

Fall | 2014

City Manager Annual Report of Successes and Accomplishments

John F. Shirey, City Manager

Introduction

My tenure as City Manager began on September 1, 2011. My first contract, which expired on August 31, 2014, required that not later than three months after my start date, I develop a list of goals to attain as City Manager. The performance goals, strategies and metrics were presented to City Council on November 29, 2011; they were unanimously endorsed. The performance goals, strategies and metrics cover multiple years with focused priority areas, including:

- Budget and Financial Management
- Economic Development
- Public Safety

On August 12, 2014, my contract was extended until June 30, 2015. This annual report summarizes the third year's successes and accomplishments in each priority area. In the last three years, we have made steady progress towards financial stability, increasing economic development and improving public safety. This past year marked a great milestone for this city as Council approved the Entertainment and Sports Center project, which will redevelop a flagging downtown area and become a regional attraction. Even before it is built, it is serving to spur additional investment in Sacramento. We also delivered a balanced budget without reductions and with the first budgetary surplus in eight years!

At the onset of developing these goals, I noted that success would require significant support and collaboration with the Mayor and Members of the City Council. This report is a reflection of our shared success. In addition, these successes and accomplishments could not have been made without the continued leadership and dedication of Department Directors and hard work by all City employees. I continue to be impressed and inspired by the enthusiasm and professionalism of our staff in delivering quality services to our community.

Budget and Financial Management

Goal: Achieve financial stability in the General Fund.

Budget Successes and Accomplishments:

- In January 2014, reconciled the City/County auto sales tax sharing agreements resulting in the receipt of \$2.5 million.
- In January 2014, in-person customer service hours were expanded at the City's Revenue counter.
- In March 2014, successfully implemented the City's new budget development tool (Hyperion) greatly improving efficiency, department access, and the delivery of management data.
- Delivered a balanced budget, with the first budgetary surplus in eight years, to the Mayor and City Council on April 28, 2014 in advance of the Charter deadline.
- Added \$4.2 million to the General Fund Economic Uncertainty Reserve, which is 7.5 percent of total General Fund revenues, or \$28.6 million, with a Council goal of reaching 10 percent.
- \$2.5 million in available fund balance was set aside for the Studios for Performing Arts project in order to ensure that the funding necessary to complete this project is available.
- In June 2014, established funding of an Other Post-Employment Benefits (OPEB) Trust with the California Public Employees' Retirement system, including adoption of a policy that will provide limited annual funding.

- Coordinated and prepared the City's Ground Emergency Medical Transport (GEMT) claims with the State in the amount of \$3.3 million for the period January 31, 2010 through June 30, 2013.
- Contracted with the Sacramento County Clerk/Recorder allowing the City's portion of transfer taxes to be collected at the time of title recordation to improve customer service.
- Created the first Mello-Roos district in seven years for the Curtis Park development.
- Continued to provide the City Council with quarterly reports on the City's current financial condition.

Labor Successes and Accomplishments:

- Continued to address unfunded liabilities in post-employment health benefits program and Sacramento City Employee Retirement System (SCERS).
- Negotiated end of post-employment healthcare benefits for new employees with eight of our nine unions.
- Achieved significant enrollment (12 percent of total eligible employees) in the account-based health plan for all employee groups, in order to reduce the rate of increase in health insurance cost to employees and the City.
- Achieved further savings through employees contributing to their retirement as well as ongoing collaboration with employee organizations. Currently, all City employees pay the full employee share of retirement.
- Implemented retirement reforms with all bargaining units included in the California Public Employees Pension Reform Act (PEPRA) of 2013.

Work in Progress:

- Address the upcoming deficits as a result of increased CalPERS and OPEB costs.
- Negotiated a reduction of overtime costs with Sacramento City Exempt Employees Association (SCXEA), SPOA, Local 39, and Plumbers and Pipefitters.
- Will continue to work towards the 10 percent goal of total General Fund revenues for the General Fund Economic Uncertainty Reserve.
- Development of pension, OPEB, and risk management funding policies.
- Initiated a process for streamlining the development process including revisions to development impact fees for citywide infrastructure needs and economic feasibility.
- Phase one of the City's Performance Management program was initiated earlier this fiscal year, which included the departments of Police, Parks and Recreation, Public Works, Community Development, Information Technology, and General Services. Phase two will be implemented later this fiscal year, and include the remaining city departments.

