



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Norberto Dueñas

SUBJECT: ENHANCED PARK MAINTENANCE AND POTENTIAL BUDGET
REDUCTION OFFSETS **DATE:** May 24, 2017

BACKGROUND

At the March 21, 2017, City Council meeting, City Council accepted the Parks, Recreation and Neighborhood Services (PRNS) Department's report on Sustainable Park Maintenance and directed the Administration to develop a detailed budget proposal for consideration during the budget process based on the park maintenance enhancements described in Scenario 3 of the memorandum. Scenario 3 would invest an additional \$3.5 million in park maintenance activities and would target bringing the City's average Park Condition Assessment (PCA) score from 3.4 to 3.5.

At the March 28th, 2017, City Council meeting, City Council approved the Mayor's March Budget Message, including a memorandum from Councilmember Donald Rocha. The Administration was directed to include a Manager's Budget Addendum (MBA) with funding strategies to support park maintenance enhancements, including defunding existing programs elsewhere throughout the City. For each program, staff was directed to provide information and analysis that would help the Council evaluate whether it should be defunded, including the amount of ongoing program funding to be reallocated to park maintenance, a description of the services the program currently provides and the number of positions to be eliminated.

ANALYSIS

In response to City Council direction and based on further proposal refinements, the Administration has developed a 2017-2018 Enhanced Parks Maintenance alternative in the amount of \$2.7 million (\$2.4 million in the General Fund). The 2017-2018 Proposed Operating Budget already includes a recommendation to incrementally improve neighborhood parks maintenance in recognition of the City Council's concern in this area totaling \$860,000 (\$610,000 General Fund – see page 617; the remaining funding in other funds will be brought forward later in the budget process). Combined, this Enhanced Parks Maintenance alternative and the 2017-2018 Proposed Budget action total \$3.6 million (\$3.0 million General Fund) and address the City Council direction. The Enhanced Parks Maintenance alternative is designed to bring the City's average Park Condition Assessment (PCA) score from 3.4 to 3.5.

As directed, the Administration also conducted a review of existing or proposed programs to offset this increased cost for parks maintenance. Following are descriptions of the enhanced parks maintenance alternative that is above the amount included in the Proposed Budget as well as the potential offsetting actions.

Enhanced Parks Maintenance

This action would add an additional 31.0 positions (1.0 Park Facility Supervisor, 2.0 Senior Maintenance Worker, 8.0 Gardener, 2.0 Park Maintenance Repair Worker, 3.0 Groundswoker, 1.0 Groundskeeper, 14.0 Maintenance Assistant) and \$682,000 in non-personal/equipment funding for a total cost of approximately \$2.7 million (\$2.4 million in the General Fund) in 2017-2018. On an ongoing basis, this action would cost \$2.6 million (\$2.4 million in the General Fund). A portion of the non-personal/equipment of \$184,000 will be funded through repurposing lease savings from the Construction and Conveyance Tax Central Fund, which will be addressed in a forthcoming MBA regarding Grace Community Center. An increase transfer from the Lake Cunningham Fund to the General Fund of \$69,000 would fund costs related to Lake Cunningham Regional Park maintenance, thereby offsetting a corresponding increase in maintenance-related supplies and materials costs in the General Fund.

The addition of the 31.0 positions in park maintenance staff would be allocated to provide a total of 83,200 hours in park maintenance throughout the parks system. These additional 64,480 hours will have greater impact to the condition of neighborhood parks. Specifically, they will ensure that all parks meet the definition of an “acceptable” Park Condition Assessment (PCA) score of 3.0 or above (using a range of 1 to 5, with a score of 5 being the highest rating). In addition, the added resources would boost the average parks PCA score from 3.4 to 3.5 or higher. This would meet community expectations about what minimally constitutes clean, safe, and well maintained parks.

Overall, the additional funding will allow PRNS to strategically allocate resources to priority parks (the 20% scoring below an “acceptable” PCA score of 3.0) with a greater need for maintenance service, without compromising existing services at parks with higher PCA scores. It would also simultaneously add resources to other key maintenance areas, such as downtown events maintenance, trails, and citywide arbor maintenance. Addition of staff in these other maintenance areas is critical to success of this model in that those resources will alleviate the pressures on staff who are charged with addressing the City’s lowest-scoring parks. In terms of results, these other resources will support increased activation and placemaking efforts, provide trails and creek maintenance and cleanup (in partnership with the Environmental Services Department Watershed Protection Team), and provide public safety related services associated with tree health and maintenance throughout the City’s parks system.

The following table outlines the costs presented in this MBA along with those already included in the 2017-2018 Proposed Budget.

