



Mayor and City Council Strategic Initiatives

September 6, 2023



City Manager's Opening Remarks

Charles McNeely



Overview



**June 30
Workshop
Recap**



**Economic
Forecast**



**Position
Control**



**Growth Over
Time & Staff
Structure**



**Market
Position**

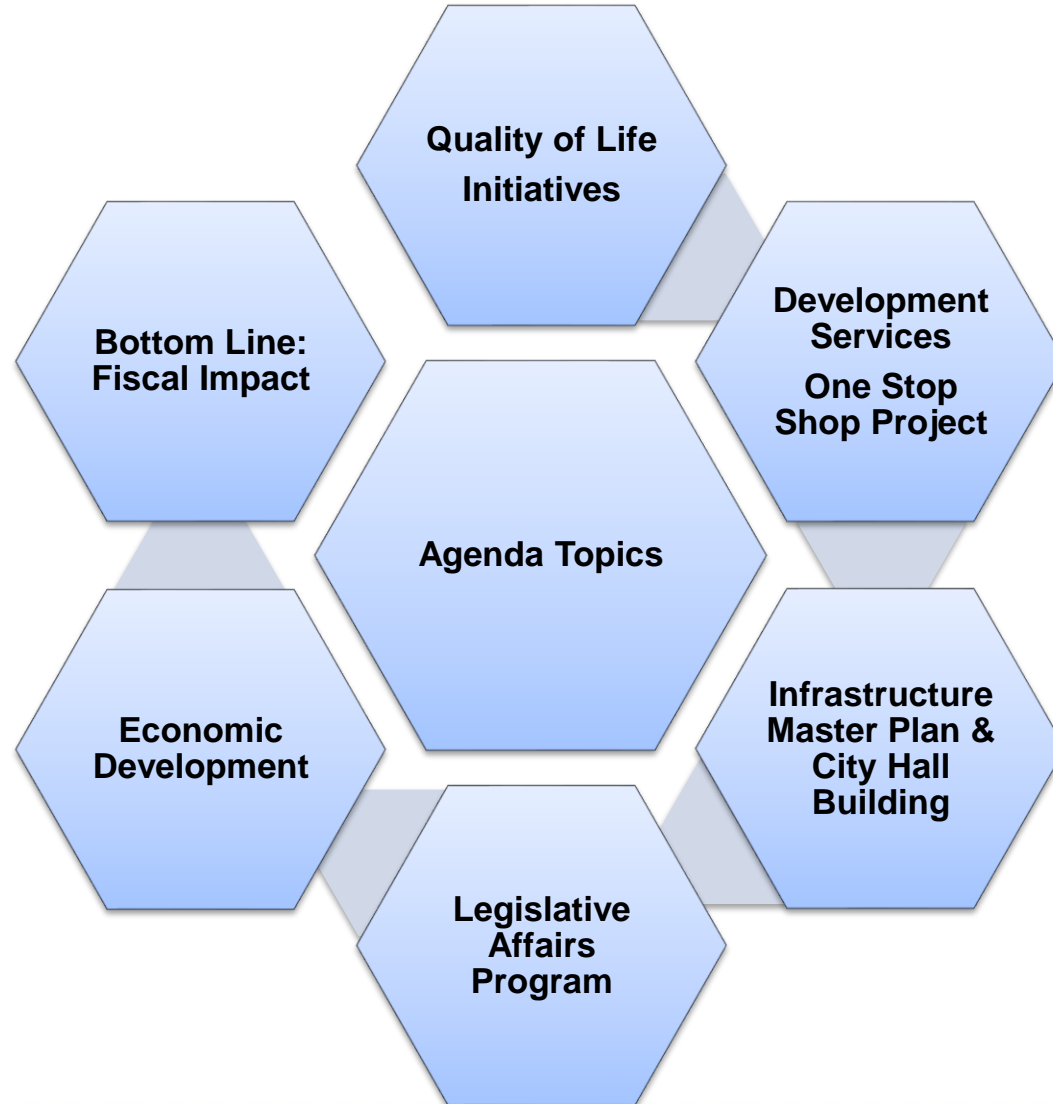


**Bottom
Line:
Funding
Strategic
Initiatives**



June 30 Workshop Recap

On Friday, June 30, 2023, the Mayor and City Council held an informational workshop where no formal action was taken.





Economic Forecast

Presented by: Barbara Whitehorn



Inflation, CPI and Employment

Inflation

- Inflation slowing down
- July Inflation: 3.2%
 - Slightly higher than June's 2.97%
- July 2022 inflation: 8.5%

The Fed has a goal of 2.0% inflation

Consumer Price Index (matches inflation)

- July 2023 year-over-year: 3.2%
 - Down from peak 9.1% in June 2022

Employment and Wage Growth

- 1.6 jobs for every 1 unemployed person
- Hourly earnings increased 4.4% year-over-year
 - May hit 6% this year





Economics and Forecast

Growth is slowing, but sales tax receipts are still increasing

The City has an option to exercise the reopener clause this year.

Sales Tax – State and Local

- Growth is anticipated to slow in FY 2023/24
 - Statewide growth: 0.5%
 - City of San Bernardino growth: 4-5%
 - Main Drivers:
 - Slowdown in auto sales (-3.3%)
 - Energy prices coming down (-6.4%)

Property Tax

- The City receives a portion of Property Tax in lieu of VLF Fees annually (73.2%)
 - \$21,349,222 in FY 2023



Economics and Forecast

Property Tax

- Property Tax is generally a stable revenue
- Growth can be unpredictable
 - The *number* of home and other sales in dropped 15% from calendar year 2021 to 2022
 - Residential home sales *prices* increased on average 13.5% in calendar year 2022
 - *Prices* dropped in the first quarter of calendar year 2023 by 6.6%





Economics and Forecast

The Bottom Line

- *Strong Labor Market*
 - *1.6 jobs for every 1 unemployed person*
- *Slowing Inflation*
- *Continued Sales Tax Growth*
- *Slow but Steady Property Tax Growth*