Other Successes and Accomplishments:

- In November 2013, City staff moved the Emergency Operation Center to the existing 911 Communication Center. This resulted in saving the City \$29,000 monthly in rental fees.
- In April, the City implemented a new printer consolidation initiative to reduce operating costs, standardize printer/copier equipment, and create efficiencies. Savings at City Hall equates to \$36,000 annually.
- In July, the management of the Sacramento Marina was moved to the Public Works Department where it is seeing its highest boater occupancy since 2009 with a current occupancy rate of 70 percent.
- To date, the Green Facilities program has completed over 20 projects saving the City \$470,000 annually in energy costs and reduced electricity usage by 4.2 million kWh annually.

- In the past year, the City has virtualized 34 servers from physical devices and added another 34 virtual machines for new services. This increase brings the total number of virtual servers to 265 and the number of physical servers down to 95 machines. The savings this year surpassed \$13,000 in annual hardware costs alone before the added cost benefit of less power and cooling needed in the data center.

Work in Progress:

- Plans are being made to convert all of the City's 33,761 streetlights to LEDs. This project will save the City \$1 million in annual energy costs and reduce electricity usage by 12 million kWh annually.
- Implement energy saving projects for the 911 Center and Kinney Police Station. These projects will save the City \$40,000 annually and reduce energy usage by 300,000 kWh.

Goal: Achieve financial stability and responsible capital replacement investment levels in water and sewer utilities funds.

Successes and Accomplishments:

- Obtained more than \$245 million in bond financing at low interest rates to fund over \$269 million of water and wastewater infrastructure improvements over a 3-year period. All infrastructure improvements are on schedule and on budget.
- Installed 5,230 water meters at a total cost of \$12.3 million and remain on track to complete mandated water meter installation by 2025.
- Launched phase one of the \$2.5 million groundwater wells rehabilitation project. This project rehabilitated and improved 13 well sites that provide water throughout North Sacramento, increasing the City's reliable drinking water capacity by 11 million gallons per day.
- Intensified a system-wide leak detection program by doubling crews to pinpoint leaks within the distribution system to save repair time, overall costs, and limit service interruptions. Conducted 1,900 distribution system leak investigations, resulting in an average savings of 19,683 gallons per day, system-wide.
- In April, the Sewer System Management Plan (SSMP) Update was completed.
- In April, implemented a water service termination program to assist in the reduction of bad debt and delinquent accounts and modified the Utilities Department's closed account collection process to achieve more timely and increased collection of outstanding debt.
- Identified over \$613,000 in unbilled revenue, across all funds, via our internal audit program. 76 percent of this revenue was collected in full as of August 2014.
- Updated the Rate Assistance Program's eligibility guidelines and increased the monthly discount provided to be consistent with the scheduled increases for both the water and wastewater rates, and increased the program participation to 61 percent of eligible households.
- In August, completed the \$12 million Oak Park Combined Sewer System Storage Project, which can store 3.5 million gallons of sewer water.
- The Department of Utilities continued investment in water, drainage, and sewer infrastructure with over \$27 million in new construction contracts in fiscal year 2014. These included contracts for water and sewer pipeline replacement, sewer pump station reconstruction, drainage channel repairs, water meter installation, and groundwater well rehabilitation. In all, over 109 jobs have been created with these projects.

Work in Progress:

- Work has begun on addressing the shrinking Stormwater Drainage Fund reserves and capital investment needs. We anticipate bringing recommendations to the City Council within the next two years.
- Two years into the five-year Wastewater Target Maintenance Cleaning Program, the Wastewater section has cleaned, inspected, graded, scheduled, and video-inspected nearly 431 miles of the 558 miles of pipe within the separated wastewater system. 1031 restaurants have been inspected to ensure that fats and greases are handled properly and not entering the wastewater system. Increased cleaning and inspection has reduced the number of sanitary sewer overflow events from 142 in 2013 to 29 this year.
- Construction is approximately 30 percent complete on a \$170 million rehabilitation project at the Sacramento River Water Treatment Plant. This project will enhance the plant reliability and allow it to treat 160 million gallons of water per day.