May 24, 2017

Subject: Enhanced Parks Maintenance and Potential Budget Reduction Offsets

Page 3

**Enhanced Parks Maintenance
(MBA and 2017-2018 Proposed Budget Proposals)**

	MBA			Proposed Budget		
	FTE	2017-2018	Ongoing	FTE	2017-2018	Ongoing
GENERAL FUND						
Personal Services						
Adds: 1.0 Park Facility Supervisor, 2.0 Senior Maintenance Worker, 8.0 Gardener, 2.0 Park Maintenance Repair Worker, 3.0 Groundswoker, 1.0 Groundskeeper, 14.0 Maintenance Assistant						
TOTAL	31.0	\$2,062,652	\$2,291,140	9.0	\$584,881	\$701,857
Non-Personal/Equipment						
Supplies & Materials		\$135,000	\$135,000		\$25,000	\$25,000
Vehicle Maintenance & Operations		\$10,000	\$16,000		-	-
2.0 Truck & Trailer Units		\$184,000	\$0		\$0	\$0
TOTAL		\$329,000	\$151,000		\$25,000	\$25,000
GENERAL FUND TOTAL		\$2,391,652	\$2,442,140		\$609,881	\$726,857
CAPITAL FUNDS						
Non-Personal/Equipment						
2.0 Truck & Trailer Units		\$184,000	\$0		\$0	\$0
2.0 Truck & Trailer Units		-	-		\$150,000	\$0
2.0 Quad Cab Truck		-	-		\$100,000	\$0
Arbor Consultant Services		\$100,000	\$100,000		\$0	\$0
CONSTRUCTION AND CONVEYANCE TAX CENTRAL FUND TOTAL		\$284,000	\$100,000		\$250,000	\$0
Supplies & Materials		\$69,000	\$69,000		-	-
LAKE CUNNINGHAM FUND TOTAL		\$69,000	\$69,000		\$0	\$0
CAPITAL FUNDS TOTAL		\$353,000	\$169,000		\$250,000	\$0
TOTAL						
GENERAL FUND		\$2,391,652	\$2,442,140		\$609,881	\$726,857
ALL FUNDS		\$2,744,652	\$2,611,140		\$859,881	\$726,857

GRAND TOTAL (MBA and Proposed Budget)		
	2017-2018	Ongoing
GENERAL FUND	\$3,001,533	\$3,168,997
ALL FUNDS	\$3,604,533	\$3,337,997

Potential Budget Reductions to Offset Enhanced Parks Maintenance

The following budget reductions (table and narrative) were identified and are being presented as possible options to fund the \$2.4 million in additional enhanced park maintenance improvements in the General Fund above the levels already included in the 2017-2018 Proposed Budget. Please note that due to existing position vacancies, no layoffs would occur with the position reductions described below.

May 24, 2017

Subject: Enhanced Parks Maintenance and Potential Budget Reduction Offsets

Page 4

Department	Program	FTE	2017-2018 Impact	Ongoing Impact
1. City Manager	City Manager's Budget Office Information Systems Staffing	(1.0)	(\$100,674)	(\$110,000)
2. Economic Development	International and Sister City Program		(50,000)	(50,000)
3. Finance	Finance Department Information Systems Staffing	(1.0)	(102,904)	(123,485)
4. Human Resources	Human Resources Department Information System Staffing	(1.0)	(102,904)	(123,485)
5. Information Technology	Technology Equipment Replacement to Converged or Hyper-Converged Infrastructure		(225,000)	(225,000)
6. Library	Library Branch Hours Expansion to Six Days a Week (Shift 20% of Personal Services and Non-Personal/Equipment Costs to Library Parcel Tax Fund)		(482,467)	(482,467)
7. PRNS	Community Center Re-Use Program - Agencies Pay 50% of Utilities and Custodial Costs		(100,000)	(100,000)
8. PRNS	PRNS Volunteer Coordinator	(1.0)	(125,500)	(125,500)
9. PRNS	PRNS Analytical and Administrative Staffing	(2.5)	(211,203)	(211,203)
10. Public Works	Preventative Maintenance Contractual Services		(100,000)	(100,000)
11. Transportation	Pavement Maintenance (Construction Excise Tax Fund Transfer)		(500,000)	(500,000)
12. City-Wide	Employee Engagement Program Survey and Training		(91,000)	(91,000)
13. Transfers	Vehicle Maintenance and Operations Fund/General Fleet Vehicle Replacement		(200,000)	(200,000)
TOTAL		(6.5)	(\$2,391,652)	(\$2,442,140)

1. **City Manager's Budget Office Information Systems Staffing:** The 2017-2018 Proposed Budget includes the addition of 1.0 Senior Executive Analyst to support further implementation of the Hyperion software budgeting module of the recently implemented Human Resources/Payroll/Budget Systems Upgrade project. The position will serve as a functional specialist to keep the Hyperion system properly maintained, train new users, and leverage the software's functionality to better facilitate program budgeting, improve public accessibility to budget data, and streamline the process for budgetary analysis. This action would eliminate the Senior Executive Analyst position, which would significantly impact the ability of the City Manager's Budget Office to modify the Hyperion Budget System to better

meet the City's needs, implement system updates and maintenance, and ensure the long-term usability of the system.