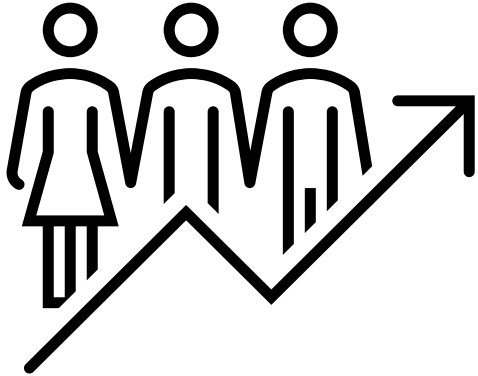


Position Control

Presented by:
Genevieve Valdez & Suzie Soren



Recruitment & Retention



Position Control – Internal control of full-time positions

- 826 FTEs
- 119 Vacancies

Turnover Rate – Ability to retain employees

- Healthy/Average - 10%
- **San Bernardino - 17%**

Vacancy Rate – Ability to recruit employees

- Healthy/Average - 6.8%
- **San Bernardino - 15%**

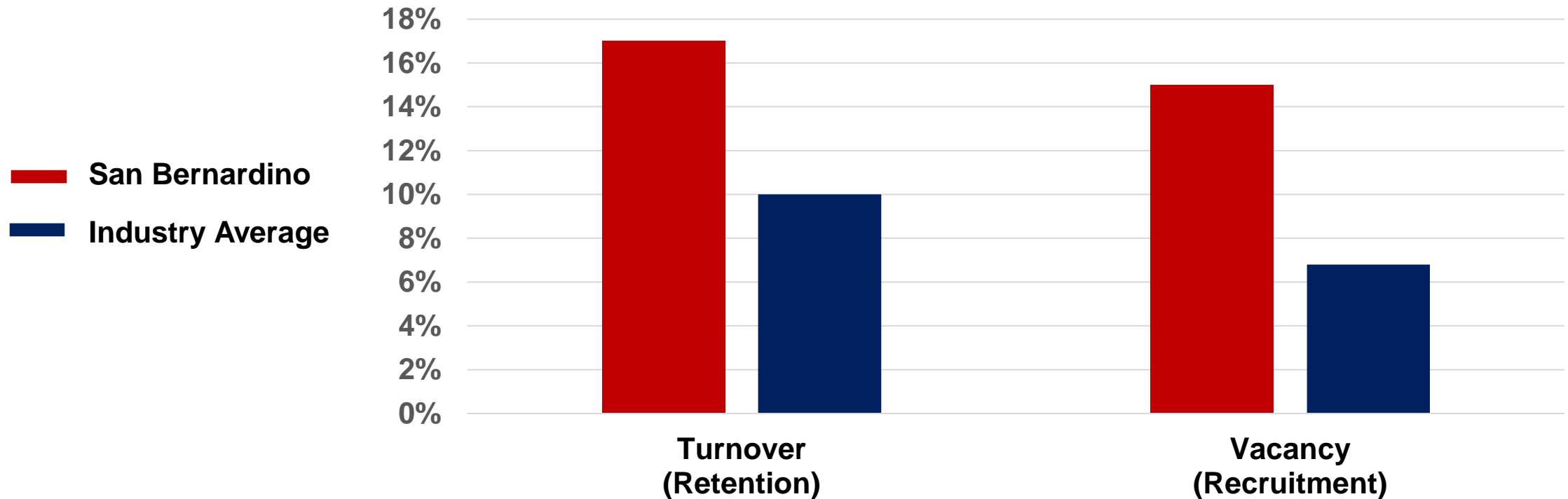
The Bottom Line:

High turnover and high vacancy equates to reduced service delivery.



Recruitment & Retention

Turnover & Vacancy Rates Comparison

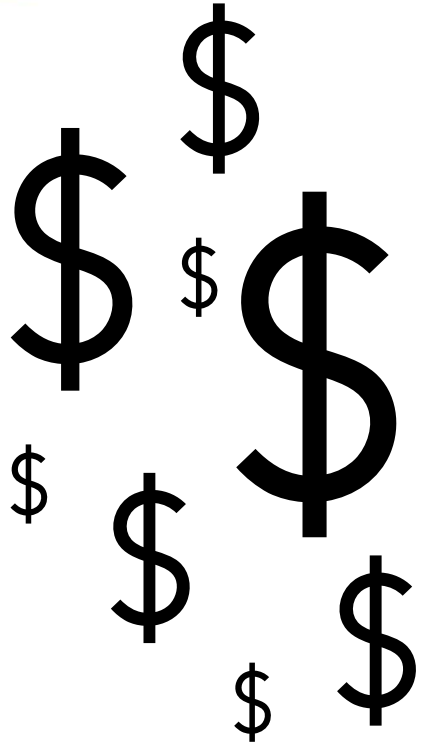


The Bottom Line:

Turnover and vacancy rates decrease efficiency, impair outcomes, and increase regulatory challenges.



Costs of Turnover & Vacancy



Costs of Turnover

Productivity loss from turnover is equal to approximately 1.5 - 2.0x of the employee's salary.

Costs of Vacancy

Recruitment and onboarding costs for new employees averages 75% of the employee's salary.

The Bottom Line:

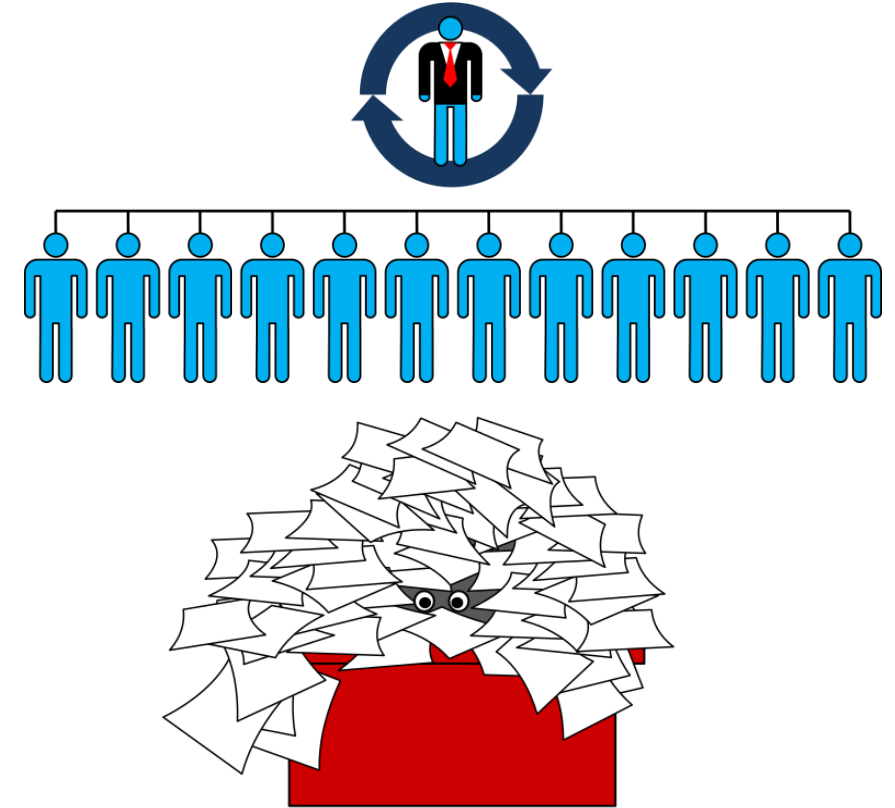
*It takes 1-2 years for a new employee to reach 100% productivity.
Turnover and vacancy reduces service levels and contributes to higher costs.*



Impacts of Turnover & Vacancy

Consequences

- Reduced Workforce Capacity
- Increased Workload
- Reduced Productivity
- Operations & Services Suffer
- Lack of Strategic Workforce Planning



The Bottom Line:

Diminished services to the community and failure to meet strategic goals.



Growth Over Time & Staff Structure

Presented by:
William Lampi



Growth Over Time

What We Evaluated

- 8 Different Cities from 2015 to Current

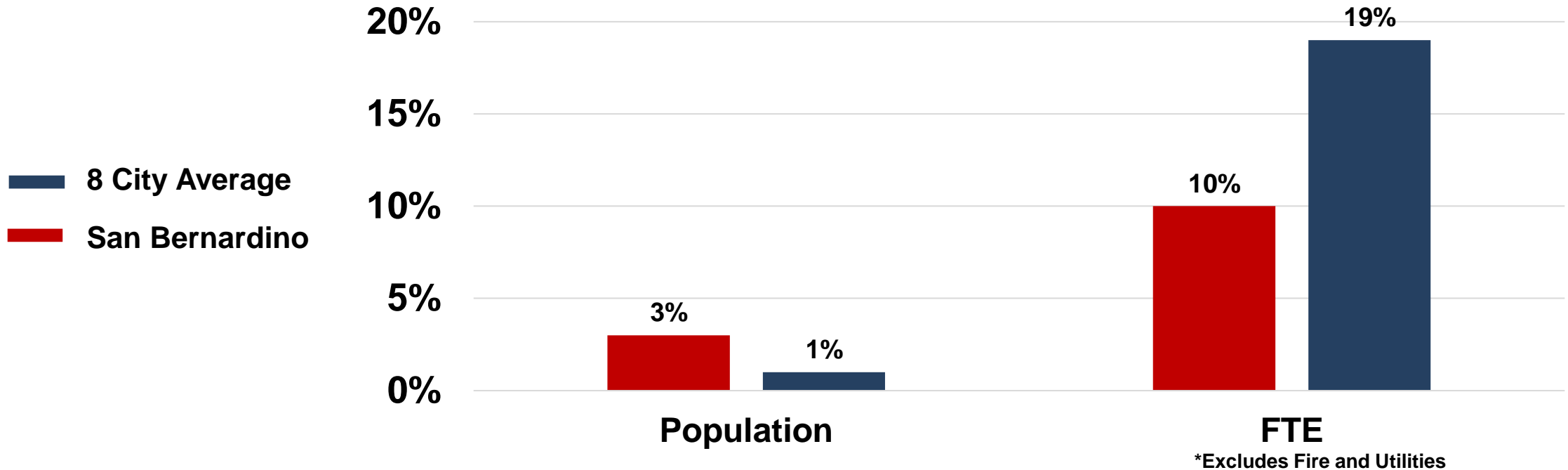
- Population Growth
- Budgets
- Total Employees
- Organizational Structure
 - City-Wide
 - Department Level
 - Division Level

