - 4 placed in permanent housing
 - 4 placed in shelters & treatment
 - Recreational Vehicle Enforcement
 - Shopping Cart Removals
 - 2016: 188 carts
 - 2015: 264 carts



Build & Rebuild

- Housing & Economic Development
- Internships
- Staffing
 - Hired 62 Employees (29 FT; 33 PT)
 - 62 vacancies remain unfilled citywide
 - 50 positions unfunded
- Capital Needs Assessment Underway
 - Facilities
 - Fleet
 - Infrastructure
- Fleet
 - New Ladder Fire Truck
 - New Heavy-duty Street Sweeper
 - New Heavy-duty Sewer Maintenance/Flusher Truck
 - New Fire Pumper Squad Vehicle



Culture in the Workplace

The underlying values, beliefs and principles that serve as a foundation for an organization's management system as well as the practices and behaviors that both exemplify and reinforce those basic principles.



Culture is the character and personality of your organization.



Are Employees Happy?



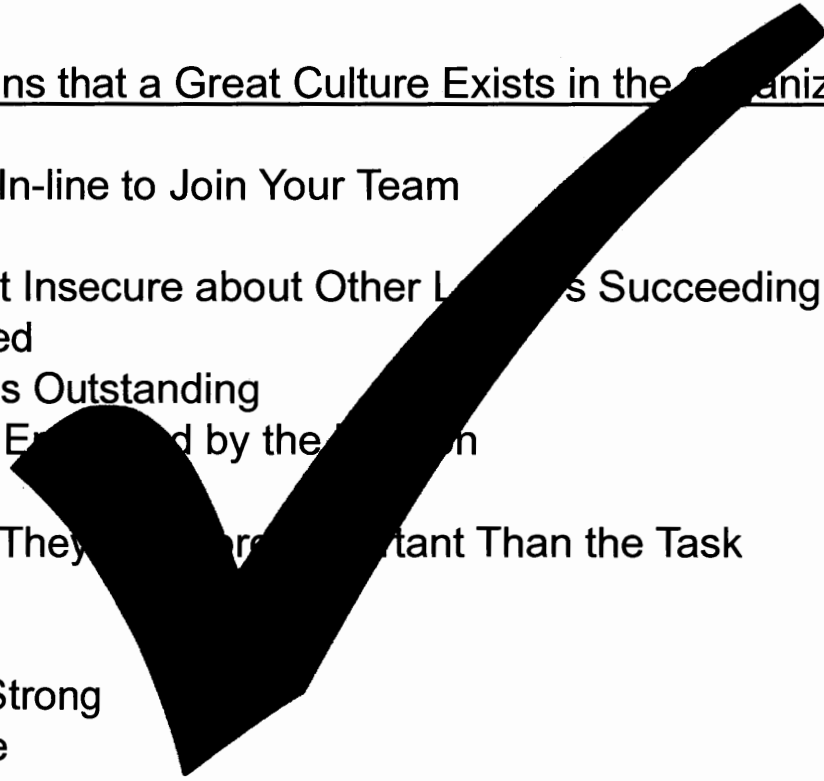
Culture impacts morale, hiring, productivity and – ultimately – our success.



Culture in the Workplace

12 Signs that a Great Culture Exists in the Organization

1. People are Waiting In-line to Join Your Team
2. Turnover is Low
3. Top Leaders are Not Insecure about Other Leaders Succeeding
4. Gossip Isn't Tolerated
5. Lateral Leadership is Outstanding
6. Team Members are Empowered by the Organization
7. It's Not Just a Job
8. The Team Believes They are More Important Than the Task
9. People Are Smiling
10. Fear Is Missing
11. Communication Is Strong
12. Change is Welcome





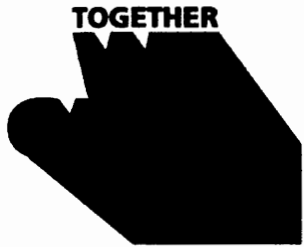
2016 Employee Appreciation **C**ulture in the Workplace





2016 Employee Appreciation It's How We Roll!





Diversity in Communication

- *National City News* – e newsletter
 - Today: 468
 - 2016: 460
 - 2015: 366
 - 2014: 329
- *National City Connect (see, click, fix)* – online reporting since 6/29/16
 - 1155 issues opened
 - 1052 issues acknowledged
 - 1003 issues closed
 - Avg. time to ack: 2.0 days
 - Avg. time to close: 14.9 days
- *OpenGov* – online budget/financial transparency for 2016
 - 79 different users
 - Over 91 sessions
 - Performing a total of 440 page views
- *Facebook* - 65% increase/followers
 - 2016: 3105 followers
 - 2015: 1900 followers
- *Twitter* - 12% increase/followers
 - 2016: 1566 followers
 - 2015: 1400 followers



Economic Development

- Economic Development In-House
- Hired Economic Development Specialist
- Marina District Balanced Plan
- Carmax Project Moving Forward
- Hosted CAL Competes Tax Credit Workshop
- Flower Baskets to enhance 8th Street Beautification
- Economic Development Strategic Plan*
- Storefront Improvement Program*



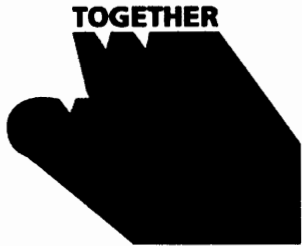
Fiscal Sustainability

- Clean Audits with No Findings (2 years in a row)
- Clean Audit from the State Board of Equalization
- Clean Audit for Transportation Development Act (SANDAG)
- Clean Audit for TransNet Procedures Report (SANDAG)
- Streamlined Bidding Procedures for Minor Construction
- Convened N.C. Proposition D Independent Committee
- Renewed Contract for Investment Management & Advisory Services
- Executed Agreement for Debt Collection Services
- Hired New Financial Advisor
- Developed Economic Development Strategic Plan



Going Green

- FREBE Program Extended
- Tree Planting Grants Provided 192 New Trees, Reducing Carbon & Limiting Emissions (Urban Forest Management Plan)
- PACE Program
 - 175 residential projects completed to date, including 38 solar projects
 - Over 1,812 tons of emissions reduced
 - CMFA and CSCDA Open Pace Programs added 9 additional providers
- City Council Policy on Environmentally Preferable Purchases & Practices
- E-Waste Recycling Events
- Expedited Permit Processing for Electric Vehicle Charging Stations
- Energy Savings Contract (ESCO) – March 2017



High Performance

- Paradise Creek Housing Project
 - Leveraged \$49,600,000 in private and public funds (Phase I)
 - Leveraged \$52,370,000 in bond and tax credit funds (Phase II)
- Clean Audits with No Findings
- City Website Redesign
- Library Website Redesign
- New Phone System Installed
- 'Together We Can' Program Implemented
- Public Safety Camera System Installed
- 62 Employees (29 FT; 33 PT) Hired
- Kimball Senior Center Hours Expanded
- Towing & Impound Services Agreements Approved
- NextGen Regional Communication System Agreements Approved



Initiative

- 'Local Preference Policy' for Affordable Housing Dev. Projects
- Library's Holiday 'Food for Fines' Pilot Program
- 2017 Storm Water Calendar
- Coffee with a Cop
- Coffee with the Chief
- Controlled Burn of Blighted 'Playhouse on Plaza' Building
- Annual Tree Lighting Ceremony
- 1st Annual Volunteer Appreciation Dinner
- Fire Department Squad Pilot Program
- Comprehensive User Fee Study, Full Cost Allocation Plan & Internal Service Fund Allocation Study
- Quality of Life/Neighborhood Preservation Program



Just Around the Corner

- City Council to Hire New City Attorney
- Morgan & Kimball Towers Rehab & Recapitalization Project
- Multi-Year Plan to Address Capital Needs & Pension Costs
- Needs Assessment Study
- Formal Citywide Volunteer Program
- 'Adopt A Place' Program (ramps, parks, streets)
- Veteran's Wall of Honor
- Community Calendar on City Website
- Electric Vehicle Charging Stations at City Hall
- Online Parking Permitting System
 - Residential Parking District Permits
 - RV Permits
 - City Transportation Permits

