

# **CITY OF THOUSAND OAKS**

**Request for Proposals/Qualifications**

**For**

**Community Engagement & Public Outreach Consultant**

Date of Issuance: **May 20, 2016**



**City of Thousand Oaks  
Finance Department  
2100 Thousand Oaks Blvd  
Thousand Oaks, Ca 91362**

**NOTICE  
REQUEST FOR PROPOSALS/QUALIFICATIONS  
Community Engagement and Public Outreach**

Notice is hereby given that sealed proposals will be received at the Finance Department, until **Wednesday, June 22, 2016 at 3:00 p.m.** local time, for performing all work necessary and incidental to:

Providing direction and assistance to staff for proper Community Engagement and Public Outreach, related to the City's Fiscal Sustainability Study and its effect on the FY 2017-18 & FY 2018-19 Budget process in accordance with the RFP/Q.

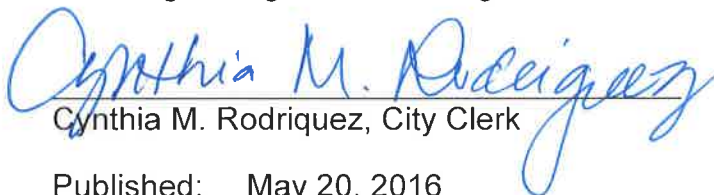
Proposals shall be delivered and addressed to:

City of Thousand Oaks  
Attn: Brent Sakaida  
Finance Department  
2100 Thousand Oaks Blvd.  
Thousand Oaks, CA, 91362

Proposals shall be submitted in a sealed envelope and plainly marked on the outside of the envelope, "**(Community Engagement and Public Outreach)**", **(Proposer's Name)**, and **(June 22, 2016, 3:00 p.m.)**. No oral, telegraphic, electronic, facsimile, or telephonic proposals or modifications will be considered. Proposals received after the scheduled Submittal Deadline will be returned unopened. Proposals postmarked prior to submittal deadline, but received after the deadline will be returned unopened.

Copies of the Proposal Package may be obtained by contacting Brent Sakaida at 805-449-2259, or [bsakaida@toaks.org](mailto:bsakaida@toaks.org). **Proposers are required to register with the City** prior to downloading RFP/Q documents from the website and **to be eligible to submit a proposal**. Registration information is used to notify proposers via e-mail of addenda to procurement actions. You may view summary information about solicitations but you must be registered at this site and logged in before you can download solicitation documents: <https://www.ebidexchange.com/toaks>. When registering please use Commodity Code #968-085.

Proposals will not be opened publicly, and the City will endeavor to keep such confidential until a preferred service provider is recommended to the City Council. Proposals must bear original signatures and figures.

  
Cynthia M. Rodriguez, City Clerk

Published: May 20, 2016

## Community Engagement and Public Outreach

### TABLE OF CONTENTS

|   | Page No   |
|---|-----------|
| <b>A. Description of Work</b>                 | <b>4</b>  |
| Background Information/Purpose                | 4         |
| Scope of Work                                 | 6         |
| <b>B. Instruction to Proposers</b>            | <b>8</b>  |
| Proposal Requirements                         | 8         |
| Standard Terms Applicable to All Proposals    | 11        |
| <b>C. Proposal Review Process</b>             | <b>15</b> |
| Proposal Review and Award Schedule            | 15        |
| Proposal Opening/Rejection/Waiver             | 15        |
| Proposal Review Process and Award of Contract | 16        |
| <b>D. Required Forms</b>                      | <b>18</b> |
| Non Collusion Affidavit Form                  | 19        |
| <b>E. Form of Agreement</b>                   | <b>20</b> |

**Community Engagement and Public Outreach**  
**Section A**  
**BACKGROUND INFORMATION/PURPOSE**

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The City of Thousand Oaks is a premiere community recognized for being one of the most desirable places in California to live, work, recreate, and raise a family.

The City prides itself on its open space with 75 miles of trails for hiking, biking, or just leisurely walking. While this natural acreage gives our community the best of nature, another source of pride is the Civic Arts Plaza. Opened in 1994, this jewel of cultural arts has become a beacon for our region featuring world-class entertainment, musicals, concerts, children's shows, ballets, and much more. Another world class event that City is proud to be a part of is the Amgen Tour of California.

It is home to excellent schools, outstanding parks, and a myriad of shopping opportunities, including one of the largest auto malls in the nation.

The City is located in eastern Ventura County and consists of 56 square miles. The City population is approximately 132,000. The City is a general law city operating under the Council/Manager form of government. The City Council is comprised of five members elected at large for overlapping terms, with one member serving as Mayor on an annual basis.

The City contracts with the County of Ventura for police services and the Ventura County Fire District for Fire Protection services. The City has a total payroll of approximately \$48.9 million covering 381 full-time and designated part-time (DPT) employees for FY 2015-16. There are approximately 500 total employees when hourly employees are included.

The City of Thousand Oaks provides the following services to its citizens:

Municipal Services

Highways and Streets  
Public Improvements  
Library and Cultural  
Planning and Zoning  
Housing/Community Development  
General Administrative Support

Public Enterprise

Water  
Wastewater  
Solid Waste Management  
Transportation  
Golf Course  
Theatres

The City of Thousand Oaks is composed of the following departments/offices:

City Attorney  
City Clerk  
City Manager  
Community Development  
Cultural Affairs

Finance  
Human Resources  
Library  
Police (Contract)  
Public Works

## **A. Fund Structure**

The City of Thousand Oaks uses the following funds in its financial reporting:

1. Five major governmental funds, including General Fund, Library Fund, State Gas Tax Fund, Capital Improvements Fund, and Thousand Oaks Housing Fund. There are approximately a dozen other non-major governmental funds.
2. The General Fund supports the Library Fund, which is budgeted at 1.7 million in FY 2015-16, as well as support for the Stormwater Fund and Lighting Fund.
3. Six enterprise funds, including Water Utility, Wastewater Utility, Solid Waste Management, Transportation, Golf Course, and Theatres Fund.
4. Three internal service funds, including General Liability Insurance, Workers' Compensation, and Vision Insurance.

## **B. Budgetary Basis of Accounting**

The City prepares its Biennial Operating and Capital Improvement Program budgets on a basis consistent with generally accepted accounting principles. The City's FY 2015-16 Operating Budget totals \$174.4 million, which includes capital, debt, and transfer requirements. The FY 2015-16 General Fund Budget totals \$76.9 million.

## **C. Availability of Budget and other Financial Documents**

Interested proposers who wish to review prior years' Budget and other financial documents can do so at the City's website at [www.toaks.org](http://www.toaks.org) under the Finance Department tab, Budget/Financial Information section. Also, under this tab are staff reports and presentations related to the City's FYs 2015-2017 Budget Process.

A copy of the City's Fiscal Sustainability Study staff report and presentation is provided, as Attachments #1 and #2 to this RFP/Q.

## **Purpose:**

The scope of work outlined on the following page is designed to accomplish the purpose of this RFP/Q, namely to provide strategies for an effective Community Engagement and Public Outreach process, as it relates to informing residents on the City's Financial Sustainability Study and FY 2017-18 and FY 2018-19 Budget Process, as well as acting as a facilitator during community meetings.

City Council wants to engage and educate the community and staff believes it would benefit from hiring a consultant to facilitate this process. The City has internal resources to perform the process, but believes it would be beneficial to work with someone that specializes in the field.

**Community Engagement and Public Outreach**  
**Section A**  
**SCOPE OF WORK**

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Professional services in conjunction with community engagement and public outreach for City presentations in regards to its Fiscal Sustainability Study (Study), residents and business owners tolerance towards recommendations to make City Funds sustainable, and the effects of the Study on the City's FY 2017-18 and FY 2018-19 Budget. Services and deliverables shall generally include working with selected City staff to develop strategies on how to effectively present the City's Study and Budget Process to residents, ways to notify and communicate with residents, business owners, and City leaders to maximize community involvement and engagement on Study and Budget information, leverage technology and social media, act as a facilitator at community meetings, and produce a report on the public outreach results.

**July – August 2016 (Consultant Selection Process)**

**August – October 2016 (Strategies to Present Fiscal Sustainability Study & City Budget)**

1. Strategize with selected City staff to develop a process of engagement, outreach, and discussion points for the community meetings.
2. Determine selected message/points to convey.
3. Strategize on how to educate residents on Fiscal Sustainability Study (Study) and Budget.
4. Discussion of key staff and City Councilmember involvement.
5. Assist staff in the development of Study/Budget questions for inclusion in Community Attitude Survey.
6. Lead staff in the development of Study/Budget information and possible survey on City website.
7. Discussion of agenda for community meetings.
8. Discussion of potential pro's and con's of meetings, surveys, etc.

**October – December 2016 (Public Outreach)**

1. Use of social media/resources to communicate and advertise to residents, business owners, city leaders, and staff.
2. Discussion of community meeting locations, as well as the number of meetings.
3. Use of City's website (survey and information on process), Utility inserts, City Newsletter (e.g. CityScene), Mailers/postcards, etc. to disseminate information.
4. Finalize agenda and structure of meetings, locations, and timing of community meetings.
5. Determination of selected key community members and staff to assist in the process.

### **January – February 2017 (Community Meetings)**

1. Strategy of consultant facilitation with City Councilmember and staff involvement.

### **March 2017 (Presentation of Results)**

1. Quantify/summarize survey and community meeting results.
2. Determine effects (positive and negative) on the Operating/CIP Budgets.
3. Next steps taken to move forward.