Colton
Corona
Fontana
Moreno Valley
Ontario
Pomona
Rancho Cucamonga
Riverside



Growth Over Time

Population Growth vs City Employee Growth



The Bottom Line:

Growing cities have growing needs.

To meet the needs of its residents, the City needs to increase its capacity to deliver services.

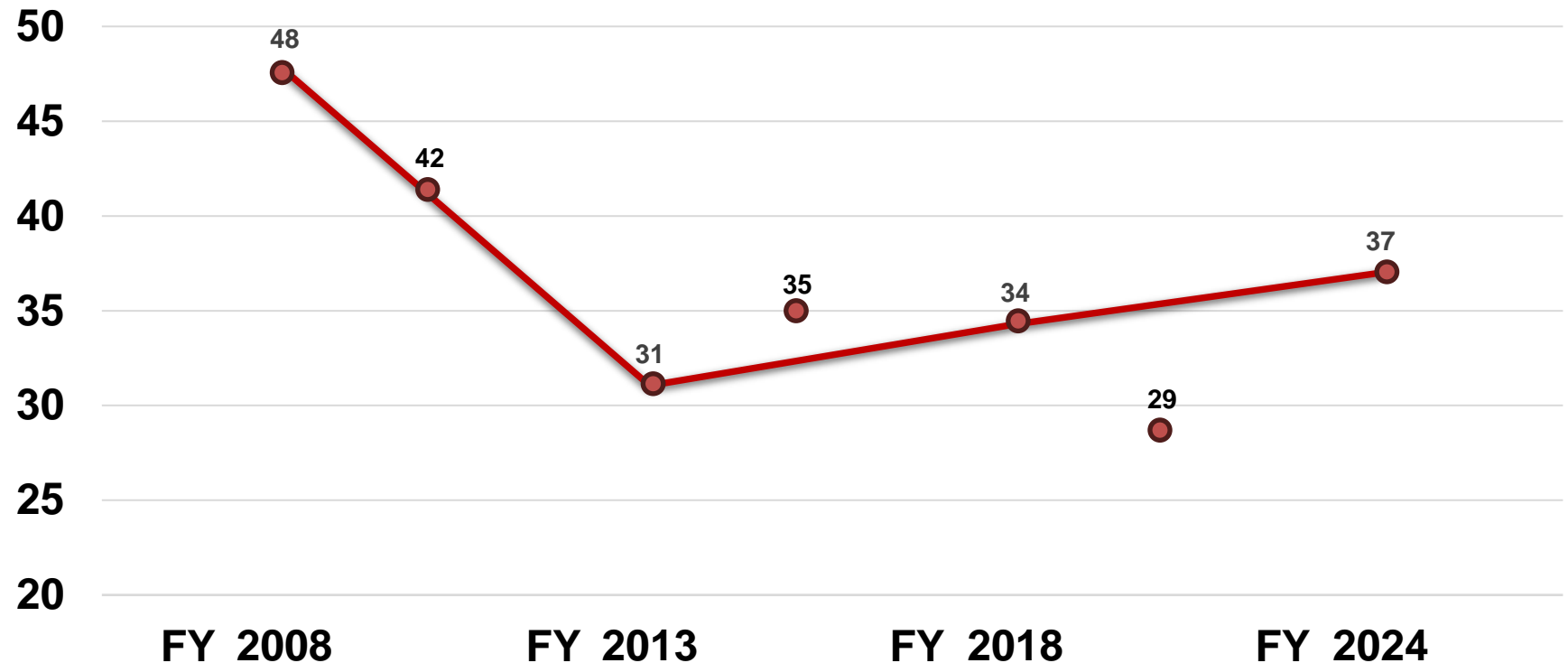


Full-Time Equivalent Positions Over Time

YEAR	FTEs
2008	991
2010	879
2013	667
2015	763
2018	746
2020	651
2024	826

*Excludes Fire and Utilities

Employees Per 10,000 Residents



The Bottom Line:

The City has less employees per resident than historic levels.

The City cannot provide the same level of service to its residents than it did historically.