Goal: Instill culture of excellence and continuous improvement in the City workforce. In our effort to become “The Best Managed City in California,” it is important to encourage employees to aspire to be the best and to be recognized amongst their peers. Their accomplishments help to establish a reputation of excellence.

Successes and Accomplishments:

- In April 2014, the Sacramento Public Relations Association honored the Recycling & Solid Waste Division with two “Cappies” awards: a bronze for best social media campaign related to the “New Ways New Days” outreach effort, and a silver in the brochure category for the Service Guide.
- In April 2014, the City was recognized as the #2 Government Fleet in the nation by 100 Best Fleets and “Governing” magazine.
- In April 2014, the City’s video on *Sacramento: History, Character, Lifestyle* received an Award of Distinction by the California Association for Public Information Officers.
- In April 2014, Sacramento was rated No. 2 in the country in the U.S. City Open Data Census that ranks cities’ openness according to the number of data sets that are made available online.
- In May 2014, American Public Works Association (APWA) recognized Professional Managers of the Year Karen Shipley, Jose Ledesma, and Sompol Chatusripitak in the Public Works Department.
- In July, the International Association of Chiefs of Police, Social Media Center, ranked the Sacramento Police Department No. 2 among U.S. law enforcement agencies with the most twitter followers in the category of cities with 500-999 sworn officers with 16,000 followers.
- In August 2014, the Institute for Local Government and the League of California Cities honored the City of Sacramento with three Beacon Spotlight Awards for leadership in promoting sustainable practices including Silver Spotlight Award for 6 percent in Energy Savings; Silver Spotlight Award for 5 percent Community Greenhouse Gas Reduction; and Platinum Spotlight Award for Sustainability Best Practice Activities.
- In August 2014, the City of Sacramento's “New Ways New Days” campaign for the 2013 Recycling and Solid Waste Service Changes was recognized with a National Award of Excellence from the City/County Communication and Marketing Association (3CMA).
- In August, the City received the Government Finance Officers Association (GFOA) Comprehensive Annual Financial Report (CAFR) Award for the 24th year in a row.
- In August, the \$12 million Oak Park Combined Sewer System Storage Project won awards for Engineering Achievement by the California Water Environment Association (CWEA) and Project of the Year by the American Public Works Association (APWA). This system can store 3.5 million gallons of sewer water.

- In September, Connie Perkins with the Department of Utilities was named the Floodplain Manager of the Year by the Floodplain Management Association.
- In October, the City of Sacramento was a finalist in the 2014 Best of the Web awards by Government Technology and was ranked in the top 10 in the nation for best city websites! Launched in 2013, the redesign for the website features easy to use navigation, big and bold photos, and quick navigation to the things citizens want to know more about.
- To improve morale and making myself more visible and accessible to employees, several employee appreciation events were held throughout the year, including Management Rallies, a City Employee Zoo event, and City Manager Meet Ups.
- In response to the 2012 employee survey, the City restored a training program now known as CityYou. The CityYou training program has delivered 67 classes to date, with participation from 718 employees, covering city operations, information technology, employee development, employee safety and wellness. There are 55 classes scheduled for this fall.
- In 2013, a web-based learning management system citywide, Target Solutions, was launched to deliver employee training and document completion of regulatory training requirements. In the first year, 3,653 City employees logged into the system with 7,519 classes completed online, and instructor lead training was documented for 3,497 employees.
- The American Society for Public Administration and the National Academy of Public Administration honored the City Manager with the National Public Service award.

Work in Progress:

- In July 2012, an employee morale survey was conducted and tabulated with a total of 32 percent of all employees responding. A follow up survey was conducted in July 2014 with a total of 36 percent of all employees responding. Results have been tabulated and distributed to department heads.
- Continue to restore and preserve funds for employee training and development despite budget constraints and support a culture of continuous improvement.