Kudos Korner

Kudos Korner is a place where we highlight the outstanding work by National City employees

National City Core Values

- Commitment
- Courtesy
- Collaboration
- Communication
- Customer Service

1 / 1000
Kudos Korner



Land Use

- Approval of Marina District Balanced Plan
 - 5-Party Agreement Signed - NC Bayfront Environmental Review
- Amortization – Draft Ranking & Community Workshop (Feb. 15)
- Signs & Outdoor Advertising Ordinance Update
- Bayshore Bikeway (partially under construction)
- Recreational Vehicle Ordinance
- Ordinance Prohibiting Commercial Marijuana Dispensaries
- Ordinance Allowing for Beekeeping
- Joint Meeting with City Council & Planning Commission
 - Downtown Specific Plan Update & Parking Mgmt Plan
- South Bay Sea-Level Rise Staff Working Group



Morale & Teambuilding

- Employee Engagement Survey
- Employee Get-Togethers
- Employee Wellness
- Salary Adjustments
- New Vehicles & Equipment
- Recruitment & Retention Plan for Police Officers
- Out-of-class working assignments provided growth opportunities
- Re-staffing & Internal Promotions
- New Hires Add to the Mix!
- MEA & POA MOU's – Unanimous Votes
- No Employee Grievances since 2012



Neighborhoods



- Cleaner, Safer, Healthier
- Neighborhood Action Plans
- Neighborhood Council Program
- Safe Routes to Schools & Parks
- Graffiti Abatement
- Code Compliance
- Shopping Cart Retrieval



Other Revenue & Funding

- First Time Homebuyers Program - substantial boost in funding:
 - FY 14-15 - \$0
 - FY 15-16 - \$200,000
 - FY 16-17 - \$630,700
- \$22.3 Million in 2016 Grant Awards, including:
 - Housing Voucher Program - \$10.1M
 - Active Transportation Program Grants - \$6.63M
 - Prop 1 Storm Water Grant - \$1.35M
 - Community Development Block Grant - \$874,632
 - HOME Investment Partnership - \$676,592
 - CAL FIRE Urban & Community Forestry Greenhouse Reduction Grant - \$250,285
 - Hwy Safety Improvement Program Grants - \$864,900



Partnerships

- Alpha Project
- ARTS
- Chamber of Commerce
- Computers 2 SD Kids
- Live Well San Diego
- EXOS/MediFit Community Services
- Olivewood Gardens
- Port of San Diego
- Rady Children's Hospital
- Relay For Life of National City
- 2-1-1 San Diego
- San Diego Urban Corps
- SD County, Office of Military & Veteran's Affairs



Quality Capital Projects

\$14.4 Million in Projects delivered in FY 2016

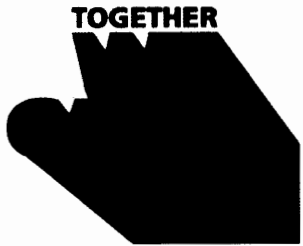
- A Ave 'Green Street' (8th St thru Kimball Park to Paradise Creek)
- D Ave & 12th St Roundabout & War Memorial
- Highland Ave Safety Enhancements (Division St to 8th St)
- Paradise Valley Rd Safe Routes to School (8th St to Plaza Blvd)
- Bicycle Parking Enhancements (Phase I)
- National City Aquatics Center
- National City Public Library Improvements



Quality Capital Projects

\$11.3 Million in Projects delivered in FY 2017

- Downtown-Westside Community Connections (Phases III & IV – Plaza & 14th between Coolidge & A)
- Kimball Park Improvements
- El Toyon Park Improvements
- Kimball Park Low-Impact Dev & Paradise Creek Restoration
- Police Department Building Improvements
- Civic Center (City Hall) Improvements
- Fire Station 31 Improvements
- Municipal Pool Improvements
- Camacho Recreation Center Improvements



Quality Capital Projects

\$12.9 Million “In Construction” for FY 2017

- Plaza Blvd Widening (Phase I – N Ave to I-805)
- Division St Traffic Calming (Highland Ave to Euclid Ave)
- Safe Routes to School Pedestrian Crossing Enhancements
- Bicycle Parking Enhancements (Phase II)
- Wayfinding Signage (Phase I)
- Sewer Replacement & Upsizing (Phase I)
- Paradise Creek Educational Park Improvements (Phase II)



Redevlopment

- Residual Revenue to General Fund - \$1.2 Million
- Wind-Down Continues
- Long Range Property Management Plan
 - Transferred SA Properties to City (May, 2016)
 - Staff Presentation Tonight*
- Downtown Specific Plan Update
- ROPS Schedule
- Oversight Board Consolidation in 2017/18
- Redevelopment 2.0



Super Stars (FY 15/16)

- Housing & Economic Development Department
 - “High Performer” ranking from HUD - Housing Voucher Program
 - Highest achievable ranking (Satisfactory) from HUD - CDBG/HOME

- Finance Department
 - FY15 Gov’t Finance Officers Association CAFR Award
 - FY 15 Gov’t Finance Officers Association PAFR Award

- Planning Department
 - Beacon Spotlight Award/Platinum level
 - Western City Magazine Article – model for healthy/sustainable city
 - Chamber of Commerce “City Champion Award”



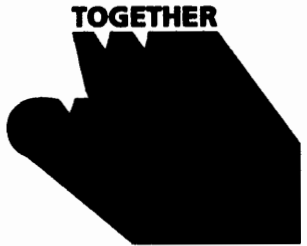
Super Stars (FY 15/16)

- Police Department
 - Heroes in Blue Awards
 - Commanding Officer Citations
 - Department Awards
 - American Legion Award
 - ATAC Auto Theft Officer of the Year
 - Centurion Award
 - Crime Stoppers Award
 - SDPOA Officer of the Year Award
 - Mabuhay Festival Bayani Award
 - Employee Performance Award
 - Scottish Rite Officer of the Year Award
 - Blue Knights Award



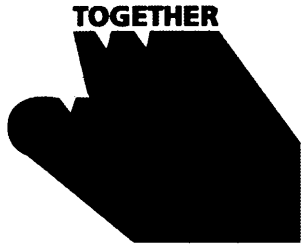
Super Stars (FY 15/16)

- Engineering / Public Works
 - American Planning Association “2015 Comprehensive Planning Award: Small Jurisdiction”
 - Women’s Transportation Seminar “2015 Innovative Transportation Solutions Award”
 - Circulate San Diego “2015 San Diego Regional Walk Scorecard – Top Ranked City”
 - San Diego County Bike Coalition “2015 Golden Gear Award: Public Partner of the Year”
 - APWA “2016 Project of the Year Award”
 - APWA “2016 Honor Award” (8th Street Smart Growth)
 - APWA “2016 Honor Award” (Highland Ave Safety Enhancements)
 - APWA “2016 Honor Award” (Community Corridors)
 - American Society of Civil Engineers “2016 Project of the Year Award: Urban Design & Beautification”
 - American Society of Civil Engineers “2016 Project of the Year Award: Sustainable Technologies)
 - Institute of Transportation Engineers “2015/2016 Small Project of the Year Award”
 - Circulate San Diego “2016 Momentum Award: Healthy Community”
 - Women’s Transportation Seminar “2016 Innovative Transportation Solutions Award: Alternative Modes & Active Transportation”
 - American Council of Engineering Companies “2017 CA Merit Award for Engineering Excellence”



Technology²

- City Website Redesign - improves speed, quality and overall user experience
- Public Safety Camera System Expansion & Storage (30-plus new cameras)
- Samsung Facial Recognition Software on PD mobile phones
- Smart Phone Ticket Writer - improves & modernizes parking enforcement
- National City Connect – online service request app
- CALREN Network – Library public internet access - 10 x's faster
- Server Virtualization – fewer servers equals less energy usage
- Network Infrastructure Upgrade – faster, more reliable connections