The scope of work is intended to result in successful and well-attended community workshops and online engagement tools where residents/participants are informed of the City's Study and Budget process and can suggest recommendations on how the City can continue to achieve fiscal sustainability. Also, to strategize and develop surveys and questionnaires to gauge the levels of acceptance of various solutions to continue to achieve fiscal sustainability (including, but not limited to revenue enhancements and/or reductions in service levels).

**Community Engagement and Public Outreach  
Section B  
INSTRUCTION TO PROPOSERS**

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**PROPOSAL REQUIREMENTS**

Each individual or firm (Proposer) submitting a proposal shall meet all of the terms and conditions specified in this Request for Proposal/Qualifications (RFP/Q). By its proposal submittal, the Proposer acknowledges agreement with the acceptance of all provisions of the RFP/Q.

**Each proposal must contain the following:**

- A. Introduction and Cover Letter – Provide a cover letter describing your interest in this RFP/Q.
  - 1. Provide the name, address, phone number, fax number, and email address of the contact person.
  - 2. If your firm is subcontracting portions of this work, please indicate the firms with which you will be partnering along with the name, address, phone number, fax number, and email address of the contact person. Indicate the task that will be subcontracted and how the subcontract work will be managed and checked for quality control.
- B. Explanation of how Proposer will perform the work.

Proposer must describe in detail how the requirements of this RFP/Q will be met, and may provide additional related information with the proposal. The proposal should be presented in a format that corresponds to, and references, the sections outlined in the Scope of Work, and should be presented in the same order. Responses to each section and subsection should be labeled to indicate which item is being addressed. Proposal should be straightforward, concise, and provide “layman” explanations of technical terms that are used. Emphasis should be concentrated on conforming to the RFP/Q instructions and responding to the RFP/Q requirements.

If a complete response cannot be provided without referencing supporting documentation, you must provide such documentation with the proposal indicating where the supplemental information can be found.

Proposals, which appear unrealistic in the terms of technical commitments, lack of technical competence, or are indicative of failure to comprehend the complexity and risk of this RFP/Q, may be rejected.



- C. Tentative schedule by phase and tasks to be completed.
- D. Estimated hours for Proposer staff in performing each phase of the work, including sub-consultants.
- E. Services and data to be provided by City of Thousand Oaks.
- F. Proposer Qualifications.
- G. Proposer's Background.

Each Proposer shall be skilled and regularly engaged in the general class or type of work called for in this RFP/Q. The Proposer's experience shall be set forth and submitted, as follows:

- 1. Company ownership. If incorporated, the state in which the company is incorporated and the date of incorporation.
- 2. Location of company offices.
- 3. Location of the office servicing any California accounts.
- 4. Number of employees both locally and nationally.
- 5. Locations from which employees will be assigned.
- 6. Name, address, email address, and telephone number of the Proposer's point of contact for this project.
- 7. Company background/history and why Proposer is qualified to provide the services described in this RFP/Q.
- 8. Length of time Proposer has been providing services described in this RFP/Q.
- 9. Resumes for key staff to be responsible for performance of any contract resulting from this RFP/Q.

- H. Negative History.

Proposer must include in his/her proposal a complete disclosure of any alleged significant prior or ongoing contract failures, any civil or criminal litigation or investigation pending, which involves the Proposer or in which the Proposer has been judged guilty or liable within the last 5 years.

**If there is no information to disclose then, Proposer must affirmatively state there is no negative history.**

Failure to comply with the terms of this provision will disqualify any proposal. The City reserves the right to reject any proposal based upon the Proposer's prior history with the City or with any other party, which documents, without limitation, unsatisfactory performance, adversarial or contentious demeanor, significant failures to meet contract milestones or other contractual failures.

I. Client References.

A minimum of three references from similar projects performed (references from local government clients are preferred) within the last three years must be provided. Information provided shall include:

1. Client name, client Project Manager, address, telephone number, and email address. If client is not a local government, please indicate the type of business.
2. Type of service provided to client.
3. Project description.
4. Project dates (starting and ending).
5. Staff assigned to that project.
6. Discuss final outcome.

J. Compensation.

Proposal must list Maximum Payment in a not to exceed amount, as well as providing a breakdown of cost to complete the work including, but not limited to, hourly rates, reimbursables, and maximum anticipated cost.

K. Any other information which would assist City in making this contract award decision.

L. Documents To Be Returned With Proposal. Failure to completely execute and submit the required documents before the Submittal Deadline may render a proposal non-responsive. See Section D of RFP/Q.

## **Standard Terms Applicable to All Proposals**

Acceptance Period. Unless otherwise specified herein, proposals are firm for a period of ninety- (90) days. Timeframe may be longer depending on your needs.

Addenda Acknowledgment. Each proposal shall include specific acknowledgment of receipt of all addenda issued during the solicitation period. Failure to so acknowledge may result in the proposal being rejected as not responsive.

Authorized Signatures. Every proposal must be signed by the person or persons legally authorized to bind the Proposer to a contract for the execution of the work. Upon request of the City, any agent submitting a proposal on behalf of a Proposer shall provide a current power of attorney certifying the agent's authority to bind the Proposer. If an individual makes the proposal, his or her name, signature, and post office address must be shown. If a firm or partnership makes the proposal, the name and post office address of the firm or partnership and the signature of at least one of the general partners must be shown. If a corporation makes the proposal, the proposal shall show the name of the state under the laws of which the corporation is chartered, the name and post office address of the corporation and the title of the person signing on behalf of the corporation. Upon request of the City, the corporation shall provide a certified copy of the bylaws or resolution of the board of directors showing the authority of the officer signing the proposal to execute contracts on behalf of the corporation.

Proposal Retention. City reserves the right to retain all proposals for a period of ninety- (90) days for examination and comparison.

Business Tax. The selected Proposer must have a valid City of Thousand Oaks Business Tax Certificate prior to execution of the contract. Additional information regarding the City's Business Tax program may be obtained by calling (805) 449-2201.

Cancellation Of Solicitation. The City of Thousand Oaks may cancel this solicitation at any time.

Compliance With Laws. All proposals shall comply with current federal, state, and other laws relative thereto.

RFP/Q Documents, Examination Of. It is the responsibility of the Proposer to carefully and thoroughly examine the documents contained in this RFP/Q. Proposer shall satisfy himself as to the character, quantity, and quality of work to be performed and materials, labor, supervision or equipment necessary to perform the work as specified by this RFP/Q. The failure or neglect of the Proposer to examine the RFP/Q Documents shall in no way relieve him from any obligations with respect to this solicitation. The submission of a proposal shall constitute an acknowledgment upon which the City may rely that the Proposer has thoroughly examined and is familiar with the RFP/Q and the project. No claim will be allowed for additional compensation that is based upon a lack of knowledge of any solicitation document.

Cost Of Proposal. The City is not liable for any costs incurred by Proposers before entering into a formal contract. Costs of developing the proposals or any other such expenses incurred by the Proposer in responding to the RFP/Q, are entirely the responsibility of the Proposer, and shall not be reimbursed in any manner by the City.

Definition Of Terms. For the purposes of this RFP/Q, the following definitions apply:

- a. **City of Thousand Oaks and City.** City of Thousand Oaks and City are used interchangeably and are synonymous with one another.
- b. **Contractor.** Same as Successful Proposer.
- c. **Review Committee.** An independent committee established by the City to review, evaluate, and score the proposals, and to recommend award of the proposal determined by the committee to be in the best interest of the City.
- d. **May/Should.** Indicates something that is not mandatory. Failure to do what "may" or "should" be done will not result in rejection of your proposal.
- e. **Must/Shall.** Indicates a mandatory requirement. A proposal that fails to meet a mandatory requirement may be deemed non-responsive and not be considered for award.
- f. **Proposer.** The person or firm making the offer.
- g. **Proposal.** The offer presented by the Proposer.
- h. **RFP/Q.** Acronym for Request For Proposals / Request for Qualifications.
- i. **Submittal Deadline.** The date and time on or before all proposals must be submitted.
- j. **Successful Proposer.** The person, contractor, or firm to whom the award is made.

Disqualification Of Proposer. If there is reason to believe that collusion exists among the Proposers, the City may refuse to consider proposals from participants in such collusion. No person, firm, or corporation under the same or different name, shall make, file, or be interested in more than one proposal for the same work unless alternate proposals are called for. A person, firm, or corporation who has submitted a sub-Proposal to a Proposer, or who has quoted prices on materials to a Proposer, is not thereby disqualified from submitting a sub-Proposal or quoting prices to other Proposers. Reasonable ground for believing that any Proposer is interested in more than one Proposal for the same work will cause the rejection of all Proposals for the work in which a Proposer is interested. If there is reason to believe that collusion exists among the Proposers, the City of Thousand Oaks may refuse to consider Proposals from participants in such collusion. Proposers shall submit as part of their Proposal documents the completed Non-Collusion Affidavit provided herein.

Documents To Be Returned With Proposal. Failure to completely execute and submit the required documents before Submittal Deadline may render a proposal non-responsive. The documents that must be returned by the Submittal deadline are listed on the form entitled "Proposal Documents to be Returned" and attached hereto.