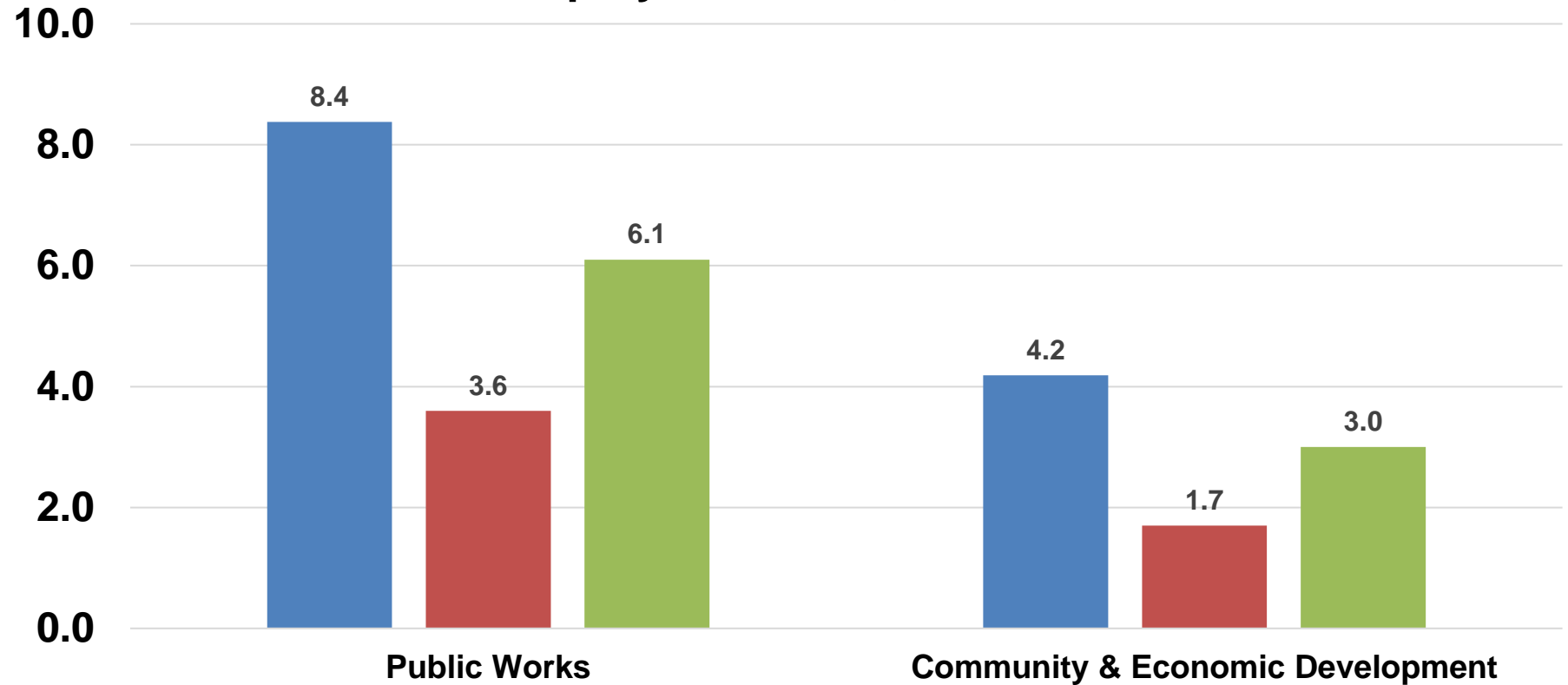


Full-Time Equivalent Positions Over Time

Employees Per 10,000 Residents

FY	Total FTEs	
	PW	CED
2008	174	87
2015	77	37
2024	136	68

*Accounts for changes in department organization and excludes utilities

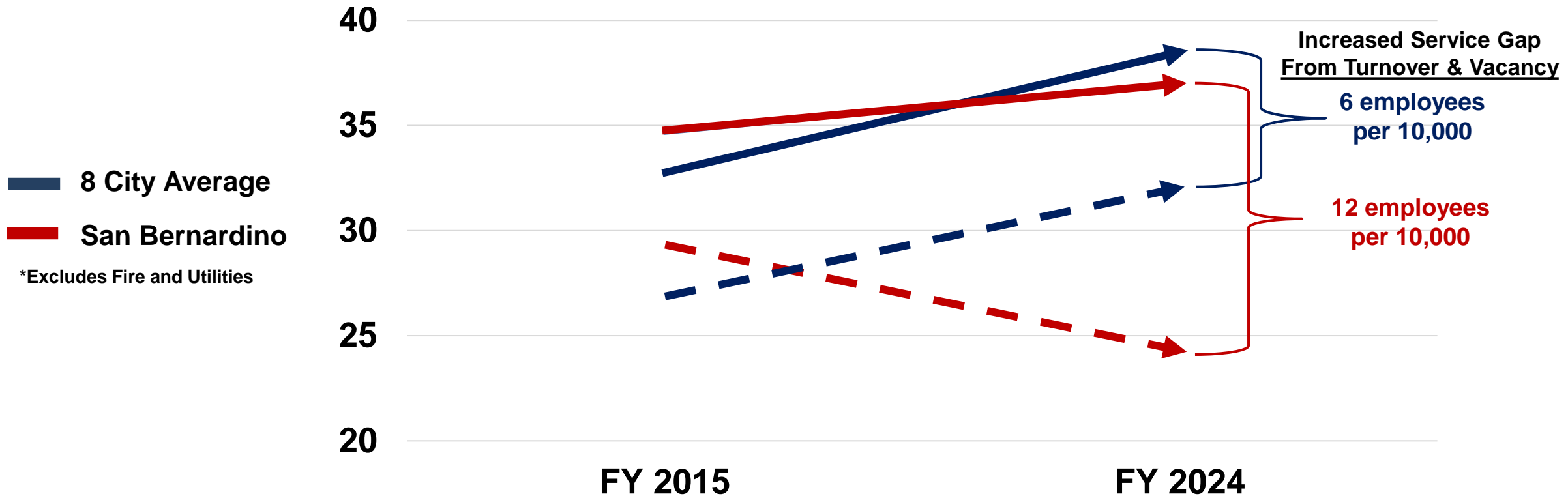


The Bottom Line:

The City has less maintenance workers, engineers, code officers, and planners than in 2008.



Impact of Turnover & Vacancy on Service Delivery



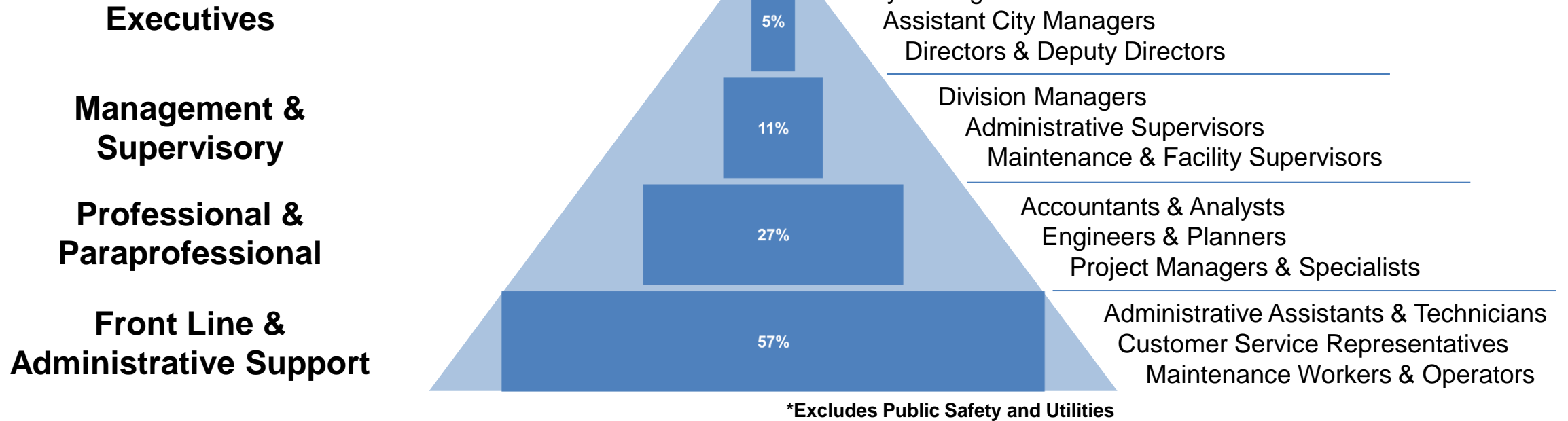
The Bottom Line:

High turnover and vacancy rates compromises service delivery.



Staff Structure – City Wide

8 City Average



The Bottom Line:

A strong and robust employment structure allows for improved recruitment, retention, and service delivery.



Staff Structure – City Wide

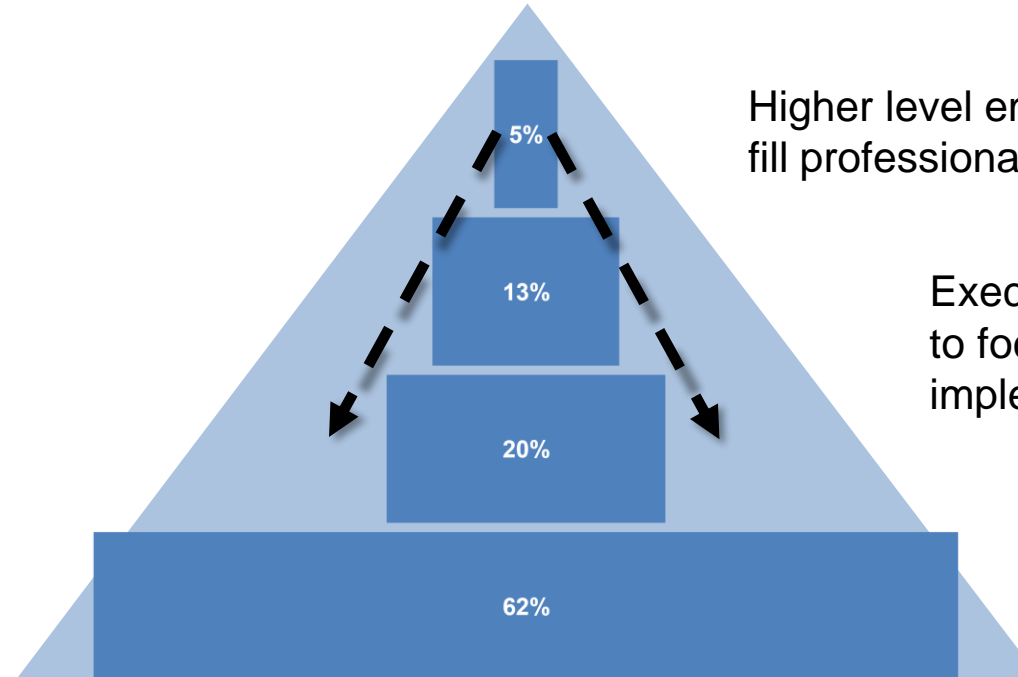
San Bernardino

Executives

**Management &
Supervisory**

**Professional &
Paraprofessional**

**Front Line &
Administrative Support**



Higher level employees work out of class to fill professional & paraprofessional gaps.