Underway

- Paradise Creek Housing Project (Phase 2)
- Paradise Creek Park Design
- Police Body-Worn Camera Program
- Citywide Fee Study
- Aquatics Center Operator
- Veterans & Military Families Advisory Committee*
- Amortization
- Alley Improvement Project - \$1.2M (10 alleys)
 - Currently in design; construction this summer
- Parking Management Plan
- Historic Resources Preservation
- NCPD Educational Film: *Every 15 Minutes*
- South Bay Staff-Level Working Group on Sea Level Rise



Vision

Executing City Council's 2015-2020 Strategic Plan

- Objective #1 – Provide Quality Services
- Objective #2 – Achieve Fiscal Sustainability
- Objective #3 – Improve Quality of Life
- Objective #4 – Enhance Housing & Community Assets
- Objective #5 – Promote a Healthy Community



Wellness

Community

- CERT Team (100 members)
- 3rd Grade Swim Lessons
- Free Yoga Classes @ Library
- EXOS (MediFit) operating Las Palmas Pool offering variety of new programs
- Smoke Detector Installation Program

Employees

- Health & Lifestyle Expo
- Renovated Employee Gym at PD
- New Equipment & Training Classes Employee Gym at City Hall
- Wellness Challenges: 90-Day Weight Loss, 30 miles in 30 weeks, Maintain Don't Gain

X Marks the Spot

Habitat for Humanity

ReStore



SUBARU
Confidence in Motion



NOVO
BRAZIL
BREWING CO. LLC



X Marks the Spot

Paradise Village
(phase 2)

12 units

28 units

80 units

28 units

60 units

70 units

157 units

12-20 units

201 units

10 units

109 units

13 units / 3 suites

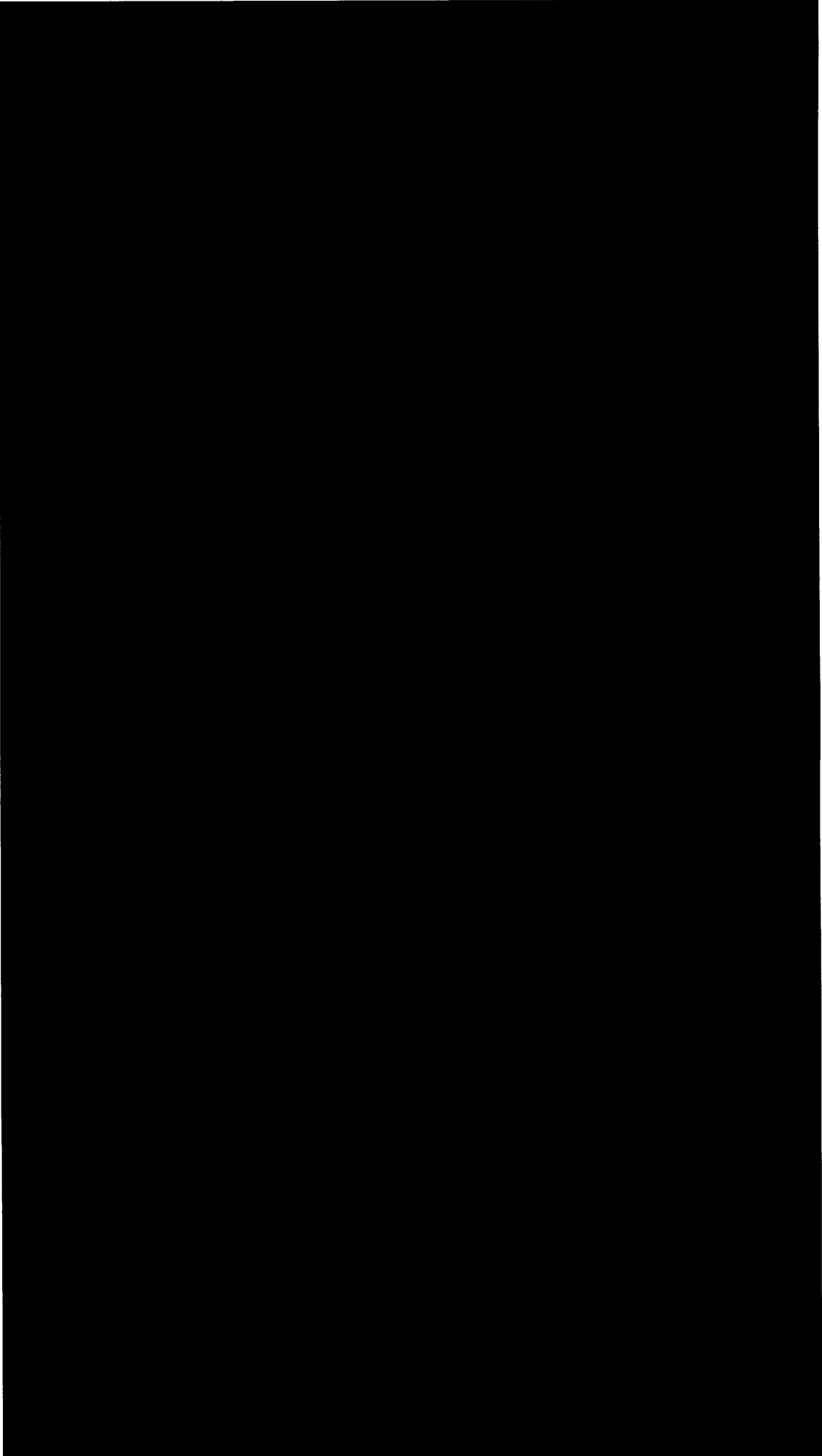
Under Construction

Coming Soon



Youth and Seniors

- Casa de Salud Renovation, Expanded Hours & Enhanced Programming
- Las Palmas Park & El Toyon Park Lighting Project
- Camacho Gym Renovation & New Programming
- New Skate Park
- Ice Skating Rink during Holiday
- Affordable Recreational Programs @ Las Palmas Pool
- NCPD Explorer's Academy
- NCFD Student Scholarships
- Nutrition Center Served 55,759 Meals to Seniors & Non-Senior Residents
- Kimball Senior Center Expanded Hours
- Senior Computer Classes at Library