**Execution Of Agreement.** The Successful Proposer will be required to execute an agreement in the form attached hereto in Section E of this RFP/Q and comply with all requirements of said Agreement. In case of failure of the Successful Proposer to execute and return the contract and all required documents within the time allowed, the City may, at its option, consider that the Proposer has abandoned the contract, in which case the Proposal Security Bond, if one was required, shall be forfeited by the Proposer and become the property of the City.

**Conflict Of Interest.** Proposer covenants that it presently has no interest, and shall not acquire any interest, direct or indirect, financial or otherwise, which would conflict in any manner or degree with the performance of the services hereunder. Contractor certifies that to the best of his knowledge, no one who has or will have any financial interest under this contract is an officer or employee of City of Thousand Oaks.

**Questions And Comments.** Questions and comments regarding this solicitation must be submitted in writing, either by mail or facsimile to Brent Sakaida, City of Thousand Oaks, 2100 Thousand Oaks Blvd., Thousand Oaks, CA 91362, or faxed to 805-449-2250 or e-mail to bsakaida@toaks.org at least ten (10) days before the submittal deadline. Any response will be in a form of an addendum and will be sent as promptly as is practical to all parties registered with the City pursuant to the Registration Section set out below. All such addenda shall become a part of the RFP/Q. Any prospective Proposer who obtained the RFP/Q from anyone other than the City is responsible for registering with the City to receive subsequent Addenda.

**Submittal.** One original and (7) copies must be submitted on or before the Submittal Deadline. Proposers shall submit one (1) original proposal marked "ORIGINAL" and all required identical copies. If discrepancies are found between the copies, or between the original and copy or copies, the ORIGINAL will provide the basis for resolving such discrepancies. If no document can be identified as original bearing original signatures, Proposer's proposal may be rejected at the discretion of the City.

**Proposal Deadline.** Proposals shall be submitted in a sealed envelope and plainly marked on the outside of the envelope, "(Community Engagement and Public Outreach)", (Proposer's Name), and (June 22, 2016, 3:00 pm). No oral, telegraphic, electronic, facsimile, or telephonic proposals or modifications will be considered. Proposals received after the scheduled Submittal Deadline will be returned unopened. Proposals postmarked prior to submittal deadline, but received after the deadline will be returned unopened. The City reserves the right to extend the Submittal Deadline when it is in the best interest of the City.

Registration. **Proposers are required to register** with the City prior to downloading documents from the website and **to be eligible to submit a proposal**. This information is used to notify Proposers via e-mail of addenda to procurement actions. You may view summary information about solicitations but you must be registered at this site and logged in before you can download solicitation documents:

<https://www.ebidexchange.com/toaks>.

Proposer when registering must use the following commodity code: **968-085**. Those needing assistance registering at the website may contact, Irina Savulescu, Senior Purchasing Specialist, (805) 449-2226; Fax: 805 449-2250; email: [isavulescu@toaks.org](mailto:isavulescu@toaks.org); or Allison Fochler, Associate Analyst, (805) 449-2239; email: [afochler@toaks.org](mailto:afochler@toaks.org).

**Solicitations may be downloaded by vendors who have registered online at the City's Purchasing website; proposals may not be submitted online.**

A Proposer who fails to register with the City as outlined above may be deemed non-responsive and not be considered for award.

Proposal Modifications. Any Proposer who wishes to make modifications to a proposal already received by the City must withdraw his proposal in order to make the modifications. All modifications must be made in ink, properly initialed by Proposer's authorized representative, executed, and submitted in accordance with the terms and conditions of this solicitation. It is the responsibility of the Proposer to ensure that modified or withdrawn proposals are resubmitted before the Submittal Deadline.

Proposal Withdrawal. A Proposer may withdraw proposal, without prejudice prior to the time specified for the proposal opening, by submitting a written request to Brent Sakaida to withdraw, in which event the proposal will be returned to the Proposer unopened.

Proprietary Information. The original copy of each proposal shall be retained for official files and will become public record after the award of a contract unless the proposal or specific parts of the proposal can be shown to be exempt by law. Each Proposer may clearly label part of a proposal as "CONFIDENTIAL" if the Proposer thereby agrees to indemnify and defend the City for honoring such a designation. The failure to so label any information that is released by the City shall constitute a complete waiver of all claims for damages caused by any release of the information. If a public records request for labeled information is received by the City, the City will notify the Proposer of the request and delay access to the material until seven working days after notification to the Proposer. Within that time delay, it will be the duty of the Proposer to act in protection of its labeled information. Failure to so act shall constitute a complete waiver.

**Community Engagement and Public Outreach  
Section C  
PROPOSAL REVIEW PROCESS**

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**PROPOSAL REVIEW AND AWARD SCHEDULE**

The following is an outline of the anticipated schedule for proposal review and contract award:

|                                   |                   |
|-----------------------------------|-------------------|
| Issued RFP/Q                      | 5/20/2016         |
| Proposals Submittal Deadline      | 6/22/2016         |
| Complete proposal evaluation      | 7/8/2016          |
| Conduct finalist interviews       | Week of 7/18/2016 |
| Contract Negotiations             | 8/1/2016          |
| Select Proposer & Award Agreement | 8/15/2016         |
| Execute contract                  | 8/31/2016         |
| Begin work                        | 9/1/2016          |
| Complete work                     | 6/30/2017         |

**Proposal Opening/Rejection/Waiver**

All proposals, irrespective of irregularities or informalities, will be opened at the time stipulated in the RFP/Q document. This is not a public opening. A tally of the names will be performed and may be released upon request. **No other information will be released.**

The City of Thousand Oaks reserves the right to postpone the Submittal Deadline and opening of proposals any time before the date and time announced in the Request for Proposals or subsequent addenda.

City also reserves the right to waive non-substantial irregularities in any proposal, to reject any or all proposals, to reject or delete one part of a proposal and accept the other, except to the extent that proposals are qualified by specific limitations.

The City reserves the right to reject the Proposal of any Proposer who previously failed to perform adequately for the City or any other governmental agency. The City expressly reserves the right to reject the Proposal of any Proposer who is in default on the payment of taxes, licenses or other monies due the City of Thousand Oaks.

## **PROPOSAL REVIEW PROCESS AND AWARD OF CONTRACT**

Proposals will be evaluated by a review committee of City staff using a two-stage selection process described below.

The Committee will evaluate all proposals received in accordance with the Evaluation Criteria. The City reserves the right to establish weight factors that will be applied to the criteria depending upon order of importance. The criteria, however, are not listed in any order of preference. Weight factors and evaluation scores will not be released. The City is not obligated to accept the lowest proposal, but will make an award in the best interests of the City after all factors have been evaluated.

### **Phase 1 – Written Proposal Review/Finalist Candidates Selection.**

The City reserves the right to further negotiate the proposed work scope and/or method and amount of compensation.

A group of finalist candidates may be selected for follow-up interviews and presentations.

### **The Evaluation Criteria are as follows:**

- a. Understanding of work required by City of Thousand Oaks.
- b. Proposed approach in completing the work.
- c. Quality, clarity, and responsiveness of proposal.
- d. Qualifications and availability of key persons to be assigned to the contract resulting from this solicitation.
- e. Number of years of experience the Proposer has in this type of business and with accounts of this size.
- f. Demonstrated competence.
- g. Experience in performance of comparable work.
- h. Reasonableness of cost.
- i. Financial stability.
- j. Conformance with the terms of this RFP/Q.
- k. Price submittal.

The Review committee may also contact and evaluate the Proposer's and subcontractor's references; contact any Proposer to clarify any response; contact any current users of a Proposer's services; solicit information from any available source concerning any aspect of a proposal; and seek and review any other information deemed pertinent to the evaluation process.



Discussions may, at the City's sole option, be conducted with responsible Proposers who submit proposals determined to be reasonably susceptible of being selected for an award. Discussions may be for the purpose of clarification to assure full understanding of, and responsiveness to, the solicitation requirements. Proposers shall be accorded fair and equal treatment with respect to any opportunity for discussion and written revision of proposals. Revisions may be permitted after submissions and before award for obtaining best and final proposals. In conducting discussions, the City will not disclose information derived from proposals submitted by competing Proposers.

#### Phase 2 - Oral Presentations/Interviews and Consultant Selection

Finalist candidates will be invited to make a presentation to the Review Committee and answer questions about their proposal. The purpose of this second phase is two-fold: to present the project and to clarify and resolve any outstanding questions or issues about the proposal.

The City reserves the right to further negotiate the proposed work scope and/or method and amount of compensation.

Contract award will be based on a combination of factors that represent the best overall value for completing the work as determined by City, including: the written proposal criteria described above; results of background and reference checks; results from the interviews and presentation phase; and proposed compensation.

A Notification of Intent to Award may be sent to any Proposer selected. Award is contingent upon the successful negotiation of final contract terms. Negotiations shall be confidential and not subject to disclosure to competing Proposers unless an agreement is reached. If contract negotiations cannot be concluded successfully, the City in its sole discretion may negotiate a contract with another Proposer or withdraw the RFP/Q.

**Community Engagement and Public Outreach**  
**Section D**  
**REQUIRED FORMS**

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**PROPOSAL FORMS TO BE RETURNED**

The following forms are included with the RFP/Q and must be submitted with the proposal document on or before the Submittal Deadline.

- A. Non-Collusion Affidavit

Failures to complete, sign, and return the above proposal forms with your proposal may render it non-responsive.