Executives and managers are unable to focus on developing and implementing strategic outcomes.

Unfilled gaps create oversight challenges for projects, programs, and grants.

*Excludes Public Safety and Utilities

The Bottom Line:

Gaps in the City's structure impairs strategic outcomes and causes regulatory compliance challenges.



Staff Structure – Division Level

8 City Average



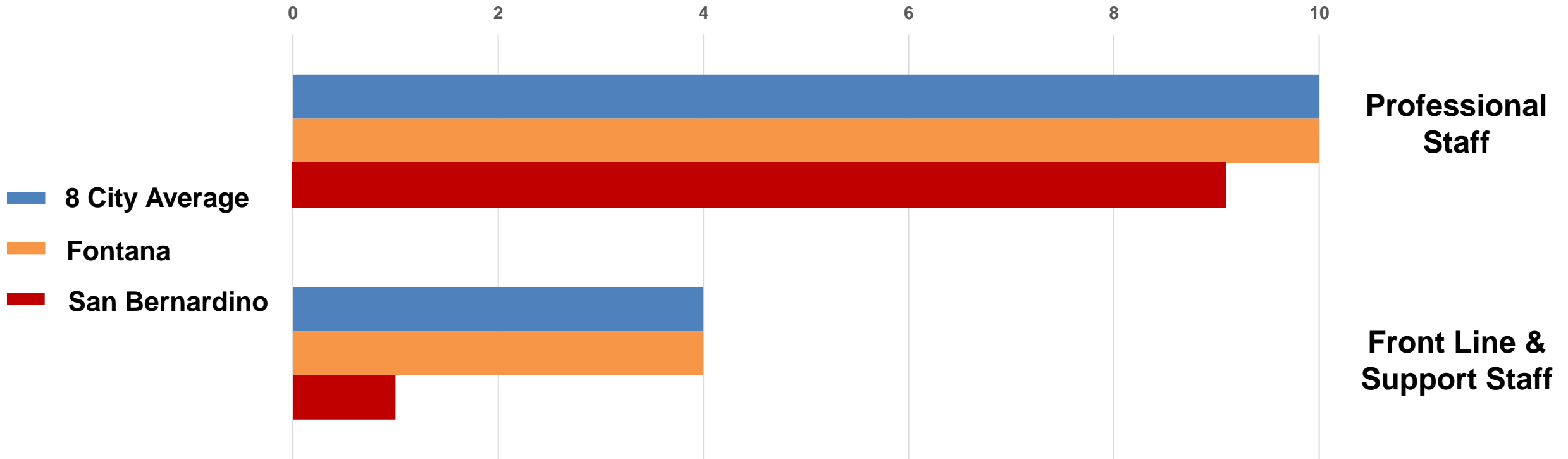
The Bottom Line:

Different departments and divisions have different staffing structure needs.



Staff Structure – Division Level

Planning Division



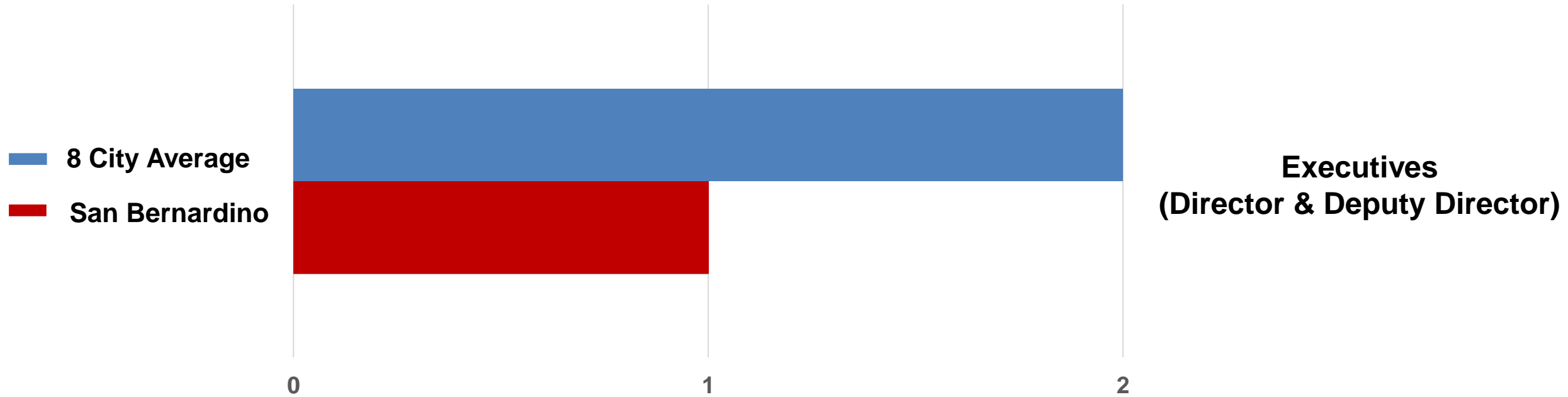
The Bottom Line:

Lack of front line & support staff requires planners to fill in coverage gaps at the front counter. This results in slower turnaround times for plan reviews and higher workloads.



Staff Structure – Department Level

Parks & Recreation



The Bottom Line:

Leadership is stretched between developing strategic outcomes and overseeing multiple responsibilities.