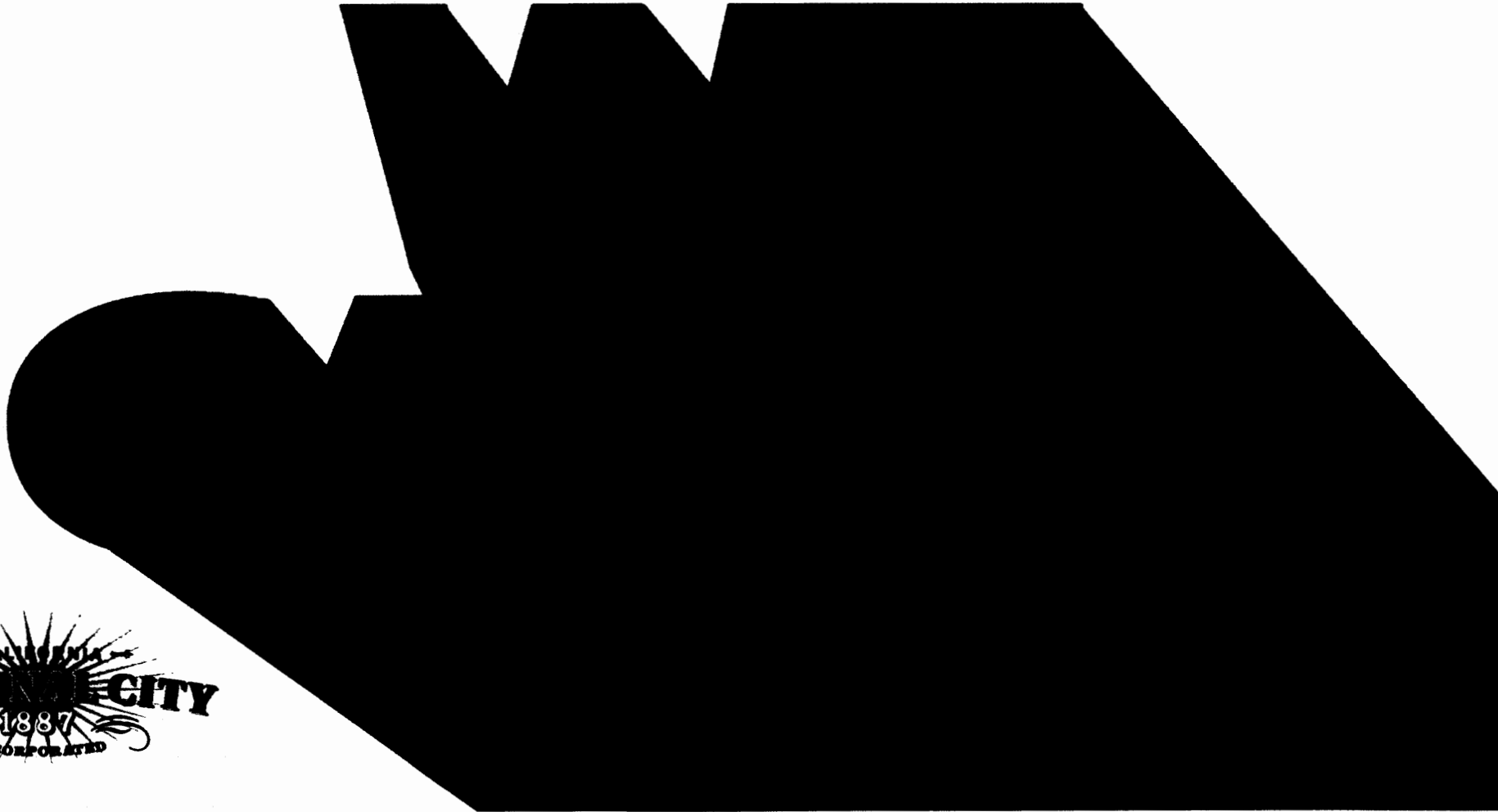
Zenith

**“Coming together is a beginning.
Keeping together is progress.
Working together is success.”**

- Henry Ford



TOGETHER





City Council

**2015-2020 Strategic Plan
with Proposed Updates
for 2017-2022 Strategic Plan**

Objective #1- Provide Quality Services



Objective #1 - Provide Quality Services

- a) Practice the five core values (Commitment, Customer Service, Courtesy, Communication, and Collaboration) with our diverse customer base.

- b) Align workforce with City's objectives and provide training and support necessary to fully develop employees, boards, and commissions.

- b) Expand public access to City services and information, ^{maintaining} by ~~updating~~ our website and making digital records accessible to the public.



Proposed Objective #1 - Provide Quality Services

- d) Pursue public safety goals and objectives and enhance disaster preparedness (Police, Fire, Emergency Medical Services, and Homeland Security).

- e) Analyze internal processes for efficiency and implement technology solutions where feasible. Continue efforts to automate and streamline work processes.



Objective #2- Achieve Fiscal Sustainability



Objective #2 - Achieve Fiscal Sustainability

close deficit,

- a) Prepare effective budget, accurately forecast funding sources, manage investments wisely, provide consistent financial reports, maintain clean audits, resolve findings/deficiencies in a timely manner, and update finance and budget policies.
- b) ~~Update compensation plan for all employee groups.~~ Continue labor/management partnerships with an emphasis on strategic deployment and total compensation issues. Address long-term pension liability.
- c) Establish economic development programs to retain ~~existing~~ businesses and stimulate new investments. Evaluate and update fee schedules to promote development and recover costs. and increase revenues.

and attract



Objective #2 - Achieve Fiscal Sustainability

Continue to

- d) Implement plans to fund replacement reserves and to finance the acquisition, replacement, and maintenance of the City's fleet, facilities, and other assets.
- e) Build cooperative partnerships with community organizations, schools, and other public agencies in the efficient and cost effective delivery of services.



Objective #3- Improve Quality of Life



Objective #3 - Improve Quality of Life

- a) Enhance crime prevention and emergency service through community outreach, procedural justice, critical incident response, City/regional partnerships, and employee development.

Continue to

- b) Pursue green initiatives and build a sustainable city ~~implementing the~~ climate action plan and energy roadmap. through

- c) Help organize community events and support social gatherings that benefit the total community.



Objective #3 - Improve Quality of Life

Implement updated

- d) ~~Update~~ sign ordinance to improve community character and draw attention to important gateways, corridors and intersections with improved signage and wayfinding. Build "Together We Can" campaign to make National City cleaner, safer, and healthier.
- e) Support ~~Pier 32 (GB Capital Holdings) expansion plans~~ and work with the San Diego Unified Port District and its tenants to fund ~~public process and~~ public improvements. in the Marina District



Objective #4-
Enhance Housing and Community
Assets



Objective #4 - Enhance Housing and Community Assets

- a) Continue providing housing opportunities at all income levels and develop programs to improve existing conditions. Adopt a comprehensive long term strategy to address homelessness.
- b) ~~Complete WI-TOD phase 1 and community park. Continue pursuing funding for WI-TOD phase 2 and other housing projects.~~
Complete Paradise Creek Apartments and Educational Park. Continue to plan and build Transit-Oriented Developments/Districts.
- c) Maintain and improve City's infrastructure and find alternative funding to construct public facilities, park improvements, and other capital needs. Complete comprehensive ~~facility needs~~ assessment and establish priorities → street maintenance through funding options.



Objective #4 - Enhance Housing and Community Assets

such as Granger Music Hall, Kimball House, Stein Farm, and the Depot.

- d) Preserve and promote historic resources and cultural assets. Formalize a public art program that provides funding for art and culture through a "percent for art" program.
- e) Administer real property assets and property management plans to achieve the City's long term goals.



Objective #5- Promote a Healthy Community



Objective #5 - Promote a Healthy Community

- a) Expand opportunities for walking and biking through the development of Community Corridors and Safe Routes to Schools consistent with the National City General Plan and Bicycle Master Plan.

- b) Continue to provide affordable City programs, activities and services that are accessible for all users, including individuals with disabilities (Americans with Disabilities Act).

- c) Enhance neighborhood services programs such as graffiti abatement, parking enforcement, and code enforcement and increase efficiency with new technology.
Adopt a Parking Management Plan as part of an update to the Downtown Specific Plan.



Objective #5 - Promote a Healthy Community

- d) Implement Neighborhood Action Plans and continue amortization efforts by working with residents and businesses.

- e) Advance National City wellness programs for youth, families, seniors and City employees that encourage a healthy lifestyle and develop a workplace safety program.



Together, We Can!

“Culture Eats Strategy for Lunch”

Practice the five core values:

Commitment

Customer Service

Courtesy

Communication

Collaboration



**CITY OF NATIONAL CITY
FISCAL YEAR 2017 BUDGET PRIORITIES UPDATE**

CITY STAFF PRIORITIES

Strategic Plan Category: Community		
Priority	Status Update	Budget Impact
Asset management & disposition (Successor Agency Properties)	Successor Agency properties transferred to the City in late fiscal year 2016. Properties scheduled for disposition placed on the real estate market.	\$310,800
Recreational facilities deferred maintenance	To be discussed at CIP Special Council Meeting scheduled for February 28, 2017.	
Homeless outreach	City entered into an agreement with Alpha Project to perform Homeless Outreach services within the City.	\$120,000
Code Conformance	Currently underway.	
Parking Management	Currently underway.	
Volunteer appreciation	Volunteer appreciation services managed by Community Services. City hosted an annual volunteer appreciation dinner for board members and commissioners in August 2016.	\$5,500
Strategic Plan Category: Development		
Deferred facilities maintenance	To be discussed at CIP Special Council Meeting scheduled for February 28, 2017.	
Fee study	Review of proposals received in response to RfP underway. Fee Study expected to be completed in fiscal year 2017.	\$100,000
Fleet replacement	29 vehicles leased or purchased from fiscal years 2012-16, including a sewer flusher truck and a street sweeper. Purchase of additional 4 vehicles, including a heavy-duty dump truck, approved with adoption of the fiscal year 2017 budget.	\$375,450
Economic development (in-house)	Economic Development Program created and Community Development Specialist II position added and filled in fiscal year 2017 to pursue opportunities to attract businesses and expand the City's tax base. Department of Housing, Grants, & Asset Management department renamed Department of Housing & Economic Development to reflect significant priorities.	\$102,364