**NON-COLLUSION AFFIDAVIT FORM  
COMMUNITY ENGAGEMENT AND PUBLIC OUTREACH  
TO BE EXECUTED BY PROPOSER AND  
SUBMITTED WITH PROPOSAL**

I, \_\_\_\_\_, hereby declare as follows:

I am \_\_\_\_\_ of \_\_\_\_\_ the party making the foregoing proposal that the proposal is not made in the interest of, or on behalf of, any undisclosed person, partnership, company, association, organization, or corporation; that the proposal is genuine and not collusive or sham; that the proposer has not directly or indirectly induced or solicited any other proposer to put in a false or sham proposal, and has not directly or indirectly colluded, conspired, connived, or agreed with any proposer or anyone else to put in a sham proposal, or that anyone shall refrain from proposing; that the proposer has not in any manner, directly or indirectly, sought by agreement, communication, or conference with anyone to fix the proposal price of the proposer or any other proposer, or to fix any overhead, profit, or cost element of the proposal price, or of that of any other proposer, or to secure any advantage against the public body awarding the contract of anyone interested in the proposed contract; that all statements contained in the proposal are true; and, further, that the proposer has not, directly or indirectly, submitted his or her proposal price or any breakdown thereof, or the contents thereof, or divulged information or data relative thereto, or paid, and will not pay, any fee to any corporation, partnership, company, association, organization, proposal depository, or to any member or agent thereof to effectuate a collusive or sham proposal.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Proposer Signature \_\_\_\_\_

By Name \_\_\_\_\_

Title \_\_\_\_\_

Organization \_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_

Community Engagement and Public Outreach  
Section E  
FORM OF AGREEMENT

---

***Professional Services Agreement Form***

Project Name: **Community Engagement and Public Outreach**

**AGREEMENT FOR PROFESSIONAL SERVICES  
BETWEEN THE CITY OF THOUSAND OAKS  
AND  
(Insert Name of CONSULTANT)**

THIS AGREEMENT is made and entered into this            day of \_\_\_\_\_, 20\_\_\_\_, by and between the **CITY OF THOUSAND OAKS**, a municipal corporation ("City"), and \_\_\_\_\_, **(insert type of business: corporation, LLC, DBA, etc.)** herein referred to as "Consultant".

City and Consultant agree as follows:

**1. RETENTION AS CONSULTANT**

City hereby retains Consultant, and Consultant hereby accepts such engagement, to perform the services described in Section 2. Consultant warrants it has the qualifications, experience, and facilities to properly and timely perform said services.

**2. DESCRIPTION OF SERVICES**

The services to be performed by Consultant are as follows:

Professional services in conjunction with community engagement and public outreach for City presentations in regards to its Fiscal Sustainability Study (Study), Budget Process, and the effects of the Study on the City's Budget. Services and deliverables shall generally include working with selected City staff to develop strategies on how to present the City's Study and Budget Process to residents, ways to notify and communicate with residents, business owners, and City leaders on selected Study and Budget information, how to communicate this information to residents at community meetings, and produce a report on the results of the community engagement and public outreach. The Scope of Work is attached as Exhibit "A," which is incorporated by reference.

**3. COMPENSATION AND PAYMENT**

(a) **Maximum and Rate.** The total compensation payable to Consultant by City for the services under this Agreement **SHALL NOT EXCEED** the sum of \$ (herein "not to exceed amount"), and shall be earned as the work progresses on the following basis:

Hourly at the hourly rates and with reimbursement to Consultant for those expenses set forth in Consultant's Schedule of Fees attached as Exhibit "B," which is incorporated herein. The rates and expenses set forth in that exhibit shall be binding upon Consultant until June 30, 2017, after which any change in the rates and expenses must be approved in writing by City's Project Manager (City is to be given 60 day notice of any rate increase request), provided the not to exceed amount is the total compensation due Consultant for all work described under this Agreement.

(b) **Payment.** Consultant shall provide City with written verification of the actual compensation earned, in a form satisfactory to City's Project Manager. Invoices shall be made no more frequently than on a monthly basis, and describe the work performed (including, if applicable, a list of hours worked by personnel classification). All payments shall be made within 30 days after City's approval of the invoice.

(c) **Extra Services.** Additional work not reasonably encompassed by the Scope of Services described in Section 2 may be agreed upon only by execution of a written Amendment to this Agreement. No liability or right to compensation for extra services shall exist without such Amendment. Unless otherwise stated in the Amendment, applicable rates for extra services shall be at the rates set forth in Exhibit "B."

#### **4. CITY PROJECT MANAGER**

The services to be performed by Consultant shall be accomplished under the general direction of, and coordinate with, City's "Project Manager", as that staff person is designated by City from time to time, and who presently is Brent Sakaida, Budget Officer.

#### **5. TERM, PROGRESS AND COMPLETION**

The term of this Agreement is from the date first written above to December 31, 2017, unless term of this Agreement is extended or the Agreement is terminated as provided for herein.

Consultant shall not commence work on the services to be performed under the Agreement until (i) Consultant furnishes proof of insurance as required by paragraph 9 below, and (ii) City's Project Manager gives written authorization to proceed with the work. All services shall be completed within the term of this Agreement **<OR>** according to the schedule in Exhibit "C."

#### **6. OWNERSHIP OF DOCUMENTS**

All drawings, designs, data, photographs, reports and other documentation (other than Consultant's drafts, notes and internal memorandum), including duplication of same prepared by Consultant in the performance of these services, are the property of

City. City shall be entitled to immediate possession of the same upon completion of the work under this Agreement, or at any earlier or later time when requested by City. City agrees to hold Consultant harmless from all damages, claims, expenses, and losses arising out of any reuse of the plans, specifications, graphics, brochures, reports, and other documentation for purposes other than those described in this Agreement, unless written authorization of Consultant is first obtained.

## **7. PERSONAL SERVICES/NO ASSIGNMENT/SUBCONTRACTS**

This Agreement is for professional services which are personal to City. (Name of consultant employee name) is deemed to be especially experienced and is a key member of Consultant's firm, and shall be directly involved in performing, supervising or assisting in the performance of this work. This key person shall communicate with, and periodically report to, City on the progress of the work. Should said individual be removed from assisting in this contracted work for any reason, City may terminate this Agreement.

This Agreement is not assignable by Consultant without City's prior written consent.

## **8. HOLD HARMLESS AND INDEMNITY**

**(a) Hold Harmless for Consultant's Damages.** Consultant holds City, its elected officials, officers, agents, employees and volunteers, harmless from all of Consultant's claims, demands, lawsuits, judgments, damages, losses, injuries or liability to Consultant, to Consultant's employees, to Consultant's contractors or subcontractors, or to the owners of Consultant's firm, which damages, losses, injuries or liability occur during the work or services required under this Agreement, or performance of any activity or work required under this Agreement.

**(b) Defense and Indemnity of Third Party Claims/Liability.** Consultant shall indemnify, defend with legal counsel approved by City, and hold harmless City, its officers, officials, employees and volunteers from and against all liability including, but not limited to, loss, damage, expense, cost (including without limitation reasonable legal counsel fees, expert fees and all other costs and fees of litigation) of every nature arising out of or in connection with Consultant's negligence, recklessness or willful misconduct in the performance of work hereunder or its failure to comply with any of its obligations contained in the Agreement, except such loss or damage which is caused by the sole or active negligence or willful misconduct of the City. Should conflict of interest principles preclude a single legal counsel from representing both City and Consultant, or should City otherwise find Consultant's legal counsel unacceptable, then Consultant shall reimburse the City its costs of defense, including without limitation reasonable legal counsel fees, expert fees and all other costs and fees of litigation. The Consultant shall promptly pay City any final judgment rendered against the City (and its officers, officials, employees and volunteers) with respect to claims determined by a trier of fact

to have been the result of the Consultant's negligent, reckless or wrongful performance. It is expressly understood and agreed that the foregoing provisions are intended to be as broad and inclusive as is permitted by the law of the State of California and will survive termination of this Agreement.

Consultant's obligations under this section apply regardless of whether or not such claim, charge, damage, demand, action, proceeding, loss, stop notice, cost, expense, judgment, civil fine or penalty, or liability was caused in part or contributed to by an Indemnatee. However, without affecting the rights of City under any provision of this Agreement, Consultant shall not be required to indemnify and hold harmless City for liability attributable to the active negligence of City, provided such active negligence is determined by agreement between the parties or by findings of a court of competent jurisdiction. In instances where City is shown to have been actively negligent and where City's active negligence accounts for only a percentage of the liability involved, the obligation of the Consultant will be for that entire portion or percentage of liability not attributable to the active negligence of City.

**(c) Nonwaiver.** City does not waive, nor shall be deemed to have waived, any indemnity, defense or hold harmless rights under this section because of the acceptance by City, or the deposit with City, of any insurance certificates or policies described in Section 9.

## **9. MINIMUM SCOPE AND LIMIT OF INSURANCE**

Without limiting Consultant's indemnification of City, and prior to commencement of Work, Consultant shall obtain, provide, and maintain at its own expense during the term of this Agreement, and any extension thereof, policies of insurance of the type and amounts described below and in a form that is satisfactory to the City.

Coverage shall be at least as broad as:

1. **Commercial General Liability (CGL):** Consultant shall, at Consultant's sole cost and expense and throughout the term of this Agreement, and any extensions thereof, carry General Liability insurance coverage at least as broad as Insurance Services form CG 00 01 in an amount not less than **\$2,000,000** per occurrence, **\$4,000,000** general aggregate for bodily injury, personal and advertising injury and property damage, including without limitation, blanket contractual liability.