Goal: Increase citizen and employee engagement in the budget-setting process.

Successes and Accomplishments:

- The Measure U Oversight Committee was appointed; it conducted several public meetings and presented their FY2012/13 Measure U findings to the City Council.
- Financial information was incorporated into the City's Open Data web portal providing citizens and employees access to budget, accounting, procurement, business operations tax, and other relevant financial data.
- Next Door, Envision Sacramento, Facebook and Twitter were used to disseminate budget information and increase public participation.

Economic Development

Goal: Improve ease of doing business with City government.

Successes and Accomplishments:

- Launched electronic permitting for re-roof, electrical panel changes and HVAC changes, which allows applicants to purchase permits online and reduce the number of trips to the Community Development Department permit counter for developers, contractors, homeowners, and property owners.
- In June 2014, updated the Housing Element, which is a comprehensive update to housing policies and regulations to address the community's current and future housing needs. This effort will ultimately help make housing development streamlined.
- In December 2013, the Sacramento Center for Innovation Specific Plan in the Power Inn area was approved by City Council. City staff prepared the plan in partnership with the Power Inn Alliance to revitalize an older industrial area to transition to a clean and green technology district.
- Implemented the revised Rental Housing Inspection Program ordinance, which was adopted in April 2013 with ongoing process improvements for implementation
- Completed the 12th annual Citizen's Planning Academy, an 11-class course with the purpose of educating and engaging residents and business and community leaders in the planning process and how city planning shapes the community.
- In August 2014, revised the Entertainment Permit Ordinance to address the changing entertainment industry in downtown.

Work in Progress:

- Complete impact fee study that will evaluate city-specific fees for development by June 2015.
- Initiate a fee study for code compliance that will examine current fee schedules and make recommendations for process improvements.
- Update the City's General Plan by early 2015, which will assist in managing the future growth, housing needs, and the environment.
- In the next three months, a Special Signs Pilot Program will be developed for the Entertainment and Sports Center project. Once that pilot program is approved, staff will update the citywide special signs code by fall 2015.
- Staff continues to work on a solution to implement an online fee calculator to provide customers the ability to calculate building and planning fees in advance within the next 12 months.

Goal: Retain and expand number of businesses and jobs in Sacramento.

Successes and Accomplishments:

- The \$82.5 million I-5 interchange project in south Sacramento broke ground in early 2013. To date, the project is on schedule for completion by fall 2015. This public improvement project significantly advanced the Delta Shores project, which is estimated to generate \$3.8 million in sales tax and \$5.3 million in property tax annually when completed.
- Continued international trade effort through the City's Trade and Education Office in Chongqing, which opened in May 2013, with the opening of the California Lifestyle Center on January 2, 2014 in the Chongqing Free Trade Port Area. Received approval on January 6, 2014, for direct importing of foreign

fruits and produce, with the first cargo received in late March from Sacramento. Additionally, coordinated the visit by a delegation from China April 7-9, 2014 to evaluate potential investment opportunities and lead a delegation of Sacramento business owners, leaders, and community partners to speak about federal direct investment, tour Free Trade Zone/Lifestyle Center, and discuss export and clean technology opportunities in May 2014.

- In June 2014, the Economic Development Department held its 3rd annual Sacramento Business First event at the Convention Center. With nearly 300 attendees, the event included exhibitors, information, and networking opportunities. The event serves as a vehicle to connect local small business owners with services and programs offered by numerous agencies and organizations.
- Approximately 297 total jobs were created by City construction contracts for the year ending September 2014, with a total economic value of \$120,212,540.
- In June 2014, the City constructed the first-ever bicycle corrals to provide substantial bike parking in the street right-of-way adjacent to businesses.
- In July 2014, the City settled litigation with the State Department of Finance on the 700 Block of K Street, allowing the City and D&S to proceed with development of 65,000 square feet of retail space and 137 residential apartments. The project is expected to bring in up to 14 new businesses and generate 400 new jobs.
- Unemployment numbers have continued to decrease to currently 8.4 percent. It was nearly 15% at the height of the recession.