**CITY OF NATIONAL CITY
FISCAL YEAR 2017 BUDGET PRIORITIES UPDATE**

Priority	Status Update	Budget Impact
Housing opportunities	Phase I of the Transit-Oriented Infill Affordable Housing and Paradise Creek Enhancement Project, development of 109 affordable housing units, completed, with resident occupancy beginning in January 2017. Phase II, development of 92 affordable housing units, underway. (Est. completion in fiscal year 2018).	
Historic resources preservation	Community Partner Sustainability evaluation with non-profits that currently lease/operate City facilities (i.e., the Historical Society, Stein Farm, SDERA (Depot), and ARTS). The City is evaluating the facility needs/deferred maintenance as part of the CIP Special Council Meeting on February 28, 2017.	
Strategic Plan Category: Operations		
Reserves	Council Policy #201: Maintenance of Reserve Funds was amended (Resolution No. 2016-81). The Facilities Maintenance reserve established with \$2.5 million, and increased the reserve balance for the Liability Insurance Fund.	\$3,033,087
Pension funding	Pension and other postemployment (retiree health) benefits pre-funding options being reviewed by staff. Recommendation planned during development of fiscal year 2018 budget.	
Training & development	City-wide training opportunities for employees including Supervisor's Academy, writing workshop, and department specific training activities implemented. Provided leadership opportunities for staff through participating in working groups and committees. Conducted promotional testing and Out of Class assignments to provide growth opportunities for various departments.	\$339,339
Strategic Plan Category: Public Safety		
RCS radio system	Agreement executed with San Diego County in fiscal year 2017 to transition to the Next Generation Regional Communication System (NextGen RCS), a modernized regional public safety communication system. Total cost of \$1.3 million, including interest, being financed over 10 years.	\$147,380
Body-worn cameras	Police body-worn camera program approved in fiscal year 2016. Training currently underway. Implementation planned for fiscal year 2017.	\$120,000
Fleet replacement	46 vehicles leased or purchased from fiscal years 2012-16, including 1 ladder truck (Fire) and 21 patrol vehicles (Police). Purchase of additional 13 vehicles, including 9 patrol vehicles (Police) and 1 rapid response squad truck (Fire), approved with adoption of the fiscal year 2017 budget and approval of the Fire pilot squad program.	\$962,636

**CITY OF NATIONAL CITY
FISCAL YEAR 2017 BUDGET PRIORITIES UPDATE**

Priority	Status Update	Budget Impact
Smoke detector program	Currently underway.	
Recruitment and retention	Developed a recruitment and retention plan. The Police Department has achieved full staffing for sworn personnel.	

COUNCIL PRIORITIES

Strategic Plan Category: Community		
Priority	Status Update	Budget Impact
Request an assessment on City services for the senior population (specifically, Morgan & Kimball, etc.)	The Housing Authority has started the process to evaluate improvements to both the Morgan & Kimball towers.	
Quality of Life program to enhance community beautification efforts	The Quality of Life program started in FY 2017.	\$64,582
Strategic Plan Category: Development		
Regional Planning and Development (i.e., hotel taxes, revenue generating activities)	Currently underway.	
Environmental Issues (green facilities, bringing City facilities up to code)	To be discussed at CIP Special Council Meeting scheduled for February 28, 2017.	
CIP Prioritization with timelines	To be discussed at CIP Special Council Meeting scheduled for February 28, 2017.	
Port of San Diego development should be evaluated	Currently underway.	

**CITY OF NATIONAL CITY
FISCAL YEAR 2017 BUDGET PRIORITIES UPDATE**

Strategic Plan Category: Operations		
Priority	Status Update	Budget Impact
Internal Organizational needs (succession planning, filling vacancy prioritization)	Critical vacancies have been identified and are in the process of being filled.	

2015-2020 Proposed Strategic Plan

APPROVED BY CITY COUNCIL ON APRIL 28, 2015

EXHIBIT 'A'



Provide Quality Services
Achieve Fiscal Sustainability
Improve Quality of Life
Enhance Housing and Community Assets
Promote a Healthy Community

2015 Proposed Objective #1- Provide Quality Services

- a) Practice the five core values (Commitment, Customer Service, Courtesy, Communication, and Collaboration) with our diverse customer base.
- b) Align workforce with City's objectives and provide training and support necessary to fully develop employees, boards, and commissions.
- c) Expand public access to City services and information, by updating our website and making digital records accessible to the public.
- d) Pursue public safety goals and objectives and enhance disaster preparedness (Police, Fire, Emergency Medical Services, and Homeland Security).
- e) Analyze internal processes for efficiency and implement technology solutions where feasible. Continue efforts to automate and streamline work processes.

2015 Proposed Objective #2- Achieve Fiscal Sustainability

- a) Prepare effective budget, accurately forecast funding sources, manage investments wisely, provide consistent financial reports, maintain clean audits, resolve findings/deficiencies in a timely manner, and update finance and budget policies.
- b) Update compensation plan for all employee groups. Continue labor/management partnerships with an emphasis on strategic deployment and total compensation issues.
- c) Establish economic development programs to retain existing businesses and stimulate new investments. Evaluate and update fee schedules to promote development and recover costs.
- d) Implement plans to fund replacement reserves and to finance the acquisition, replacement, and maintenance of the City's fleet, facilities, and other assets.
- e) Build cooperative partnerships with community organizations, schools, and other public agencies in the efficient and cost effective delivery of services.



2015 Proposed Objective #3- Improve Quality of Life

- a) Enhance crime prevention and emergency service through community outreach, procedural justice, critical incident response, City/regional partnerships, and employee development.
- b) Pursue green initiatives and build a sustainable city by implementing the climate action plan and energy roadmap.
- c) Help organize community events and support social gatherings that benefit the total community.
- d) Update sign ordinance to improve community character and draw attention to important gateways, corridors and intersections with improved signage and wayfinding.
- e) Support Pier 32 (GB Capital Holdings) expansion plans and work with San Diego Unified Port District and its tenants to fund public process and public improvements.

2015 Proposed Objective #4- Enhance Housing and Community Assets

- a) Continue providing housing opportunities at all income levels and develop programs to improve existing conditions. Adopt a comprehensive long term strategy to address homelessness.
- b) Complete WI-TOD phase 1 and community park. Continue pursuing funding for WI-TOD phase 2 and other housing projects.
- c) Maintain and improve City's infrastructure and find alternative funding to construct public facilities, park improvements, and other capital needs. . Complete comprehensive facility needs assessment and establish priorities.
- d) Preserve and promote historic resources and cultural assets. Formalize a public art program that provides funding for art and culture through a "percent for art" program.
- e) Administer real property assets and property management plans to achieve the City's long term goals.

2015 Proposed Objective #5- Promote a Healthy Community

- a) Expand opportunities for walking and biking through the development of Community Corridors and Safe Routes to Schools consistent with the National City General Plan and Bicycle Master Plan.



- b) Continue to provide affordable City programs, activities and services that are accessible for all users, including individuals with disabilities (Americans with Disabilities Act).
- c) Enhance neighborhood services programs such as graffiti abatement, parking enforcement, and code enforcement and increase efficiency with new technology.
- d) Implement Neighborhood Action Plans and continue amortization efforts by working with residents and businesses.
- e) Advance National City wellness programs for youth, families, seniors and City employees that encourage a healthy lifestyle and develop a workplace safety program.



**Fiscal Year 2018
Budget Priorities
February 7, 2017**



Overview

Mark Roberts
Director



Timeline

- *February 7, 2017: Budget priorities discussion*
- February 21, 2017: FY 2017 Mid-Year Review
- February 28, 2017: Capital Improvement Program, Needs Assessment, Funding Options, and Pension/OPEB*
- February 27-March 7, 2017: Department budget meetings
- April 25, 2017: Budget Workshop
- May 23, 2017: Budget Workshop (if needed)
- June 6, 2017: Budget Adoption (regularly scheduled City Council meeting)

* OPEB – Other Postemployment Benefits



Objective

To discuss preliminary budget priorities for consideration as staff develops the Fiscal Year 2018 budget.