2. **Automobile Liability:** **Consultant** shall, at Consultant's sole cost and expense and throughout the term of this Agreement, and any extensions thereof, carry Automobile Liability insurance coverage at least as broad as Insurance Services form CA 00 01 or the exact equivalent covering bodily injury and property damage for all activities of the Consultant arising out of or in connection with the work to be performed under this Agreement, including coverage of any owned, hired, non-owned, or rented vehicles, in an amount not less than **\$1,000,000** combined single limit for each accident.



3. **Worker's Compensation:** **Consultant** shall, at Consultant's sole cost and expense and throughout the term of this Agreement, and any extensions thereof, carry workers' compensation statutory benefits as required by law with employer's liability limits no less than **\$1,000,000** per accident for bodily injury or disease. Consultant shall submit to City, along with the certificate of insurance, a Waiver of Subrogation endorsement in favor of the City, its officers, agents, employees and volunteers for all work performed by Consultant, its employees, agents and subcontractors.

4. Professional Errors and Omissions insurance in the amount of no less than **\$1,000,000** per occurrence or claim, **\$2,000,000** aggregate, with tail coverage for an extended reporting period of **three (3)** years.

If Consultant maintains higher limits than the minimum shown above, the City requires and shall be entitled to coverage for the higher limits maintained by the Service Provider. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the City.

#### Additional Insured Status

The City, its officers, officials, employees and volunteers are to be covered as additional insureds on the CGL policy with respect to liability arising out of work or operations performed by or on behalf of the Contractor including materials, parts, or equipment furnished in connection with such work or operations. General liability coverage can be provided in the form of an endorsement to the Contractor's insurance (at least as broad as ISO Form CG 20 10 11 85 or if not available, through the addition of both CG 20 10 and CG 20 37 if a later edition is used. The provision shall also apply to any excess liability policies. In addition, Contractor shall ensure that the automobile liability policy contains a provision covering City as an additional insured, and shall obtain an endorsement to that effect if it does not.

#### City's Rights of Enforcement

In the event any policy of insurance required under this Agreement does not comply with these specifications or is cancelled and not replaced, City has the right but not the duty to obtain the insurance it deems necessary and any premium paid by the City will be promptly reimbursed by Consultant, or City will withhold amounts sufficient to pay premium from Consultant payments. In the alternative, City may cancel this Agreement.

#### City's Right to Revise Specifications

The City reserves the right at any time during the term of the Agreement to change the amounts and types of insurance required by giving the Consultant ninety (90) days

advance written notice of such change. If such change results in substantial additional cost to Consultant, the City and Consultant may renegotiate Consultant's compensation.

### Primary Coverage

For any claims related to this Agreement, the Consultant's insurance coverage shall be primary insurance as respects the City, its officers, officials, employees and volunteers. Any insurance or self-insurance maintained by the City, its officers, officials, employees or volunteers shall be excess of the Consultant's insurance and shall not contribute with it.

### Notice of Cancellation

Each insurance policy required above shall provide that coverage shall not be canceled, except with notice to the City.

### Deductibles and Self-Insured Retentions

Any deductibles or self-insured retentions must be declared to and approved by the City. The City may require Consultant to provide proof of ability to pay losses and related investigations, claim administration, and defense expenses within the retention.

### Acceptability of Insurers

All insurance policies shall be issued by an insurance company currently authorized by the Insurance Commissioner to transact business of insurance in the State of California, with a current A.M. Best's rating of no less than A:VII, (unless otherwise acceptable to the City).

### Waiver of Subrogation

All insurance coverage maintained or procured pursuant to this Agreement shall be endorsed to waive subrogation against the City, its officers, officials, employees or volunteers or shall specifically allow Consultant or others providing insurance evidence in compliance with these specifications - to waive their right of recovery prior to a loss. Consultant hereby waives his own right of recovery against City, and shall require similar written express waivers and insurance clauses from each of its subcontractors. Copies of these waivers shall be submitted to the City prior to commencement of work.

### Claims Made Policies

If any of the required policies provided coverage on a claims-made basis:

1. The Retroactive Date must be shown and must be before the date of the Agreement or the beginning of contract work.

2. Insurance must be maintained and evidence of insurance must be provided for at least five (5) years after completion of the work required under this Agreement.

3. If coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a Retroactive Date prior to the Agreement effective date, Consultant must purchase "extended reporting" coverage for a minimum of five (5) years after completion of Agreement work.

#### Verification of Coverage

Consultant shall provide City with copies of certificates (on City certificate form or an Accord form as modified per City direction) for all policies, with the appropriate named additional insured coverage and an endorsement that they are not subject to cancellation without 30 days prior written notice to City. All certificates and endorsements are to be received and approved by the City before work commences. However, failure to obtain the required documents prior to the work beginning shall not waive the Consultant's obligation to provide them. The City reserves the right to require complete, certified copies of all required insurance policies, including endorsements required by these specifications, at any time.

#### Subcontractors

Consultant shall require and verify that all subcontractors maintain insurance meeting all the requirements stated herein, and Consultant shall ensure that City is an additional insured on insurance required from subcontractors.

### **10. RELATION OF THE PARTIES**

The relationship of the parties to this Agreement shall be that of independent contractors and in no event shall Consultant be considered an officer, agent, servant or employee of City. Consultant shall be solely responsible for any workers compensation insurance, withholding taxes, unemployment insurance, and any other employer obligations associated with the described work.

### **11. CORRECTIONS**

In addition to the above indemnification obligations, Consultant shall correct, at its expense, all errors in the work that may be disclosed during City's review of Consultant's report or plans. Should Consultant fail to make such correction in a reasonably timely manner, such correction shall be made by City, and the cost thereof shall be charged to Consultant or withheld from any funds due to Consultant hereunder.

## **12. TERMINATION BY CITY**

City may, upon 30 calendar days written notice, terminate without cause any portion or all of the services agreed to be performed under this Agreement. If termination is for cause, no advance notice need be given. In the event of termination, Consultant shall have the right and obligation to immediately assemble work in progress for the purpose of closing out the job. All compensation for actual work performed and charges outstanding at the time of termination shall be payable by City to Consultant within 30 days following submission of a final statement by Consultant unless termination is for cause. In such event, Consultant shall be compensated only to the extent required by law.

## **13. ACCEPTANCE OF FINAL PAYMENT CONSTITUTES RELEASE**

The acceptance by Consultant of the final payment made under this Agreement shall operate as and be a release of City from all claims and liabilities for compensation to Consultant for anything done, furnished, or relating to Consultant's work or services. Acceptance of payment shall be any negotiation of City's check or the failure to make a written extra compensation claim within 10 calendar days of the receipt of that check. However, approval or payment by City shall not constitute, nor be deemed, a release of the responsibility and liability of Consultant, its employees, subcontractors, agents and consultants for the accuracy and competency of the information provided and/or work performed; nor shall such approval or payment be deemed to be an assumption of such responsibility or liability by City for any defect or error in the work prepared by Consultant, its employees, subcontractors, agents and consultants.

## **14. AUDIT OF RECORDS**

Consultant shall maintain, in accordance with generally accepted accounting principles, complete and accurate records of all activities and operations relating to this Agreement. Records, including but not limited to, timecards, employment records, work progress reports, reimbursements, invoices, project records, proprietary data and information, as well as licensed software and any electronic records shall be kept for a period of four years beyond the termination of this Agreement. Consultant agrees that City, or its authorized representative, shall have the right to examine, audit, excerpt, copy or transcribe any of the records pertaining to this Agreement at any time during normal business hours. Consultant shall reimburse City for all reasonable costs of the audit, including travel time and auditor costs, should such audit reveal an overcharge of five (5) percent or more. Any overcharge will be considered a breach of this Agreement and could be cause for termination. The obligations of this section shall be explicitly included in any subcontracts or other agreements entered into by Consultant with respect to this Agreement.

## **15. WAIVER; REMEDIES CUMULATIVE**

Failure by a party to insist upon the strict performance of any of the provisions of this Agreement by the other party, irrespective of the length of time for which such failure continues, shall not constitute a waiver of such party's right to demand strict compliance by such other party in the future. No waiver by a party of a default or breach of the other party shall be effective or binding upon such party unless made in writing by such party, and no such waiver shall be implied from any omissions by a party to take any action with respect to such default or breach. No express written waiver of a specified default or breach shall affect any other default or breach, or cover any other period of time, other than any default or breach and/or period of time specified. All of the remedies permitted or available to a party under this Agreement, or at law or in equity, shall be cumulative and alternative, and invocation of any such right or remedy shall not constitute a waiver or election of remedies with respect to any other permitted or available right of remedy.

## **16. CONFLICT OF INTEREST**

Consultant is unaware of any City employee or official that has a financial interest in Consultant's business. During the term of this Agreement and/or as a result of being awarded this Agreement, Consultant shall not offer, encourage or accept any financial interest in Consultant's business by any City employee or official.

## **17. CONSTRUCTION OF LANGUAGE OF AGREEMENT**

The provisions of this Agreement shall be construed as a whole according to its common meaning of purpose of providing a public benefit and not strictly for or against any party. It shall be construed consistent with the provisions hereof, in order to achieve the objectives and purposes of the parties. Wherever required by the context, the singular shall include the plural and vice versa, and the masculine gender shall include the feminine or neutral genders or vice versa.