2. ***International and Sister City Program:*** This action would reduce the Office of Economic Development Non-Personal/Equipment budget by \$50,000 and would eliminate financial support for the International and Sister City program. This action would eliminate the annual grants to the local nonprofit sister city organizations, expenses associated with hosting sister city delegations (e.g., the recent 50th anniversary delegation from Okayama), and staff travel and miscellaneous financial support for City delegations going abroad (e.g., anticipated trips with local sister city participants and councilmembers to Dublin and Guadalajara).
3. ***Finance Department Information Systems Staffing:*** The 2017-2018 Proposed Budget includes the addition of 1.0 Senior Accountant position dedicated to the newly upgraded PeopleSoft payroll, time and labor, and absence management modules of the recently implemented Human Resources/Payroll/Budget Systems Upgrade project. This position will provide continuous support and testing of the system to ensure data integrity, create test plans, scripts, and procedures on how to approach periodic updates of the system, document any issues, and identify appropriate business solutions. This position will also be responsible for ensuring the PeopleSoft modules correctly account for FLSA changes and changes in bargaining agreements which impact the calculation of pay. This action would eliminate the Senior Accountant position, which would significantly impact the ability of the Finance Department to perform these tasks necessary to ensure the effective operation of the payroll module of the new system and ensure the accurate calculation of pay to employees.
4. ***Human Resources Department Information System Staffing:*** The 2017-2018 Proposed Budget includes the addition of 1.0 Senior Analyst position to support the newly upgraded PeopleSoft payroll, time and labor, and absence management modules of the recently implemented Human Resources/Payroll/Budget Systems Upgrade project, and the employment modules of the new Taleo hiring system. The position will develop, implement, and maintain system configurations and rules for benefit plan and workforce administration, and troubleshoot and fix issues in the payroll, time and labor, and absence management modules. This position will also ensure system compliance with local, state, and federal policies and reporting requirements. This action would eliminate the Senior Analyst position, which would significantly impact the ability of the Human Resources Department to perform these tasks necessary to ensure the effective operation of the human resources and employment modules of the new system.
5. ***Technology Equipment Replacement to Converged or Hyper-Converged Infrastructure:*** The 2017-2018 Proposed Budget includes \$1.1 million to replace the Information Technology Department's (ITD) central aging computers, storage and virtualization equipment to converged or hyper-converged infrastructure (CI/HCI) technologies. Of that amount, \$225,000 is added ongoing for maintenance or replacement as the hardware ends its engineered life. The impacts of eliminating the maintenance/replacement funding include: extends the technology debt gap identified in the IT Strategic Plan approved by the City Council at the end of March 2017; adds unfunded capital liability for Information Technology assets as identified

in the January 2017 Deferred Infrastructure and Maintenance Backlog Report; and exacerbates the “unfunded replacements” audit finding by the City Auditor’s Office.

6. ***Library Branch Hours Expansion to Six Days a Week (Shift 20% of Personal Services and Non-Personal/Equipment Costs to Library Parcel Tax Fund):*** In 2015-2016, library branch hours were expanded from four days to six days per week. The cost of the expansion of hours was initially funded by the Library Parcel Tax (approximately 80%) and the General Fund (approximately 20%). The General Fund was to assume the total cost of the expansion over a five-year period (by 2019-2020), with an anticipated increase in the General Fund of 20% per year. This action would not shift 20% of the costs to the General Fund as planned in 2017-2018, which would result in an ultimate funding split of 80% General Fund/20% Library Parcel Tax for the expansion of library hours. This action would impact services and investments funded by the Library Parcel Tax, which is used to augment limited General Fund resources to address demands for physical and online collections, including the growing need for interactive online learning resources. While the Library Parcel Tax has fund balance that could be used to offset this shift for a few years, this change would ultimately result in reduced acquisitions in library collections (approximately 20% or 60,000 fewer items); reduced online resources, including ebooks, emedia and interactive learning resources; and deferred maintenance of branch library facilities. The Library Department would also not be able to use the Library Parcel Tax to potentially expand hours in the future.