Fiscal Goal

Develop a multi-year plan to address capital and pension needs, and seek means to enhance revenues.



Fiscal Outlook

Fiscal Year 2018: revenue outlook positive; however, operating expenses are expected to exceed revenues, again resulting in a structural deficit.



Budget Priorities

Stacey Stevenson
Deputy City Manager



FY 2017 Priorities Update

Community	Development	Operations	Public Safety
Asset management & disposition	Deferred facilities maintenance	Reserves	RCS radio system
Recreation facilities deferred maintenance	Fleet replacement (continued)	Pension funding	Body-worn cameras
Homeless outreach	Economic development (in-house)	Training & development	Fleet replacement
Code conformance	Housing opportunities		Smoke detector program
Parking management	Historic resources preservation		Recruitment & retention
Volunteer appreciation	Fee study		



FY 2017 Priorities Update – City Staff Priorities

Strategic Plan Category: Community		
Priority	Status Update	Budget Impact
Asset management & disposition (Successor Agency Properties)	Successor Agency properties transferred to the City in late fiscal year 2016. Properties scheduled for disposition placed on the real estate market.	\$310,800
Recreational facilities deferred maintenance	To be discussed at CIP Special Council Meeting scheduled for February 28, 2017.	
Homeless outreach	City entered into an agreement with Alpha Project to perform Homeless Outreach services within the City.	\$120,000



FY 2017 Priorities Update – City Staff Priorities

Strategic Plan Category: Community		
Priority	Status Update	Budget Impact
Code Conformance	Currently underway.	
Parking Management	Currently underway.	
Volunteer appreciation	Volunteer appreciation services managed by Community Services. City hosted an annual volunteer appreciation dinner for board members and commissioners in August 2016.	\$5,500



FY 2017 Priorities Update – City Staff Priorities

Strategic Plan Category: Development		
Priority	Status Update	Budget Impact
Deferred facilities maintenance	To be discussed at CIP Special Council Meeting scheduled for February 28, 2017.	
Fee study	Review of proposals received in response to RfP underway. Fee Study expected to be completed in fiscal year 2017.	\$100,000
Fleet replacement	29 vehicles leased or purchased from fiscal years 2012-16, including a sewer flusher truck and a street sweeper. Purchase of additional 4 vehicles, including a heavy-duty dump truck, approved with adoption of the fiscal year 2017 budget.	\$375,450
Economic development (in-house)	Economic Development Program created and Community Development Specialist II position added and filled in fiscal year 2017 to pursue opportunities to attract businesses and expand the City's tax base. Department of Housing, Grants, & Asset Management department renamed Department of Housing & Economic Development to reflect significant priorities.	\$102,364



FY 2017 Priorities Update – City Staff Priorities

Strategic Plan Category: Development		
Priority	Status Update	Budget Impact
Housing opportunities	Phase I of the Transit-Oriented Infill Affordable Housing and Paradise Creek Enhancement Project, development of 109 affordable housing units, completed, with resident occupancy beginning in January 2017. Phase II, development of 92 affordable housing units, underway. (Est. completion in fiscal year 2018).	
Historic resources preservation	Community Partner Sustainability evaluation with non-profits that currently lease/operate City facilities (i.e., the Historical Society, Stein Farm, SDERA (Depot), and ARTS). The City is evaluating the facility needs/deferred maintenance as part of the CIP Special Council Meeting on February 28, 2017.	
Strategic Plan Category: Operations		
Reserves	Council Policy #201: Maintenance of Reserve Funds was amended (Resolution No. 2016-81). The Facilities Maintenance reserve established with \$2.5 million, and increased the reserve balance for the Liability Insurance Fund by \$533k .	\$3,033,087



FY 2017 Priorities Update – City Staff Priorities

Strategic Plan Category: Operations		
Priority	Status Update	Budget Impact
Pension funding	Pension and other postemployment (retiree health) benefits pre-funding options being reviewed by staff. Recommendation planned during development of fiscal year 2018 budget.	
Training & development	City-wide training opportunities for employees including Supervisor's Academy, writing workshop, and department specific training activities implemented. Provided leadership opportunities for staff through participating in working groups and committees. Conducted promotional testing and Out of Class assignments to provide growth opportunities for various departments.	\$339,339
Strategic Plan Category: Public Safety		
RCS radio system	Agreement executed with San Diego County in fiscal year 2017 to transition to the Next Generation Regional Communication System (NextGen RCS), a modernized regional public safety communication system. Total cost of \$1.3 million, including interest, being financed over 10 years.	\$147,380



FY 2017 Priorities Update – City Staff Priorities

Strategic Plan Category: Public Safety		
Priority	Status Update	Budget Impact
Body-worn cameras	Police body-worn camera program approved in fiscal year 2016. Training currently underway. Implementation planned for fiscal year 2017.	\$120,000
Fleet replacement	46 vehicles leased or purchased from fiscal years 2012-16, including 1 ladder truck (Fire) and 21 patrol vehicles (Police). Purchase of additional 13 vehicles, including 9 patrol vehicles (Police) and 1 rapid response squad truck (Fire), approved with adoption of the fiscal year 2017 budget and approval of the Fire pilot squad program.	\$962,636
Smoke detector program	Currently underway.	
Recruitment and retention	Developed a recruitment and retention plan. The Police Department has achieved full staffing for sworn personnel.	



FY 2017 Priorities Update – Council Priorities

Strategic Plan Category: Community		
Priority	Status Update	Budget Impact
Request an assessment on City services for the senior population (specifically, Morgan & Kimball, etc.)	The Housing Authority has started the process to evaluate improvements to both the Morgan & Kimball towers.	
Quality of Life program to enhance community beautification efforts	The Quality of Life program started in FY 2017.	\$64,582
Strategic Plan Category: Development		
Regional Planning and Development (i.e., hotel taxes, revenue generating activities)	Currently underway.	
Environmental Issues (green facilities, bringing City facilities up to code)	To be discussed at CIP Special Council Meeting scheduled for February 28, 2017.	



FY 2017 Priorities Update – Council Priorities

Strategic Plan Category: Development		
Priority	Status Update	Budget Impact
CIP Prioritization with timelines	To be discussed at CIP Special Council Meeting scheduled for February 28, 2017.	
Port of San Diego development should be evaluated	Currently underway.	
Strategic Plan Category: Operations		
Internal Organizational needs (succession planning, filling vacancy prioritization)	Critical vacancies have been identified and are in the process of being filled.	



FY 2018 Staff-Identified Priorities

Community	Development	Operations	Public Safety
Asset management & disposition	Needs assessment	Pension funding	Fire/emergency medical deployment strategies
Recreational program delivery	Economic development	Training & development	Code conformance
Homeless outreach	Housing opportunities	Long-range financial forecasting	Training
Parking management	Historic resources preservation	Technology infrastructure	Technology
Volunteerism			Infrastructure



FY 2018 Staff-Identified Priorities

Community	Development	Operations	Public Safety
Asset management & disposition	Needs assessment		Fire/emergency medical deployment strategies
	Economic development	Training & development	Code conformance
Homeless outreach	Housing opportunities		Training
Parking management	Historic resources preservation	Technology infrastructure	Technology



FY 2018 Staff-Identified Priorities

Community	Development	Operations	Public Safety
Asset management & disposition			
	Economic development		



FY 2018 Staff-Identified Priorities

Community	Development	Operations	Public Safety
			Fire/emergency medical deployment strategies
Recreational program delivery			
		Technology infrastructure	Technology
Volunteerism			Infrastructure



FY 2018 Staff-identified Priorities

- Recreational program delivery
 - On-line class registration
 - Grants (revenue generation)
 - Aquatic Center
- Volunteerism
 - On-line tracking system (no new funding required)
 - City-wide volunteer coordinator (no new funding required)



FY 2018 Staff-identified Priorities

- Technology infrastructure (operations)
 - Surveillance cameras
 - Council chamber AV equipment
 - CAD production storage
 - Aquatic Center connectivity
- Fire/emergency medical deployment strategies:
 - Squad Pilot Program