## **18. MITIGATION OF DAMAGES**

In all situations arising out of this Agreement, the parties shall attempt to avoid and minimize the damages resulting from the conduct of the other party.

## **19. GOVERNING LAW**

This Agreement, and the rights and obligations of the parties, shall be governed and interpreted in accordance with the laws of the State of California. Should litigation occur, venue shall be in Superior Court of Ventura County.

**20. TAXPAYER IDENTIFICATION NUMBER**

Consultant shall provide City with a complete Request for Taxpayer Identification Number and Certification, Form W-9 (Rev. 12-87), as issued by the Internal Revenue Service.

**21. NON-APPROPRIATION OF FUNDS**

Payments due and payable to Consultant for current services are within the current budget and within an available, unexhausted and unencumbered appropriation of City funds. In the event City has not appropriated sufficient funds for payment of Consultant services beyond the current fiscal year, this Agreement shall cover only those costs incurred up to the conclusion of the current fiscal year.

**22. MODIFICATION/AMENDMENT OF AGREEMENT**

Any amendment, modification, or variation of the terms or tasks of this Agreement shall be in writing and shall be effective only upon the mutual written approval by the City Manager, or his designee, and Consultant.

**23. USE OF THE TERM "CITY"**

Reference to "City" in this Agreement includes City Manager or any authorized representative acting on behalf of City.

**24. PERMITS AND LICENSES**

Consultant, at its sole expense, shall obtain and maintain during the term of this Agreement, all appropriate permits, licenses, and certificates that may be required in connection with the performance of services under this Agreement.

**25. CAPTIONS**

The captions or headings in this Agreement are for convenience only and in no other way define, limit or describe the scope or intent of any provision or section of the Agreement.

**26. AUTHORIZATION**

Each party has expressly authorized the execution of this Agreement on its behalf and bind said party and its respective administrators, officers, directors, shareholders, divisions, subsidiaries, agents, employees, successors, assigns, principals, partners, joint venturers, insurance carriers and any others who may claim through it to this Agreement.

## **27. ENTIRE AGREEMENT BETWEEN PARTIES**

Except for Consultant's proposals and submitted representations for obtaining this Agreement, this Agreement supersedes any other agreements, either oral or in writing, between the parties hereto with respect to the rendering of services, and contains all of the covenants and agreements between the parties with respect to said services.

## **28. PARTIAL INVALIDITY**

If any provision in this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions will nevertheless continue in full force without being impaired or invalidated in any way.

## **29. NOTICES**

Any notice required to be given hereunder shall be deemed to have been given by depositing said notice in the United States mail, postage prepaid, and addressed as follows:

TO CITY:                      Attention:  
Brent Sakaida, Finance Department  
City of Thousand Oaks  
2100 Thousand Oaks Boulevard  
Thousand Oaks, CA 91362

TO CONSULTANT:

**<Note: If Agreement requires Council approval, please remove Section 31>**

## **31. COUNTERPARTS/FAXED OR SCANNED SIGNATURES**

This Agreement may be executed in two or more counterparts, each of which together shall be deemed an original, but all of which together shall constitute one and the same instrument. In the event that any signature is delivered by facsimile transmission or submitted electronically as a scanned image (i.e. files with .pdf, .tiff or .jpeg extensions), such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or scanned signature page were an original thereof.

**In concurrence and witness whereof**, this Agreement has been executed by the parties effective on the date and year first above written.

**CITY OF THOUSAND OAKS**

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Joel R. Price, Mayor

**ATTEST:**

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Cynthia M Rodriguez, City Clerk

**APPROVED AS TO ADMINISTRATION:**

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Scott Mitnick, City Manager

**APPROVED BY DEPARTMENT HEAD:**

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John F. Adams, Finance Director

**APPROVED AS TO FORM:**

Office of the City Attorney

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David S. Womack, Assistant City Attorney



# **ATTACHMENT #1**

## **City Council Staff Report FISCAL SUSTAINABILITY STUDY January 26, 2016**

**TO:** Scott Mitnick, City Manager

**FROM:** John F. Adams, Finance Director

**DATE:** January 26, 2016

**SUBJECT: Fiscal Sustainability Study**

**RECOMMENDATION:**

1. Receive and file report.
2. Provide direction to develop a process to establish recommendations/options necessary to ensure long-term fiscal sustainability of the City.

**FINANCIAL IMPACT:**

**No Additional Funding Requested.** Staff time and costs to prepare Fiscal Sustainability Study were included in the Adopted FY 2015-16 General Fund Budget.

**BACKGROUND:**

Preparing a long-term fiscal sustainability report is a topic that is gaining interest and attention among California cities. However, the City has been doing long-term financial planning for many years, dating back over three decades. It was in the early 1990s when the City started to actively plan for its long-term financial future. The following provides an overview of some of the key highlights over the years:

**Initial “Financial Element” Concept – 1990s**

At the time when the City was in the middle of a significant “growth mode,” in the mid 1990s, City Council contemplated pursuing a sixth optional General Plan Element which would focus on the City’s finances and economic policies, especially as they related to land use and development. During the 1990s, a small number of “cutting edge” California cities developed and implemented a “Financial Element.” In an effort to emulate this approach, the City prepared draft “Financial Element” outlines to help shape how the City’s local economy should grow. However, nothing was adopted nor implemented.

#### “Financial Strategic Plan” Recommendation - 2000

As the City was approaching build out in early 2000, City Council assigned reconsideration of the “Financial Element” concept to the Community Budget Task Force (CBTF). During the course of several meetings, the CBTF expressed a desire to focus more on developing a “Financial Strategic Plan” (FSP) with respect to the City’s long-term revenues and expenditures. The goal of the FSP was to provide a proactive tool to ensure the long-term efficient and effective management of City services, finances, operations, facilities, and capital improvement projects. In addition, the FSP was to include a “Budget Model” for the General Fund which would forecast revenues and expenditures over a ten-year period based on careful analysis of historical data, General Plan build-out scenarios, and service level scenarios. By the end of 2000, City Council authorized preparation of a formal FSP.

Since few California cities had done this before, staff had to start from scratch. This involved extensive research and time. By the end of 2001, staff developed a rough FSP outline and received City Council authorization to solicit proposals for outside consultants to prepare the Plan. In June 2002, City Council awarded a contract to The Davis Company. Work took place from 2002 through 2004.

#### First Financial Strategic Plan Adopted - 2005

The first official ten-year FSP was completed on February 8, 2005, and approved by City Council on February 22, 2005. The timing was perfect since the City had, for all intents and purposes, reached residential development build-out, unknowingly was about to enter the worst national recession since the Great Depression of the 1930s, and would face unprecedented revenue take-aways by the national, State, and County governments, including the decision by the State of California to dissolve local Redevelopment Agencies in 2012.

The 2005 FSP acknowledged that Thousand Oaks was a “low tax City” that had shifted from a “growth-oriented” community to a “maintenance-oriented” community and highlighted how this shift would impact future revenue growth rates and the ability for the City to maintain existing service levels without additional revenue sources and/or service level reductions. In addition, a formal “Budget Model” was developed for staff to forecast long-term revenues and expenditures/expenses based on historical data, consultant provided information, General Plan build-out scenarios, and service levels.

#### Era of “Budget Awareness” – 2005 to 2007

The findings, conclusions, and recommendations of the 2005 FSP provided the impetus for the City to pause, reflect, and shift its view of the future and begin focusing on fiscal conservatism. With the adoption of the first long-term FSP in the region, the City focused on maintaining the quality of current services and programs with no new local revenues or taxes. While many agencies took advantage of this period of tremendous revenue

growth and a favorable investment environment by enhancing pension plans with little thought as to the future financial sustainability of these pension plans, the City resisted this trend of retirement enhancements. The City also did not subsidize private development (such as providing property and/or Sales Tax rebates that were common at the time). At the same time, the City maintained positive labor relations with its employees. It was during this time that the City implemented a thoughtful and strategic approach to maintaining a community that had reached “build-out” and would not experience the revenue growth it had enjoyed in the past.

#### Era of “Budget Reductions” – 2008 to 2012

As the initial FSP approached its five-year mark, the City undertook a series of internal updates to the document. Several formal presentations were made to City Council by recognized professional experts including: “Demographics and the Markets” to better understand the aging and shifting local population of the Conejo Valley; “Past, Present, and Future Outlook of the City’s Sales Tax Revenues”; and, “Ventura County Economic Outlook”. In May 2008, the City prepared a detailed ten-year Capital Improvements Program (CIP) & 15 year Facilities Update Overview. In conjunction with the information and data shared from these recognized experts, the FSP underwent a comprehensive update in 2009.

As the City was conducting these long-term studies and reviews, the Great Recession and the global investment banking crisis was occurring, highlighting the importance of long-term financial strategic planning and the City’s FSP. As national and State budgets were impacted, Washington and Sacramento implemented significant budget cuts and “take-aways” from cities. At the national level, the City experienced Community Development Block Grant (CDBG) grant reductions, which impacted low income residents and affordable housing projects. At the State level, significant local revenue reductions and take-aways occurred, including Redevelopment Property Tax Increment shift in revenue to the State and the eventual decision to dissolve local Redevelopment Agencies, suspension of State mandated funding, elimination of State library funding, and takeaway of Motor Vehicle License Fee revenues to name a few. At the County level, Ventura County terminated the long-standing County/City Library Funding Agreement. These actions resulted in a loss in revenue to the City of over \$10 million annually.