Market Position

Presented by: Suzie Soren



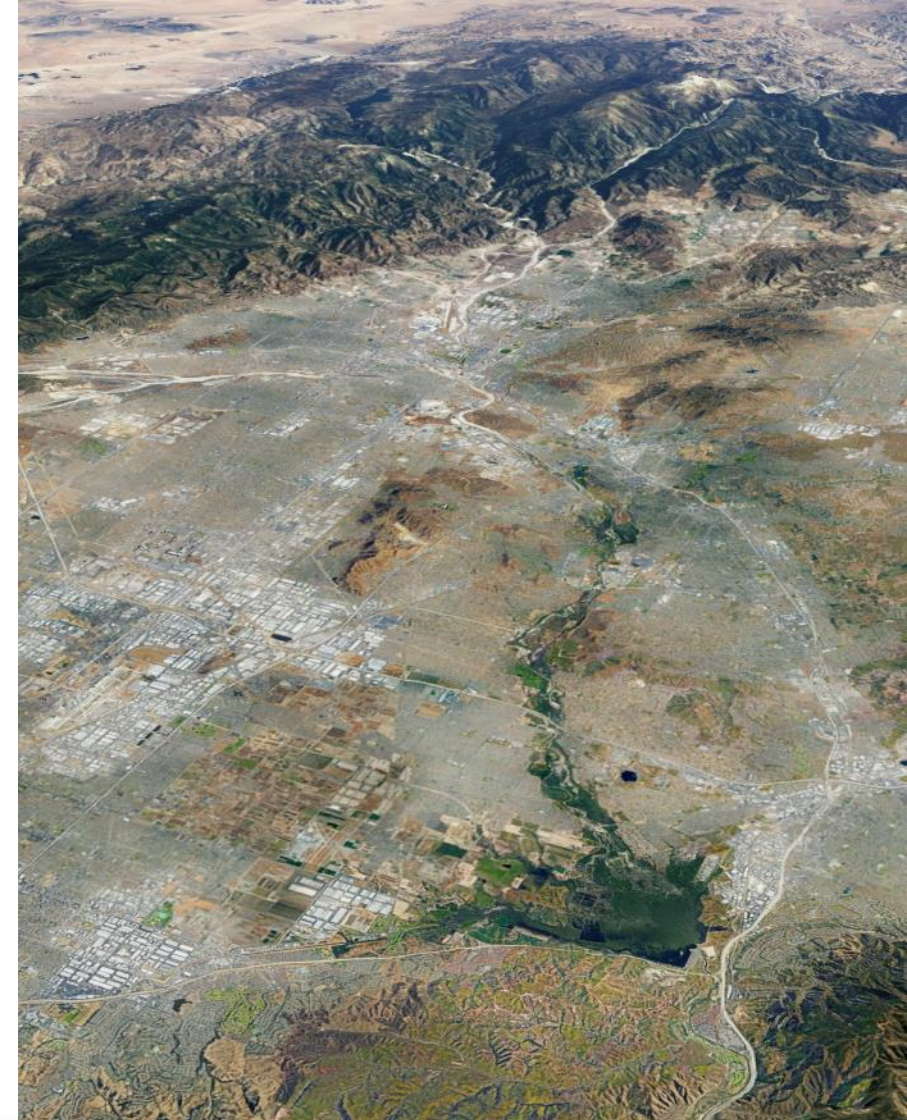
Market Analysis

Surveyed Cities

- Colton
- Corona
- Fontana
- Ontario
- Pomona
- Moreno Valley
- Rancho Cucamonga
- Riverside

Why These Cities

- Compensation Philosophy
- Recruitment/Retention
- Employees leaving to these agencies





Market Analysis

Benefits

- Health Insurance
- CalPERS
- Employer Paid Member Contribution
- Supplemental Retirement
- Leave Accruals
- Work Schedule

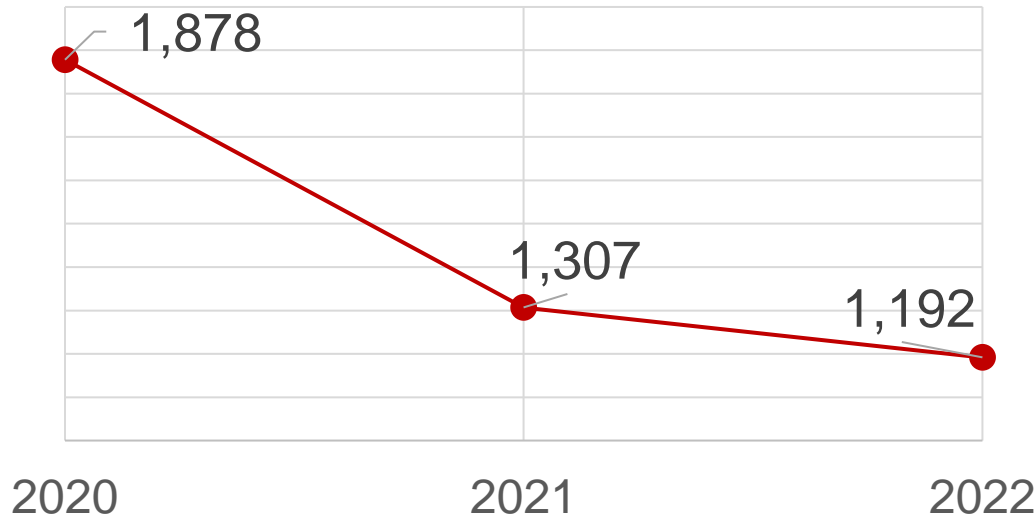




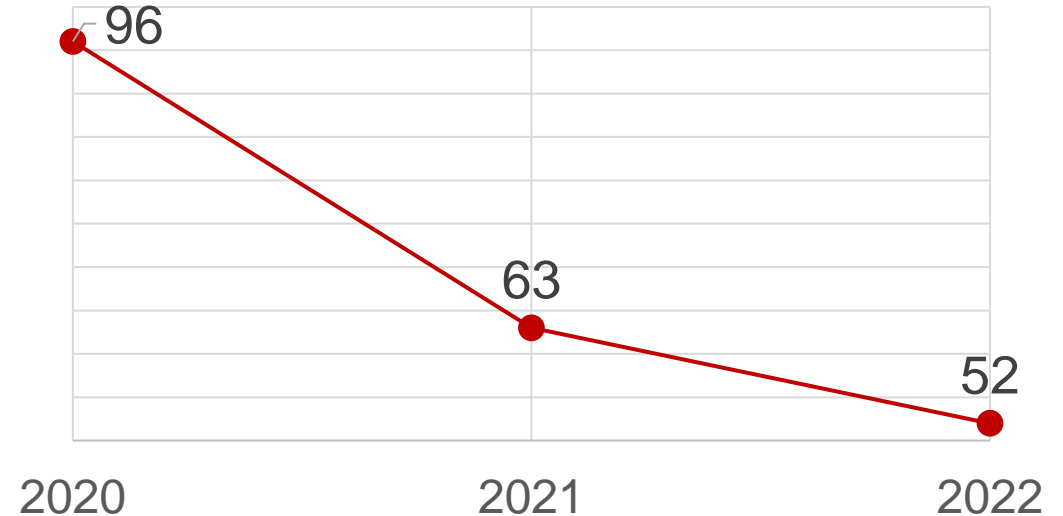
Application Statistics

Over the last 3 years there has been a 37% **decrease** in clicks (views) and 45% **decrease** in applications received for job postings.

Number of Clicks on City Jobs Openings



Number of Applications per Job Posting



The Bottom Line:

There is an intentional decision among job seekers not to apply to the City. Fewer “clicks” and applications reduces the pool of high-quality applicants.



Market Comparison

In San Bernardino, it is perceived that employees experience:

- Lower Wages
- No Vacation Leave Available in First Year
- Lower Vacation Accruals
- Lower Leave Accrual Caps
- Higher Employee Contributions to CalPERS
- Higher Cost of Benefits
- Working in a city with a negative reputation
- Higher workloads and burnout
- Instability



The Bottom Line:

Harder to Recruit and Harder to Retain Employees.

Results in Diminished Services to the Community and Failure to meet Strategic Goals.



Bottom Line: Funding Strategic Initiatives

Presented by:
Barbara Whitehorn



Staff Recommendations - Quality of Life

Staff recommends consideration and approval of the following:

• Turf-Friendly Mini-Loader w/Power Washer	One Time	\$170,000	CD
• Biohazard Cleanup Agreement	Ongoing	\$250,000	CD
• Weed Abatement & Brush Clearing Agreement	Ongoing	\$150,000	CD
• Hazard Pay at \$200/week for 2 crews	FY 23/24	\$93,600	SR
• FY 23/24 based on 9/1/23 effective date			
• Ongoing Full-Year Cost: \$124,800			
• City-wide Security Contract	Ongoing	\$1,256,000	SR
• Already Budgeted: \$924,500			
		\$1,919,600	



FUNDING SOURCE	FY 23/24	ONGOING
(SR) Strategic Reserve	\$1,349,600	\$1,380,800
(CC) Capital Contingency	\$ 0	\$ 0
(CD) Cultural Development	\$570,000	\$400,000
Total	\$1,919,600	\$1,780,800
(FSI) Future Strategic Initiatives	\$4,081,386	

Bottom Line

Expanding the City's Quality of Life tools and services improves the City's appearance, cleanliness, safety, and attractiveness for its residents, businesses, and the development community.