Work in Progress:

- Continue active participation with the Downtown Sacramento Partnership Board and Executive Committee, SACOG Regional Managers Forum and the Sacramento Valley Division Managers' Area Group.
- Nearly complete with the construction of 5th Street, 6th Street, and Railyards Boulevard within the Railyards site unlocking upcoming development opportunities and providing needed access.
- Complete agreement between Inland America and Union Pacific Railroad, leading to commencement of development in the Railyards.

Goal: Improve Sacramento region as an attractive place for employers.

Successes and Accomplishments:

- Completed retrofit of historic Sacramento Valley Station's structural system, broke ground on the next phase of a project to fully rehabilitate the historic building, completed construction of 6th Street and began construction of 5th Street and Railyards Boulevard to connect Railyards to downtown.
- Successfully advocated for the passage of a Water Resources Reform Development Act (WRRDA) to achieve authorization for continued river levee construction. The 2014 WRRDA was signed into law by the President in June. The Department of Utilities was also successful in removing 3,200 properties from A99 flood zone in the south area of the City.
- Met with organizations including Sacramento Area Regional Technology Alliance, Sacramento Area Commerce & Trade Organization and the Northern California World Trade Center.

Work in Progress:

- While the job market continues to improve, the City's continuing efforts to streamline processes, implement an Economic Development Strategy, reach out to current and future employers, and move forward with infrastructure improvement projects will positively affect local employment opportunities.

- Efforts will continue to streamline business processes, implement an Economic Development Strategy, participate in the Next Economy project, and improve major infrastructure to improve the Sacramento region as an attractive place to conduct business.
- Submitted our official response to the Environmental Impact Report for the Bay Delta Conservation Plan to ensure that our community and regional concerns are addressed in the proposed project. Continue to work with the Legislature, Administration and the State Water Resources Control Board to ensure that a water solution does not adversely affect residents and businesses.
- Advocated for a Water Bond for the 2014 ballot (Proposition 1) that includes adequate funding for regional infrastructure, which will enable the City to become regionally self-reliant for water supply and part of a statewide solution.

Goal: Build a new downtown Sacramento Entertainment and Sports Center (ESC) that will increase the vitality of downtown and redevelop the central city.

Successes and Accomplishments:

- Negotiated a lease payment from the Kings that will over the 35-year term cover between one-third and 80 percent of the City's debt payments for the City's share of the financing for the ESC.
- In May 2014, the City concluded negotiations and finalized the definitive agreements with the Kings for the development and financing of the new ESC. The agreements were also approved by City Council for the entire ESC project including the hotel, office, retail and residential development that will transform Downtown Plaza and the area.
- In July 2014, the City and the Kings completed the simultaneous close of financing for the project including the City's Forward Bond Purchase Agreement with Goldman Sachs, which enabled the project to begin.
- In August 2014, abatement activities at Downtown Plaza and demolition east of 5th Street at Downtown Plaza began to make way for the new ESC project.

Work in Progress:

- Conclude the eminent domain proceeding with CalPERS and CIII to acquire the 600 K Street property for the arena.
- Work with the Kings, other property owners, and stakeholders to establish the Entertainment and Sports Center District that will allow for new signage in Downtown Plaza and the ESC.
- Continue to review the final design documents and conduct the necessary review of plans in order to issue the permits necessary for the different construction phases of the ESC, and continue to prepare for the issuance of City bonds in 2015.
- Continue to successfully engage and educate the community throughout the project.

Public Safety and Neighborhood Support

Goal: Make Sacramento a safer place for residents, businesses and visitors.