7. ***Community Center Re-Use Program - Agencies Pay 50% of Utilities and Custodial Costs:*** As part of a budget-balancing strategy in 2011-2012, PRNS transitioned the operation of 43 community centers, converting them to reuse sites (currently operating 39). Non-profits and other agencies use these older centers at no charge in return for providing services. In 2016, approximately 15,824 people participated in activities at reuse sites. This action would require the providers at the re-use centers to pay 50% of the utilities (\$68,000) and custodial costs (\$32,000). This action will require renegotiation of existing agreements and may prompt non-profit community based organizations (CBO’s) to opt for alternative service locations or result in these providers having to pass-on the utilities and custodial costs to community participants who benefit from their programs. It should also be noted that PRNS staff believe it is generally unlikely that the grants with which many of the reuse CBO’s fund their direct programming services would allow the addition of these types of costs.

8. ***PRNS Volunteer Coordinator:*** In 2016-2017, a Volunteer Coordinator position and non-personal/equipment funding was added to expand PRNS volunteer opportunities and support the transition towards a more centralized volunteer program city-wide. This action would eliminate this vacant position that has not yet been filled in 2016-2017 and \$48,000 in non-personal/equipment funding for supplies and materials. This reduction will limit PRNS’ capacity to centrally coordinate numerous park maintenance, beautification, community building events associated with the Adopt-a-Park Program, Great American Pick-Up, Corporate Connections, and City Council community building events throughout the year. In addition, by eliminating this position, PRNS’ will lose its capability to coordinate interdepartmental volunteer events; and, consolidate volunteer recruitment, coordination, and deployment activities across City departments, as originally intended.

9. ***PRNS Administrative and Analytical Staffing:*** The action would eliminate 1.0 Analyst, 1.0 Office Specialist, and 0.5 Analyst Part-Time positions that provide analytical and administrative support to the PRNS Department. The 1.0 Analyst position is assigned to contracts management and procurement administration and supports an average of 8-10 competitive procurement processes per year (RFI's, RFP's, and RFQ's). This analytical support is key to securing numerous services, such as: Mayor's Gang Prevention Task Force Evaluation Consultant Services, Neighborhood Reuse Program Community Based Organizations (CBOs), Leisure Class vendors, and Senior Health & Wellness Program CBO's. In 2017-2018 procurements are to include: Los Lagos Golf Operator RFP, Placemaking Consultant RFP, Small Park Landscaping Services RFP, BeautifySJ Grant-making RFP. This Analyst also supports contract administration for PRNS, which develops and administers an average of 220 new contracts per year. Elimination of this position will result in a one-third reduction in the Contracts Administration Unit's capacity, resulting in operational delays and the reprioritization of key initiatives. The 1.0 Office Specialist position supports PRNS' front lobby reception desk on the 9th Floor in City Hall and provides clerical administration, including: contractor insurance requirement monitoring and communications, contracts and grant agreement database entries, PRNS marketing and communications distributions, mail and routing coordination, phone tree and contact list development and maintenance, supplies and materials ordering, office equipment and copier maintenance orders, etc. If this position is deleted, visitors would use the lobby phone to contact one back-office Sr. Office Specialist who supports high-volume contracts/grants monitoring and development activities. The 0.50 Analyst I/II PT position provides employee relations policy consultation and oversight to PRNS managers and supervisors; conducts, coordinates, or supports over 50 investigatory processes per year, including the administrative coordination of informal and formal disciplinary processes with the Office of Employee Relations (OER); facilitates disability and workers compensation leaves between PRNS, Human Resources Workers' Compensation staff, and OER Return-to-Work staff; coordinates related Leaves of Absences; and supports the tracking and management of part-time staff hours in accordance with various union Memorandum of Agreements. Without this position, these duties would have to be absorbed by remaining administrative staff.

10. ***Preventative Maintenance Contractual Services:*** This action would reduce Preventative Maintenance Program funding by \$100,000 (from \$668,000 to \$568,000). This would result in a \$50,000 reduction in HVAC cooling tower water treatment preventative maintenance activities. The City has 15 cooling towers for HVAC systems in the larger facilities. These towers are an integral part of the HVAC system and use water to dispose of the unwanted heat generated by the chillers when cooling the building. Typically, the Public Works Department treats the water in these towers on a monthly basis to prevent the buildup of minerals in the system. This reduction would lengthen the maintenance schedule from monthly to quarterly and would result in an increased risk of system failure in these facilities. This action would also reduce emergency lighting preventative maintenance work orders and repairs by \$50,000, which would decrease the number of buildings tested and repaired from 75 per year to 50 per year. This may result in the emergency lighting not being activated during power outages at City buildings.