Staff Recommendations - Quality of Life

Staff recommends prioritizing the following as part of the budget process

• Quality of Life Police Department Team	Ongoing	\$1,575,486	FSI
• Park Ranger Program	Ongoing	\$505,900	FSI
• Homelessness Services Sustainability	Ongoing	\$2,000,000	FSI
• Beginning FY 2026/27			
		\$4,081,386	

Staff recommends for Council to provide direction on the following:

- Additional rules for restrictions around sensitive uses/areas
- An ordinance prohibiting the storage of personal property in public areas

Bottom Line

Expanding the City's Quality of Life tools and services improves the City's appearance, cleanliness, safety, and attractiveness for its residents, businesses, and the development community.



FUNDING SOURCE	FY 23/24	ONGOING
(SR) Strategic Reserve	\$1,349,600	\$1,380,800
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Total	\$1,919,600	\$1,780,800
(FSI) Future Strategic Initiatives	\$4,081,386	



Staff Recommendations – One Stop Shop

Staff recommends consideration and approval of the following:

• Design and Construction	One Time	\$400,000	CC
• Already Budgeted: \$400,000			
• Ombudsperson Salary & Benefits	FY 23/24	\$69,061	SR
• Ongoing Full-Year Estimate: \$138,122			
• Bilingual Senior Customer Service Rep.	FY 23/24	\$47,994	SR
• Ongoing Full-Year Estimate: \$95,987			
		\$517,055	

Note: FY 23/24 staff costs are based on 6 months of employment (1/1/24 start date)

Bottom Line

Establishing the One-Stop Shop reduces wait times, improves the plan check process, and enhances the customer experience, making the City's permitting process friendlier to developers, businesses, and residents alike.



FUNDING SOURCE	FY 23/24	ONGOING
(SR) Strategic Reserve	\$ 117,055	\$ 234,109
(CC) Capital Contingency	\$ 400,000	\$ 0
(CD) Cultural Development	\$ 0	\$ 0
Total	\$ 517,055	\$ 234,109
(FSI) Future Strategic Initiatives	\$ 0	



Staff Recommendations – Infrastructure

Staff recommends consideration and approval of the following:

• City Hall Engineering and Space Study	One Time	\$300,000	CC
• Bridge Management Master Plan	One Time	\$500,000	CC
• ADA Master Plan, Phase I	One Time	\$500,000	CC
		\$1,300,000	

Staff recommends prioritizing the following as part of the budget process

• ADA Master Plan, Future Phases	One Time	\$1,500,000	FSI
• Storm Drain Master Plan	One Time	\$1,000,000	FSI
• Facility / Building Management Plan	One Time	\$1,000,000	FSI
		\$3,500,000	

Bottom Line

Establishing Master Plans enables the City to wholistically evaluate its infrastructure needs, allowing for proactive improvements in the prioritization, development, and delivery of capital projects.



FUNDING SOURCE	FY 23/24	ONGOING
(SR) Strategic Reserve	\$ 0	\$ 0
(CC) Capital Contingency	\$ 1,300,000	\$ 0
(CD) Cultural Development	\$ 0	\$ 0
Total	\$ 1,300,000	\$ 0
(FSI) Future Strategic Initiatives	\$ 3,500,000	



Staff Recommendations – Legislative Affairs

Staff recommends consideration and approval of the following:

• Federal Advocacy Contract	Ongoing	\$125,000	SR
• State Advocacy Contract	Ongoing	\$125,000	SR
• Legislative & Governmental Affairs Manager	FY 23/24	\$86,937	SR
• Ongoing Full-Year Estimate: \$173,873			
		\$336,937	

Note: FY 23/24 staff costs are based on 6 months of employment (1/1/24 start date)

Staff recommends for Council to provide direction on the following:

- Identifying a list of potential projects for upcoming state and federal funding cycles.
- Updating the Legislative Platform to expand the homelessness platform and include Animal Services, funding equities, fentanyl and other illegal drugs, and tribal sovereignty.

Bottom Line

Establishing a Legislative Affairs position and approving advocacy contracts improves the City's ability to secure state and federal funding and ensures that the Mayor and Council has full visibility over impactful legislation.



FUNDING SOURCE	FY 23/24	ONGOING
(SR) Strategic Reserve	\$ 336,937	\$ 423,873
(CC) Capital Contingency	\$ 0	\$ 0
(CD) Cultural Development	\$ 0	\$ 0
Total	\$ 336,937	\$ 423,873
(FSI) Future Strategic Initiatives	\$ 0	



Staff Recommendations – Economic Development

Staff recommends Council provide direction on the following:

- Investment Playbook/Nerve Center Operator
- Investment Playbook Fiscal Agent
- Evaluate the Feasibility of Economic Development Initiatives
 - Implementing a Downtown Economic Impact Study
 - Property and Business Improvement District Formation
 - Pedestrian Activation at Court Street
 - Special Event Programming
 - Revolving Loan Program
 - Retaining a brokerage firm to market city-owned properties
 - Establishing a Downtown University Campus
 - Implementing an Economic Development Action Plan
 - Expanding Chamber and Association Partnerships
 - Rebranding

Bottom Line

Establishing operational plans and roadmaps that include community and stakeholder partnerships will allow the City to implement a new Economic Development Plan for the revitalization of Downtown.



FUNDING SOURCE	FY 23/24	ONGOING
(SR) Strategic Reserve	None at this time	None at this time
(CC) Capital Contingency	None at this time	None at this time
(CD) Cultural Development	None at this time	None at this time
Total	None at this time	None at this time
(FSI) Future Strategic Initiatives	\$ 0	



Staff Recommendations – Strategic Staffing

Staff recommends consideration and approval of the following:

- Economic Development Department Staffing
 - Director of Economic Development FY 23/24 \$140,188 SR
 - Ongoing Full-Year Estimate: \$280,376
 - Three Economic Development Managers FY 23/24 \$279,327 SR
 - Ongoing Full-Year Estimate: \$558,654
 - Administrative Assistant FY 23/24 \$40,275 SR
 - Ongoing Full-Year Estimate: \$80,549
- \$459,790**

Note: FY 23/24 staff costs are based on 6 months of employment (1/1/24 start date)

Bottom Line

Providing a greater focus and commitment to Economic Development by establishing and staffing the Economic Development Department accelerates Downtown revitalization efforts and allows the City to attract new businesses with greater marketing and outreach initiatives, retain existing business with better services, and establish special event programs, leading to long-term revenue growth and economic prosperity.



FUNDING SOURCE	FY 23/24	ONGOING
(SR) Strategic Reserve	\$459,790	\$919,579
(CC) Capital Contingency	\$ 0	\$ 0
(CD) Cultural Development	\$ 0	\$ 0
Econ Dev Subtotal	\$459,790	\$919,579
(FSI) Future Strategic Initiatives	\$ 0	



Staff Recommendations – Strategic Staffing

Staff recommends consideration and approval of the following:

- Animal Services Staffing

• Deputy Director of Animal Services	FY 23/24	\$102,001	SR
• Ongoing Full-Year Estimate: \$204,001			
• Registered Veterinary Technician	FY 23/24	\$40,630	SR
• Ongoing Full-Year Estimate: \$81,259			
• Veterinary Assistant	FY 23/24	\$33,277	SR
• Ongoing Full-Year Estimate: \$66,554			
		\$175,908	

Note: FY 23/24 staff costs are based on 6 months of employment (1/1/24 start date)

Bottom Line

Enhancing the veterinary staff and leadership of Animal Services improves the department's service levels, provides for better care and well-being of animals, and enables the department to bring forward more programs and initiatives for the benefit of the City.