The result of myriad significant revenue reductions by the end of 2012 was the elimination of 108 positions, or 18% of the Citywide workforce, and General Fund/Library Fund recurring expenditure reductions of \$5.8 million, or 8% between FY 2008-09 and FY 2012-13.

Other budget reductions and cost saving strategies implemented during this time included:

- Salary freezes from July 2010 through July 2013
- Employees picking up the full 7% “Employee Share” of CalPERS

- Police “Reverse Contract” for service to unincorporated areas
- User Fees review to ensure full cost recovery
- Full cost allocation to all funds
- Process improvements/efficiencies/technologies
- Service level reductions
- Privatization (contracting out) certain services (e.g. street sweeping)
- Deferred maintenance of facilities
- Deferred/canceled future capital improvement projects
- Suspension of open space contribution/sports facilities and social services grants

#### Era of “Adapting to the ‘New Normal’ ” – 2013 to Present

Despite unprecedented challenges caused by the Great Recession, Federal government cutbacks, State government take-aways, including the dissolution of Redevelopment Agencies in 2012, and County of Ventura take-aways, the City has been able to weather these circumstances. In retrospect, the key to this success has been the combination of adhering to the FSP, and its regular updates, along with full compliance with the City’s formal financial and budget policies. Strong political leadership by City Council, prudent managerial leadership by City’s management, and faithful implementation by all City employees also played important roles.

The City has reached its “new normal” with limited capacity for further reductions in positions or expenditures. Further reductions would lead to more significant impacts to City operations, including actual elimination of services and/or programs.

#### Financial Strategic Plan Update – 2014

Although there was an unprecedented impact on the City’s budget, the City emerged from the Great Recession able to continue providing core services to local residents and businesses. Based on the new fiscal reality, staff updated the FSP in 2014 prior to the FY 2015-16 and FY 2016-17 budget kickoff. Many changes occurred since the last FSP Update in 2009, including an economy that started to rebound from the Great Recession and the aforementioned significant City revenue takeaways by federal, State, and County governments. The 2014 FSP Update built upon the initial model developed in 2005 by widening the scope of the “Budget Model” forecast beyond the General Fund to include Enterprise Funds, as well as Governmental Funds that might potentially impact the General Fund.

#### FY 2015-16 & FY 2016-17 Budget Process

The 2014 FSP Update was used during the FY 2015-16 and FY 2016-17 Budget process and identified challenges that various funds are currently facing, and/or are likely to encounter over the next ten years. Staff identified several areas of concern which were discussed with the City Council Finance/Audit Committee, City Council Capital Facilities Committee, various Visioning 2064 Committees, and full City Council during the budget study sessions.

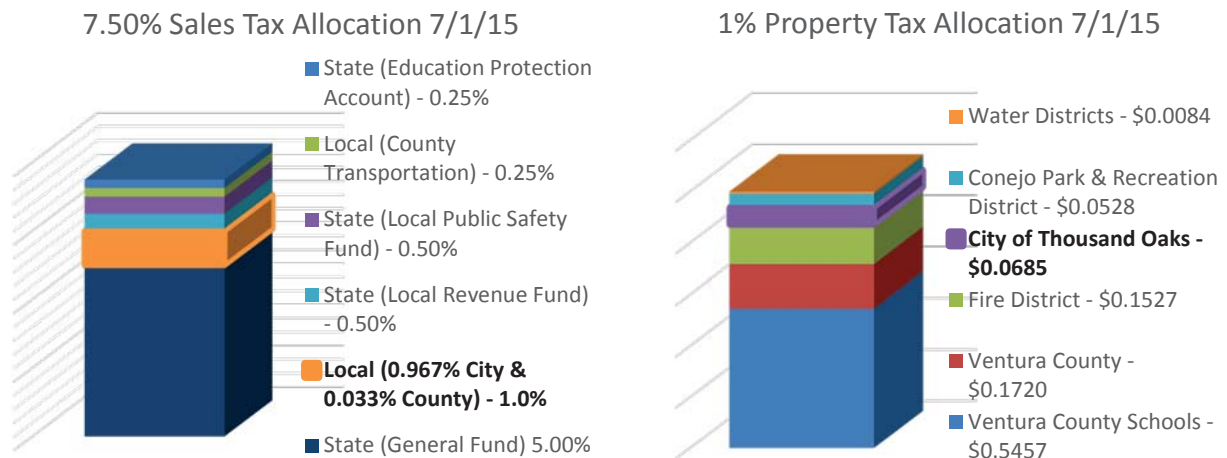
What was made clear during these meetings is that there are multiple public service and infrastructure concerns, such as the City's financial ability to maintain existing streets and roads at current pavement conditions as current recurring revenue is inadequate to maintain current pavement conditions into the future. The City has been at build out for several years and celebrated its 50<sup>th</sup> anniversary in 2014, resulting in infrastructure that is now declining and showing signs of deterioration. If not addressed proactively, the cost to maintain the City's public infrastructure will only rise and further strain the City's budget.

Overall, the City is in "good" fiscal health. The FSP played an important role in assuring that City Council adopted a structurally balanced General Fund Budget for FY 2015-16 and FY 2016-17. In an effort to continue prudent and sound financial management, it is important to take a proactive approach to ensure the City remains fiscally sustainable over the long-term. With this goal in mind, during the budget process City Council directed staff to return with a "Fiscal Sustainability Study" that would identify fiscal challenges and provide recommendations/options for City Council consideration.

### **DISCUSSION/ANALYSIS:**

Although the Great Recession is behind us and the City's local economy is improving, it is not expected that the City will experience the historical annual revenue growth it did when it was a growth-oriented community. Thousand Oaks is a built-out, low-tax city that has undergone a series of significant budget, staffing, and service reductions over the past several years. It is also a municipality with a very limited ability to grow its local economy and/or raise local revenues. This situation results in an organization with recurring expenditures outpacing recurring revenues over the long-run.

The City incorporated without a general municipal property tax and the City's FY 2013-14 property tax rate of 1.053% is much less than the statewide average of 1.143%. This results in the City being largely reliant on Sales Tax to fund its municipal services. The City receives less than 1.0% of the 7.5% Sales Tax and has not enacted an "add-on" transaction and use tax.



As evidenced from the graphs on the previous page, the City receives very small portions of both property tax and Sales Tax collected within City limits and the majority of the revenue is shifted to the State and County. In looking toward the future, without a significant increase in revenue or new revenue sources, the City will have to make a series of tough public policy choices in order to provide the municipal services to its residents and businesses. These would likely include: additional service level reductions (with the possibility of actual service elimination), deferred maintenance, deferred and/or canceled capital improvement projects, and staffing reductions.

The following discussion contains a general overview of both the immediate and long-term challenges/focus areas and an analysis of some of the public policy choices City Council is faced with. The discussion is organized as follows:

**1. Review of the Fiscal Sustainability Study Process**

**2. Identification of Immediate Challenges/Focus Areas and Options**

(Options/Strategies includes the description of the option, the amount of estimated revenue/savings, and staff's recommendation)

- a. Improvement and Maintenance of Street and Road Infrastructure**
- b. Operations and Maintenance of Street Lights and Traffic Signals**
- c. Stormwater Permit Compliance Costs**

**3. Immediate Challenges/Focus Areas Summary**

**4. Identification of Long-term Challenges/Focus Areas and Options**

(Options/Strategies includes the description of the option, the amount of estimated revenue/savings, and staff's recommendation)

- a. Declining General Fund Fund Balance**
- b. Operations, Maintenance, and Capital Improvements of Landscaping within the Landscaping Assessment District**
- c. Operations and Maintenance of the Solid Waste Program**

**5. Long-term Challenges/Focus Areas Summary**



## 6. Overall Summary and Direction

### Review of the Fiscal Sustainability Process

Based on the 2014 FSP Update and the direction from City Council, staff spent a significant amount of time during July and August 2015 performing analysis of each City fund. It was determined that the following funds were currently experiencing or projected to experience fiscal sustainability challenges:

#### Immediate Focus Areas

- Gas Tax (Streets) Fund
- Lighting Fund
- Stormwater Fund

#### Long-term Focus Areas

- General Fund
- Landscaping Fund
- Solid Waste Fund

Finance Department staff engaged staff from each department to brainstorm ideas and strategies to address the fiscal sustainability of these focus areas. Options examined included service reductions, expenditure reductions, revenue enhancements, partnering with both private and public agencies, and use of technology to improve processes.

Staff then met with the City Council Finance/Audit Committee on September 10, 2015, to provide an overview of the Fiscal Sustainability Study. Each strategy and option was presented to the Committee and the options presented in this report are those that the Committee recommended researching further. The following outlines these options by focus area and includes staff recommendations in order to achieve fiscal sustainability.

### Immediate Challenges

As highlighted in the Background Section, the City has reached its “new normal” with limited capacity for further reductions in positions or expenditures without noticeable further reductions to City programs and/or services. In order to maintain existing programs, service levels, and quality of infrastructure, the following immediate challenges need to be addressed:

#### **1. *Improvement and Maintenance of Street and Road Infrastructure - \$10.0M+***

This estimate is based on the adopted FY 2015-16 & FY 2016-17 Capital Improvement Budget as outlined below. This highlights the deferred requirements due to insufficient funding in the Gas Tax Fund.



