



Agenda Report

19-552

Agenda Date: 5/7/2019

REPORT TO CITY COUNCIL

SUBJECT

Review and Potential Council Action on the Santa Clara City Council Priority Matrix

BACKGROUND

On January 31 and February 1, 2019, the City Council held a City Council Operational and Strategic Priority Setting Session (Council Priority Setting), in which the City Council Strategic Pillars were adopted. The Pillars guide investment of resources for the FYs 2019/2020 and 2020/2021 Proposed Operating and Capital Budgets. The Council's Strategic Pillars are as follows:

1. Promote and Enhance Economic and Housing Development
2. Deliver and Enhance High Quality Efficient Services and Infrastructure
3. Enhance Community Sports and Recreational Assets
4. Enhance Community Engagement and Transparency
5. Ensure Compliance with Measure J and Manage Levi's Stadium
6. Manage Strategically our Workforce Capacity and Resources (previously Maintain Adequate Staffing Levels)
7. Sustainability (new)

As part of the Council Priority Setting session, Councilmembers surfaced their individual priorities and staff noted them stating that we would return during the budget process for the Council to evaluate staff's analysis regarding scope, resource needs, or work already underway where the priority can be absorbed and/or funded.

DISCUSSION

A total of 48 referrals resulted from the two-day Study Session. Staff reviewed referrals with each department and included responses and costs associated with each funding proposal. These referrals were compiled in a matrix (Attachment 1) and categorized as:

- Funded in the current FY 2018/19 budget,
- Funding included in this proposed budget,
- No fiscal impact,
- Partially funded,
- Not funded, and
- Unknown.

In order for staff to advance the priorities that surfaced at the Session, at minimum staff would need an additional 14.25 FTEs, along with additional resources, and at a minimum cost of \$57 million. Given the narrow margin between revenue and expenditures, staff evaluated priorities that were

already underway and easy to absorb or added resources where there was already an existing project (and immediate funding sources). Many of the resources included in this budget address several of the Council interests because they were already determined to be a priority or necessitated additional investment. However, due to the limited funding capacity at this time, many of the priorities from that session are not included in the budget. A summary of the disposition of the priorities, as it relates to the FY 2019/2020 Proposed Operating and/or Capital Budget, is as follows:

- **Funded** -- Of the 48 priorities, 60% (29) are already being supported by staff or included in the proposed budget. In total, the projected cost for these 29 priorities is approximately \$2.98 million with an additional 7.25 FTEs.
- **Partially Funded/Not Funded** -- 40% (19) of the priorities provided by Councilmembers are either partially funded or not funded at all. The projected cost for these 19 priorities is approximately \$54 million with an additional 7 FTEs (this includes a projected cost of \$51 million for City Place North park).

The 29 individual Council priorities align with the Council's interest, meeting the highest needs of our City and enhancing crucial city services within limited additional resources. However, if the City Council would like to support any unfunded or partially funded priorities, they will need to discuss service tradeoffs, within respective funds (e.g., a priority requiring funding from one fund would need to be funded by the elimination of funding from that specific fund) associated with advancing these items as there are no surplus funds available with the proposed budget. If it is determined by the Council that unfunded or partially funded items should take precedence over priorities proposed in the budget, then Council should determine which services to reduce or defund in the proposed budget.

ENVIRONMENTAL REVIEW

The action being considered does not constitute a "project" within the meaning of the California Environment Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378(a)(4) in that it is a fiscal activity that does not involve any commitment to any specific project which may result in a potential significant impact on the environment.

FISCAL IMPACT

The FY 2019/20 and FY 2020/2021 Proposed Biennial Operating Budget totals \$826.2 million in FY 2019/20 and \$845.9 million in FY 2020/21. The total Capital Improvement Program (CIP) budget for FY 2019/20 is \$128.6 million.

The \$2.98 million required to support 29 of the Council Priorities is already reflected in the proposed budget. If the Council supports the 29 currently included or proposed priorities, there will be no additional fiscal impacts beyond those outlined in the proposed budget. If the Council would like to support any of the unfunded or partially funded priorities, there may be additional fiscal impacts, depending on the priorities identified. The Council may choose to reduce services or defund items in the current Proposed Budget in lieu of additional fiscal impact. Any changes need to be appropriately sourced by the relevant funds (e.g., priorities that require General Fund can not be funded by eliminating resources from an Enterprise Fund).

Some of the priorities identified by Council involve capital projects and may impact the FY 2019/20 CIP. If the Council would like to support priorities that are capital in nature, they will also have to

review the current CIP and what tradeoffs can be made.

COORDINATION

This report has been coordinated with the Finance Department.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email clerk@santaclaraca.gov <<mailto:clerk@santaclaraca.gov>> or at the public information desk at any City of Santa Clara public library.

RECOMMENDATION

Review and provide input on the City Council Policy Priorities.

Reviewed by: Walter Rossmann, Chief Operating Officer

Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. Santa Clara City Council Priority Matrix - FY 2019/20