FUNDING SOURCE	FY 23/24	ONGOING
(SR) Strategic Reserve	\$175,908	\$351,814
(CC) Capital Contingency	\$ 0	\$ 0
(CD) Cultural Development	\$ 0	\$ 0
Animal Services Subtotal	\$175,908	\$351,814
(FSI) Future Strategic Initiatives	\$ 0	



Staff Recommendations – Strategic Staffing

Staff recommends consideration and approval of the following:

- City Manager's Office Staffing
 - Assistant City Manager
 - Ongoing Full-Year Estimate: \$297,175
- | | | |
|----------|------------------|----|
| FY 23/24 | \$148,588 | SR |
| | \$148,588 | |

Note: FY 23/24 staff costs are based on 6 months of employment (1/1/24 start date)

Bottom Line

Strengthening the structure, capacity, and span of control of the City Manager's Office enables the City to accelerate the implementation of Council's strategic goals and priorities, as well as providing improved focus and direction on enhancing City-wide operations, high-priority projects, and resolving highly sensitive matters.



FUNDING SOURCE	FY 23/24	ONGOING
(SR) Strategic Reserve	\$148,588	\$297,175
(CC) Capital Contingency	\$ 0	\$ 0
(CD) Cultural Development	\$ 0	\$ 0
City Manager Ofc Subtotal	\$148,588	\$297,175
(FSI) Future Strategic Initiatives	\$ 0	



Staff Recommendations – Strategic Staffing

Staff recommends consideration and approval of the following:

- Housing and Homelessness Staffing

• Housing Division Manager	FY 23/24	\$93,511	SR
• Ongoing Full-Year Estimate: \$187,022			
• Principal Accountant	FY 23/24	\$73,534	SR
• Ongoing Full-Year Estimate: \$147,067			
• Management Analyst II	FY 23/24	\$59,974	SR
• Ongoing Full-Year Estimate: \$119,948			
		\$227,019	

Note: FY 23/24 staff costs are based on 6 months of employment (1/1/24 start date)

Bottom Line

Improving the Housing Division's project planning, management, and oversight capacity leads to increases in the City's housing inventory and allow for more rigorous monitoring and compliance practices.



FUNDING SOURCE	FY 23/24	ONGOING
(SR) Strategic Reserve	\$227,019	\$454,037
(CC) Capital Contingency	\$ 0	\$ 0
(CD) Cultural Development	\$ 0	\$ 0
Housing Subtotal	\$227,019	\$454,037
(FSI) Future Strategic Initiatives	\$ 0	



Staff Recommendations – Strategic Staffing

Staff recommends consideration and approval of the following:

- Parks, Recreation and Community Services Staffing
 - Deputy Director of Parks

	<u>FY 23/24</u>	<u>\$102,001</u>	<u>SR</u>
• Ongoing Full-Year Estimate: \$204,001		\$102,001	

Note: FY 23/24 staff costs are based on 6 months of employment (1/1/24 start date)

Bottom Line

Enhancing Park's leadership structure improves oversight over the department's operating budget, grant programs, and CIP projects, allowing for new and expanded efforts in revitalizing the City's parks and programs.



FUNDING SOURCE	FY 23/24	ONGOING
(SR) Strategic Reserve	\$102,001	\$204,001
(CC) Capital Contingency	\$ 0	\$ 0
(CD) Cultural Development	\$ 0	\$ 0
Parks Subtotal	\$102,001	\$204,001
(FSI) Future Strategic Initiatives	\$ 0	



Staff Recommendations – Strategic Staffing

Staff recommends consideration and approval of the following:

- Planning Division Staffing

• The City Planner (Reclassification)	FY 23/24	(\$51,758)	SR
• Ongoing Full-Year Estimate: (\$103,516)			
• Senior Planner	FY 23/24	\$73,221	SR
• Ongoing Full-Year Estimate: \$146,441			
• Associate Planner	FY 23/24	\$63,412	SR
• Ongoing Full-Year Estimate: \$126,823			
• Planning Aide	FY 23/24	\$49,913	SR
• Ongoing Full-Year Estimate: \$99,826			
• Administrative Assistant	FY 23/24	\$40,275	SR
• Ongoing Full-Year Estimate: \$80,549			
		\$175,063	

Note: FY 23/24 staff costs are based on 6 months of employment (1/1/24 start date)

Bottom Line

Expanding the Planning Division improves the City's responsiveness to developers and reduces the review times for projects, making the City more friendly and attractive for economic development.



FUNDING SOURCE	FY 23/24	ONGOING
(SR) Strategic Reserve	\$175,063	\$350,123
(CC) Capital Contingency	\$ 0	\$ 0
(CD) Cultural Development	\$ 0	\$ 0
Planning Subtotal	\$175,063	\$350,123
(FSI) Future Strategic Initiatives	\$ 0	



Staff Recommendations – Strategic Staffing

Staff recommends consideration and approval of the following:

- Public Works Staffing
 - Three Engineering Project Managers FY 23/24 \$257,420 SR
 - Ongoing Full-Year Estimate: \$514,839
 - Land Developer Engineer FY 23/24 \$85,807 SR
 - Ongoing Full-Year Estimate: \$171,613
- \$343,227**

Note: FY 23/24 staff costs are based on 6 months of employment (1/1/24 start date)

Staff recommends for Council to provide direction on the following:

- Retitling the Departments
- Retitling the Agency Directors

Bottom Line







Working towards a more robust Engineering staffing structure improves CIP project management capacity, reduces the CIP project workload from 47 projects per manager to 24 (which is closer to the industry average of 7-10 projects per manager), and accelerates CIP project delivery, allowing the City to better meet the needs of the community.



FUNDING SOURCE	FY 23/24	ONGOING
(SR) Strategic Reserve	\$343,227	\$686,452
(CC) Capital Contingency	\$ 0	\$ 0
(CD) Cultural Development	\$ 0	\$ 0
Public Works Subtotal	\$343,227	\$686,452
(FSI) Future Strategic Initiatives	\$ 0	



Costing Overview

	FY 2023/24	Ongoing Costs	Future Considerations
 Quality of Life	\$1,919,600	\$1,780,800	\$4,081,386
 One Stop Shop	\$517,055	\$234,109	\$0
 Infrastructure	\$1,300,000	\$0	\$3,500,000
 Legislative Affairs	\$336,937	\$423,873	\$0
 Economic Development	\$0	\$0	\$0
 Strategic Staffing	\$1,631,596	\$3,263,181	\$0
	\$5,705,188	\$5,701,963	\$7,581,386



Summary of Funding Sources

Strategic Reserve- Ongoing Costs



- Strategic Reserve:
\$3,539,363
- Total Proposed (FY 2023/24):
\$3,435,188
- Remaining (FY 2023/24):
\$104,175
- Est. Ongoing (future years):
\$5,301,963

Capital Reserve- One- Time Costs



- Capital Reserve:
\$6,000,000
- Total Proposed (FY 2023/24):
\$1,700,000
- Remaining (FY 2023/24):
\$4,300,000
- Est. Ongoing (future years):
N/A (one-time)

Cultural Development



- Cultural Dev. Fund Balance:
\$4,374,552
- Total Proposed (FY 2023/24):
\$570,000
- Remaining (FY 2023/24):
\$3,804,552
- Est. Ongoing (future years):
\$400,000



Staff Recommendation

1. Adopt Resolution 2023-144:
 - a. Amending the FY 2023/24 Operating Budget totaling \$5,705,188 with:
 - \$3,435,188 in General Fund Strategic Reserve total appropriations
 - \$1,700,000 in General Fund Capital Contingency Reserve total appropriations
 - \$570,000 in Cultural Development Fund total appropriations
 - b. Approving the creation of the Economic Development Department
 - c. Directing staff to prepare and bring back a revised City salary schedule to include new positions
2. Approve the Proposed Strategic Initiatives for Future Years to be considered as part of the FY 2024/25 & FY 2025/26 Biennial Budget process and prioritize the Strategic Initiatives for funding
3. Direct staff to bring back Strategic Initiatives requiring further Council review and approval



City Manager's Closing Remarks

Charles McNeely



Questions?