Successes and Accomplishments:

- Since January 2014, overall crime is down 15.5 percent, with an 11 percent reduction in violent crime, and 16 percent reduction in property crimes. Final crime statistics for calendar year 2013 showed a 10 percent overall crime reduction from the previous year.
- In May 2014, the Police Department launched the Cops and Clergy effort, which purpose is to facilitate breaking down barriers and building trust in communities through communication, intervention, education, and transparency. Since its inception, 35 local clergy have graduated from the program and are working with the Police Department.
- In efforts to have the region and the City become more visible in water policy, the Mayor Pro Tem was appointed to the Board of the Association of California Water Agencies (ACWA) and the Director of Utilities was appointed to chair the ACWA Statewide Drought Taskforce and to the Legislative Committee.
- The False Fire Alarm Fee ordinance, which was passed in 2012, has reduced the frequency of false fire alarms in commercial and residential properties by 3.5 percent or approximately 100 calls a year. In addition, revenue billed for false fire alarms has risen from last year to this year from \$92,558 to \$194,201.
- The False Police Alarm Ordinance, which was passed in October 2012, has reduced the frequency of false burglar alarms in commercial and residential properties from 58% percent (13,253 false alarms) of all alarm calls in Fiscal Year 2012/13 to 52% (11,024 false alarms) of all alarm calls in Fiscal Year 2013/14. In addition, revenue billed for false burglar alarms has risen from last year to this year from \$265,750 to \$355,725.
- Public Works and Police Departments formed a task force to reduce copper wire thefts. Consequently, copper wire thefts of city property have been cut by 85 percent since 2011. The wait period for City crews to repair damaged street lights has remained at 30-day turnaround.
- Fire Department improved medical services by implementing technology that allows transmission of data to hospital emergency rooms prior to patient arrival.
- Fire Department held two Recruit Academy classes with a total of 34 firefighters graduating.
- Measure U funding was used to restore service to four rotating fire company brownouts and maintain 27 grant-funded positions that would have been eliminated in December.
- Fire Department conducted more than 2,400 new construction and tenant improvement inspections, 4,500 annual fire permit inspections, and over 200 schools and 45 high-rise buildings inspections.
- In November 2013, *Ride On*, the City's Bicycle Registration Portal, was released to the public. Since its release, over 900 users have signed up with the Registry.
- Since January 2014, Police staff have conducted 39 citizen Crime Prevention training sessions and attended 33 neighborhood meetings.
- The Police Department App, launched in June 2013, now has 4,000 current downloads, and is being utilized predominantly to "report an issue," which is then electronically generated and forwarded to the appropriate division.
- Community involvement to address crime problems continues to increase through the partnership with Nextdoor, an online community-based forum, which has grown to approximately 23,300 neighbors in Sacramento.

Work in Progress:

- Police Department will continue to increase the use of technology to share accurate information in the field to assist officers, as well as improve and increase prevention strategies and reduce criminal behavior.
- Continued efforts will be made for the Cops and Clergy program, including recruiting additional volunteer staff to host community-based “resource nights,” and organize and implement the second annual “Ministers Academy,” with the goal of doubling the number of committed faith-based leaders involved in the Cops and Clergy program.
- The Police Department will standardize a neighborhood watch program to increase community participation and mobilize neighborhoods.
- The Police Department will modernize traffic citations by converting to an e-citation system, which will expedite traffic stops and allow data collection in the form of traffic enforcement data for analysis purposes as well as gather demographic information.
- Continue implementation of the geographic policing model by dividing the city into nine areas with police lieutenants having overall responsibility for their areas. This allows for focused problem-solving and tailoring policing to the individual needs of neighborhoods.
- The Fire Department continues to develop and integrate performance standard measurements for the Department and will continue to implement recommendations of the City Auditor’s Audit of Fire Prevention Division.
- In 2015, police officers will be assigned to two-year patrols with the intent to form better relationships with the community and assist with long-term solutions and strategies.
- Fire Department will improve efficiency and accountability by implementing an inventory and asset management program by Fiscal Year 2015/16.

Moving Forward

As mentioned before, these efforts are multi-year and will continue to require the support and collaboration of the Mayor and Members of the City Council. Budget and Financial Management, Economic Development, the development of the Entertainment and Sports Center, and Public Safety will continue to be my priority areas of focus. As we look ahead, opportunities for future successes exist, including the following areas of emphasis: addressing unfunded liabilities, recruiting new and retaining existing businesses, increasing the number of jobs, reducing crime, and recruiting more women and minorities to the police and fire departments.