FY 2018 Staff-identified Priorities

- Technology (Public Safety)
 - Body worn cameras
 - Records management system (no new funding required)
 - Electronic field interviews
 - Portable radios
 - Portable scenario simulator
 - Unmanned aerial system (seeking grant funds)



FY 2018 Staff-identified Priorities

- Public Safety Infrastructure
 - Storage of specialized vehicles
 - Flooring



FY 2018 Staff-Identified Priorities

Community	Development	Operations	Public Safety
	Needs assessment	Pension funding	
	Economic development		
		Long-range financial forecasting	



FY 2018 Staff-identified Priorities

- Needs Assessment/Funding Options
- Energy Efficiency at City Facilities
- Close the Deficit
 - Long range fiscal forecasting
 - Hiring Freeze
 - Economic Development Plan
 - Pension/OPEB Funding



Overview of City's Pension Expenses and Recent CalPERS Developments



Overview of City's Retirement Plans

- City has **two** retirement plans with CalPERS (“PERS”)
 - **Safety Plan:** Covers Police/Fire employees
 - 120 active members
 - 212 retired members
 - 70 terminated members and transfers
 - **Miscellaneous Plan:** Covers all other non-Safety employees
 - 179 active members
 - 262 retired members
 - 232 terminated members and transfers
- Both are “Defined Benefit Plans” – employees are guaranteed certain level of pension benefits
 - As opposed to “Defined Contribution”



What Payments Does City Makes to PERS Each Year?

- Each year, the City makes **two** types of payments to PERS
 - **Normal Cost (NC)** = Annual cost for current employees
 - **Unfunded Accrued Liability (UAL):** Actuarial Liability MINUS Actuarial Value of Assets
 - “How much we currently have vs. how much we should have”
 - This shortfall is not repaid all at once
 - Similar to a mortgage or piece of debt, the UAL is amortized over a longer period of time (typically 20 to 30 years) with the City paying down a portion each year (principal and interest)



PERS Cost Trends

Then ...

- PERS investment returns were robust (10%+)
- Retirement plans were “Super-Funded” through the 1990s
 - Earnings on funds were more than adequate to cover retirement costs

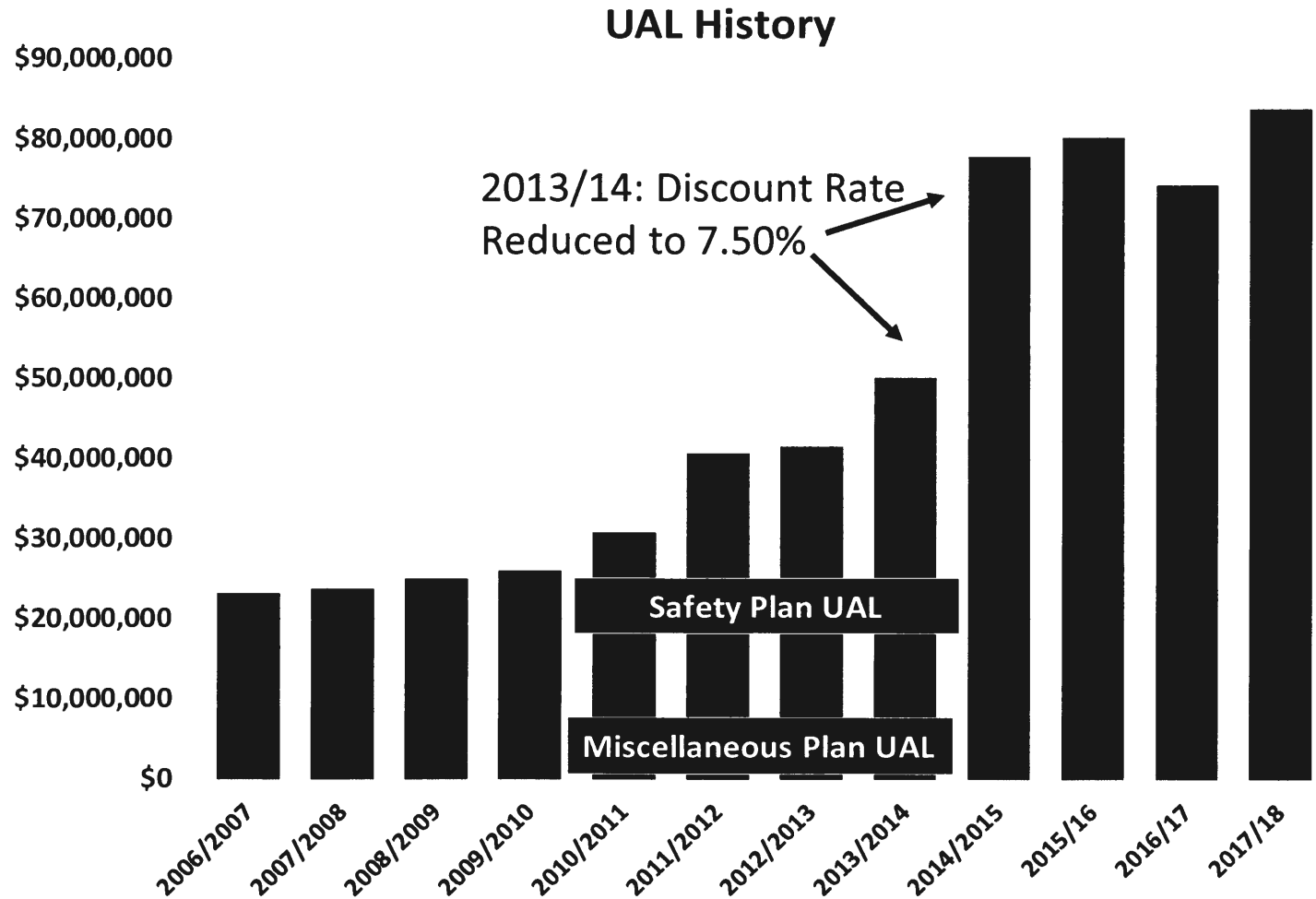
Now ...

- Sluggish investment growth (<6%)
- Assumptions are changing
 - Expected returns: 8.25% → 7.75% in 2003; 7.75% → 7.50% in 2013
 - Mortality rates (people living longer)
- Unfunded liabilities are rapidly growing