11. ***Pavement Maintenance (Construction Excise Tax Fund Transfer):*** This action would increase the transfer from the Construction Excise Tax Fund to the General Fund by \$500,000 annually. This transfer would result in a reduction to the annual Pavement Maintenance Program funded by the Construction Excise Tax Fund (from \$4.0 million to \$3.5 million) and would eliminate three miles in neighborhood street maintenance each year, impacting streets fronting approximately 450 homes. Given that no neighborhood streets have been maintained since 2012 (and many for much longer periods of time), this reduction will further increase the significant backlog of street pavement needs, particularly on residential roads which have over 500 miles of streets in poor condition. Further deferring neighborhood street maintenance will escalate costs in the future as every \$1 spent to maintain streets now saves \$5 later in more costly road rehabilitation. Because new regional and state grant funding must be used for pavement maintenance activities, this reduction will be taken from the City's only local source of pavement funding, Construction Excise Tax revenue.

12. ***Employee Engagement Program Survey and Training:*** As part of the City's ongoing WorkForce Support and Development efforts, the City successfully partnered with Gallup, Inc. and launched the first Q-12 Employee Engagement Survey in December 2014. The City again administered the survey in February 2016, and the third administration launched on May 22, 2017. The survey uses a unique methodology developed by Gallup, Inc. and provides the City with a baseline for addressing strengths and opportunities for improvement in the area of employee engagement. The continued administration of the survey will provide the City with the ability to monitor progress, and gauge commitment to improving the engagement levels in each City Department and the City organization. The impact of discontinuing the administration of the survey would include the inability to gather new data, track progress, and use a survey platform that employees are familiar with. However, the City would have the ability to access data from previous survey administrations for future employee engagement efforts and would have access to the employee engagement materials and tools that have been provided by Gallup, Inc. for continued action planning to increase employee engagement levels Citywide.

13. ***Vehicle Maintenance and Operations Fund/General Fleet Vehicle Replacement:*** This action would reduce the transfer to the Vehicle Maintenance and Operation Fund for fleet vehicle replacement by \$200,000 (from \$1.2 million to \$1.0 million). The City currently has a \$6.0 million General Fund backlog in vehicle replacements and there are 146 vehicles that meet the replacement criteria. A \$200,000 reduction (from \$1.2 million to \$1.0 million) would reduce the ability to address this backlog with approximately eight less vehicles purchased annually.

CONCLUSION

As ongoing changes to the 2017-2018 Proposed Budget are considered, it is important to keep in mind the Guiding Principles for Restoring City Service Levels that were approved by the City Council in March 2012 and are included as Exhibit 1 to the City Manager's Proposed Operating Budget Message. Principle #2 states "Ensure services that are restored can be sustained over the long-run to avoid future service disruption (use Five-Year Forecast as one tool)". The 2018-2022 General Fund Forecast projected shortfalls in all of the next five years, with the largest deficit

HONORABLE MAYOR AND CITY COUNCIL

May 24, 2017

Subject: Enhanced Parks Maintenance and Potential Budget Reduction Offsets

Page 9

estimated in 2018-2019 (\$34.8 million). If the Enhanced Parks Maintenance proposal is implemented, that would be an area the City would want to avoid reducing in upcoming years to address potential General Fund shortfalls to be consistent with this principle. This would limit the City Council's choices for potential reductions in the upcoming years; therefore, potentially requiring deeper cuts in other services, as necessary.

It is clear that parks maintenance is an area in need of improvement. With the emphasis on filling the many vacant positions that support these services along with the additional resources already recommended in the 2017-2018 Proposed Budget in response to the City Council's concerns in this area, the Administration firmly believes that noticeable progress will be made in improving the maintenance of our parks. While it is acknowledged that these investments will not bring parks maintenance to the level that would be achieved with the Enhanced Parks Maintenance MBA alternative contained in this report, it is a solid incremental step to improving the condition of the City's parks. The Administration recommends taking these steps first before adding additional parks maintenance resources that would necessitate service reductions in other areas of the City that are already under-resourced or potentially conflict with other City Council priority areas.

The Administration would also recommend bringing forward a Parks Maintenance Update Information Memorandum at the mid-year point of 2017-2018 to report on the progress of filling vacant parks maintenance positions, the impact of the parks maintenance improvements funded in the 2017-2018 Proposed Budget, and the change in the parks condition assessment score with these additional resources.



NORBERTO DUEÑAS
City Manager