City's UAL has Grown Rapidly

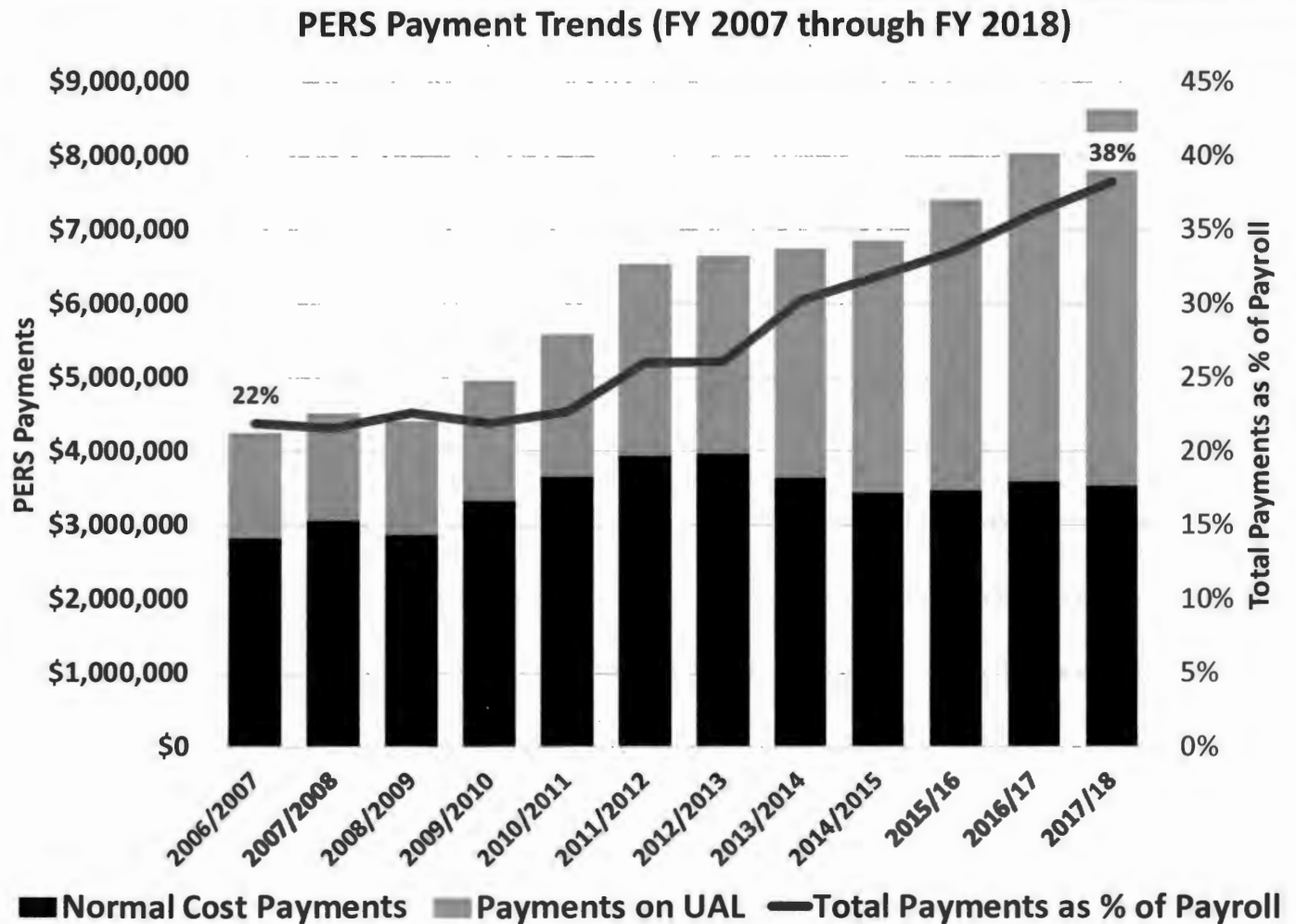
- Over the last decade, UAL has grown from \$20M to over \$80M





Summary of Pension Costs (2007 through 2018)

- Over the last decade, annual pension costs have grown from about \$4M to nearly \$9M
- As a % of payroll, costs have grown from 22% to 38%



Note: Normal Costs shown only represent Employer portion (not Employee)



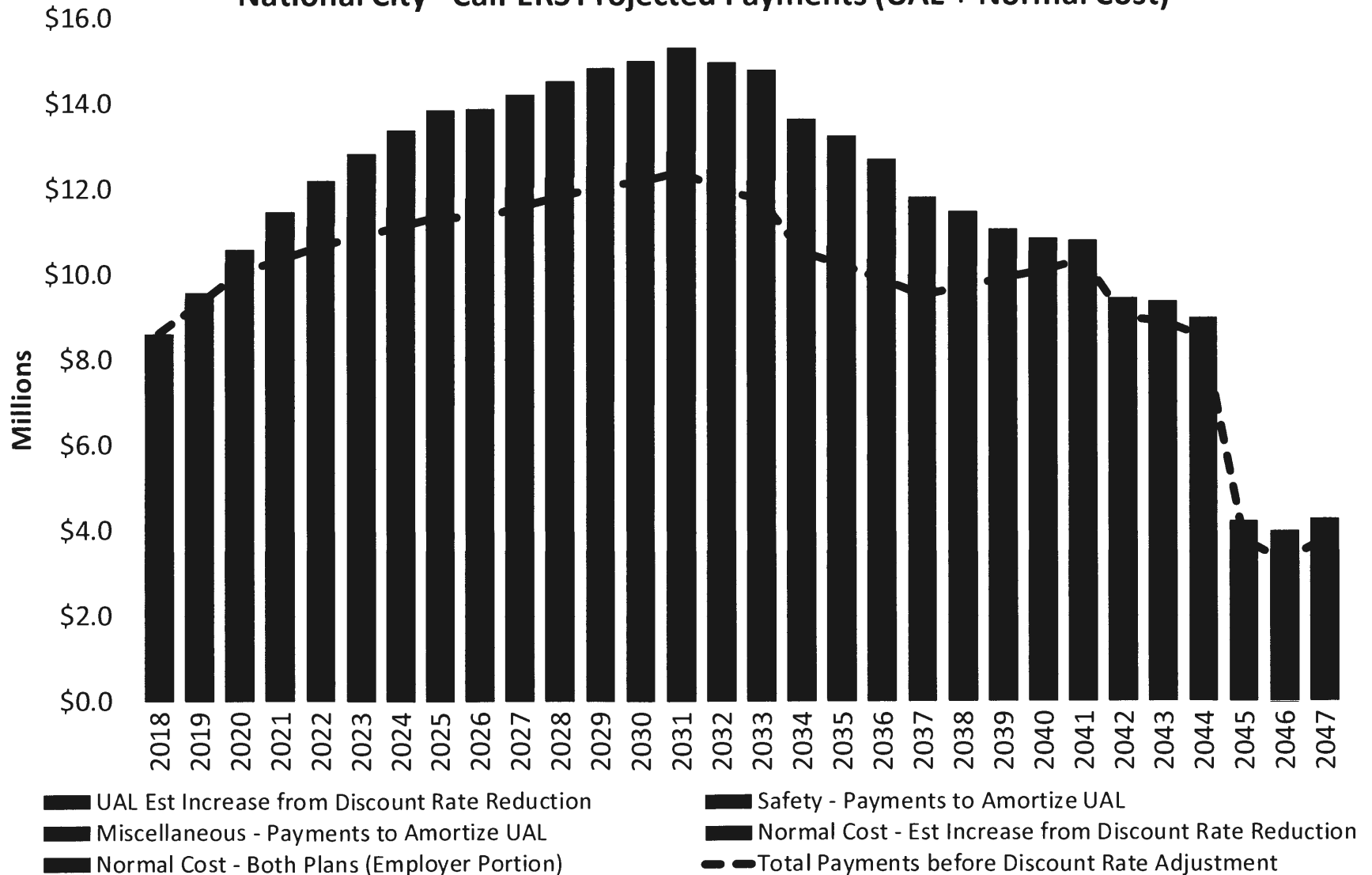
Recent PERS Change – January 2017

- Last month, PERS announced that it was further reducing its discount rate assumption (i.e. expected investment returns)
 - The reduction from 7.50% to 7.00% will be phased in over the next three years
- Estimated that UAL will increase 25% to ≈ \$100M
 - New increase will be re-paid (amortized) over 20 year period



Estimated 30-Year Cost Projections

National City - CalPERS Projected Payments (UAL + Normal Cost)





Takeaways/Moving Forward

- Pension costs will continue to increase over the next 20 years
- City staff, Independent Actuary and Financial Advisor will be refining pension cost estimates and evaluating potential options to reduce long-term costs
 - Example: Section 115 Trust (alternative investment vehicle solely dedicated to pension/OPEB expenses)
 - City and team will return to Council in Spring 2017 to discuss pension matters in more detail
- Planning for, and evaluating options to lower/manage, these rising costs are critical for enhancing fiscal sustainability of City and developing strategies to fund critical projects



Est. UAL Payment Schedule (In millions)

Year	UAL Payments Pre-Discount Rate Change	UAL Payments After Change	Increase/ (Decrease)	% Difference (CalPERS Circular)	% Change from FY 2017
2017	\$4.4	\$4.4	\$0.0	0%	0%
2018	\$5.1	\$5.1	\$0.0	0%	15%
2019	\$5.8	\$5.9	\$0.1	0%	33%
2020	\$6.5	\$6.8	\$0.3	3%	54%
2021	\$6.8	\$7.5	\$0.7	5%	69%
2022	\$7.2	\$8.2	\$1.1	15%	85%
2023	\$7.4	\$8.9	\$1.5	20%	99%
2024	\$7.6	\$9.4	\$1.8	25%	111%
2025	\$7.8	\$9.9	\$2.0	30%	122%
2026	\$7.8	\$9.9	\$2.1	40%	123%



Next Steps





Discussion / Direction