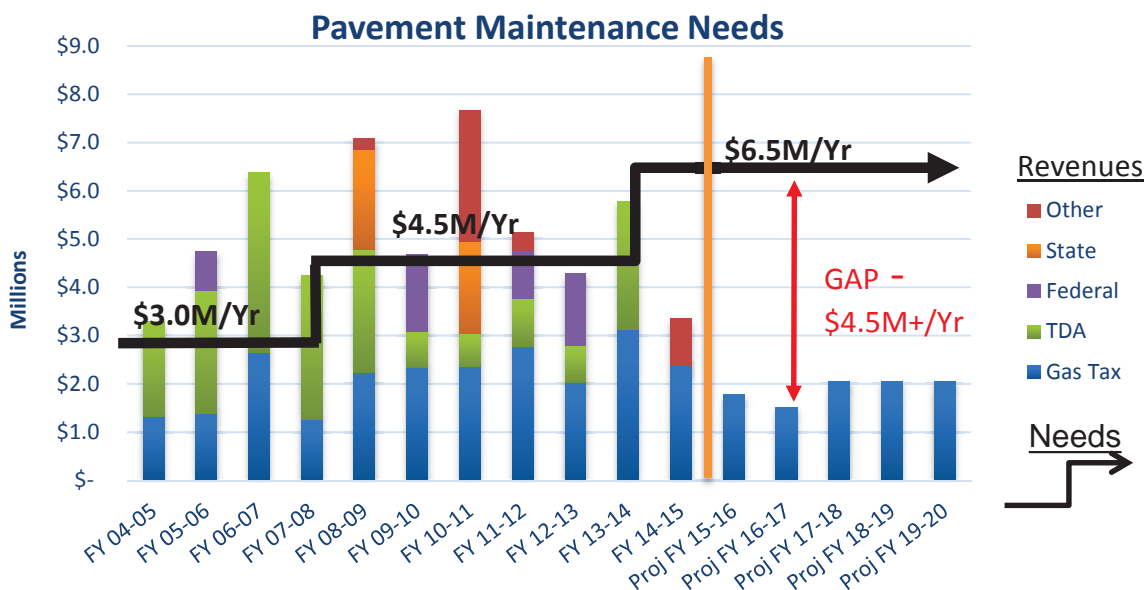
#### Deferred Requirements

| Project # | Project Name                               | Category | FY 2015-16        | FY 2016-17          | Total Deferred       |
|-----------|--|----------|-------------------|---------------------|----------------------|
| 1. M12526 | Pavement Slurry Seal - Citywide            | Street   | \$ -              | \$ 3,280,000        | \$ 3,280,000         |
| 2. C15231 | Pavement Rehabilitation Citywide FYs 15-17 | Street   | 50,000            | 5,476,000           | 5,526,000            |
| 3. C15124 | Curb Ramps - Annual - FYs 15-17            | Street   | 70,000            | 780,000             | 850,000              |
| 4. M12012 | Concrete Replacement & Sidewalk Repair     | Street   | 140,000           | 230,000             | 370,000              |
|           |  |          | <b>\$ 260,000</b> | <b>\$ 9,766,000</b> | <b>\$ 10,026,000</b> |

#### Issue:

The funding for street infrastructure capital improvement and maintenance projects has significantly declined. Historically, the City relied on several funding sources for street infrastructure projects including: State Gas Tax, Transportation Development Act (TDA) funds, developer fees, federal and State grants, local Redevelopment Agency (RDA) funds, and Verizon Fiber To The Premises (FTTP) revenue sources. Due to recent State legislation, the City is no longer able to use TDA funds toward street-related purposes. Federal and State one-time grants are not as available as they were in the past, and RDA funding has been eliminated. The elimination of these revenue sources has resulted in an immediate and ongoing challenge to adequately fund street infrastructure to continue existing levels of service.

Street improvement revenue has decreased from a high of \$7.7 million in FY 2010-11 to a low of \$1.5 million projected in FY 2016-17, representing an 81% reduction. The graph below shows the ten-year street improvement revenue history, projections through FY 2019-20, and street improvement needs:



The estimate for FY 2016-17 of \$1.5 million is even lower than the \$2.0 million presented at the January 12, 2016 City Council meeting as staff received revised

revenue projections on January 13, 2016. This is a 25% revenue reduction to a budget that is already significantly underfunding street infrastructure maintenance and highlights how volatile and unreliable State Gas Tax revenue has become.

Per City's Pavement Management Program, in order to maintain existing pavement conditions, the City should be funding pavement rehabilitation at an approximate amount of \$6.5 million per year for the next five years.

Additional Infrastructure Impacts:

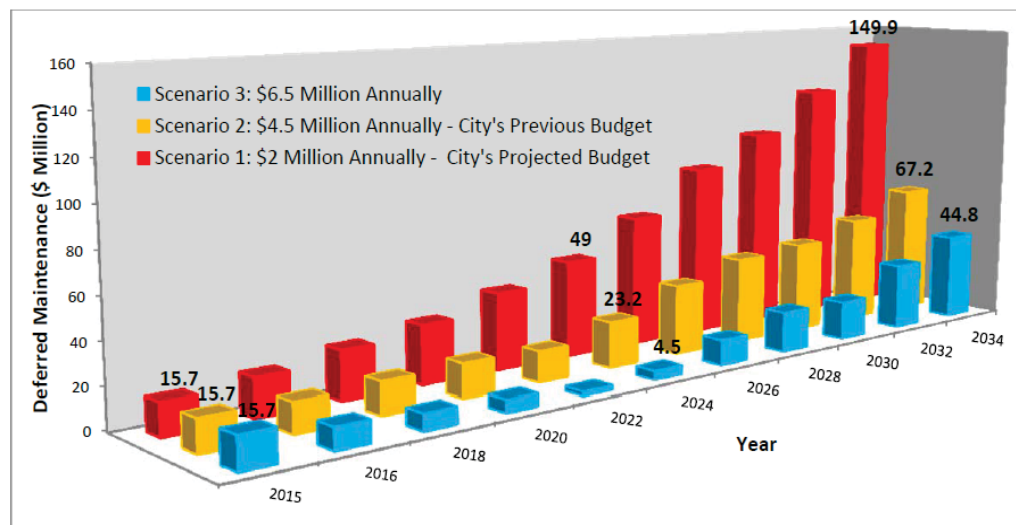
In addition, with the City at build-out, major land-use developments are no longer occurring leading to a decline in Developer Fee revenue that has traditionally assisted in funding needed infrastructure improvements. Developer Fee revenue has decreased from a high of \$3.1 million in FY 2006-07 to \$0.8 million in FY 2014-15, representing a 74% decrease. At a minimum, an additional \$0.5 million is also needed each year to maintain sidewalks and other infrastructure.

Options:

The two-year budgetary shortfall is approximately \$10.0 million. Staff analyzed the following options to address this challenge:

| <b>Option</b> | <b>Description</b>                      | <b>Amount</b> | <b>Staff Recommended</b> |
|---------------|---|---------------|--------------------------|
| A.            | Defer Maintenance                       | \$6.5M        | No                       |
| B.            | Pavement Preservation Treatments        | Varies        | Yes                      |
| C.            | In-Lieu Fees                            | \$1.0M        | Yes                      |
| D.            | Street Assessment District              | \$4.5M        | Yes                      |
| E.            | General Sales Tax Measure               | \$14M         | Yes                      |
| F.            | State Fix Our Roads Coalition           | \$6.0M        | Yes                      |
| G.            | Governor's Transportation Package       | \$2.1M        | Yes                      |
| H.            | County Transportation Sales Tax Measure | \$4.0M        | (Only if passed)         |

**A. Defer Maintenance** – City would only perform as much street maintenance as there is revenue for. This would lead to a decline in the quality of street infrastructure, increased maintenance costs, increased frequency of potholes, and potentially increased liability claims as shown in the graph below. If maintenance is deferred, the cost would increase to \$150 million in deferred maintenance.



**B. Pavement Preservation Treatments** – There are a variety of pavement rehabilitation options that staff can employ in order to help maintain existing streets and roads. As shown, the cost of the options varies; the higher the quality, the higher the cost. This was discussed in depth at the January 12, 2016 City Council meeting on the Pavement Management Program. Staff does not recommend continuing with the rubberized cape seal.

- i. Micro Surfacing – \$2.50/Square Yard (SY)
- ii. Rubberized Slurry Seal – \$4.30/SY
- iii. Rubberized Cape Seal – \$7.40/SY
- iv. 1.75" Rubberized Overlay – \$14.60/SY
- v. 2.00" Rubberized Overlay – \$17.00/SY

**C. In-lieu Fees** – Approximately \$1.0 million based on studies performed by other municipalities. As heavy duty trucks and buses regularly use City street infrastructure and contribute greatly to pavement deterioration, an in-lieu fee from refuse haulers and transit would reimburse the street infrastructure funds for local maintenance costs. This is not widely used by municipalities at this time. However, it is anticipated to be a more widely used option as cities continue to struggle with maintaining infrastructure.

**D. Street Assessment District** – Similar to landscaping and lighting districts, property owners have the option to vote to assess their property for the benefit of street infrastructure improvements. The amount generated in revenue would depend on the amount charged to individual parcels. There are approximately 43,000 parcels within City limits. In order to generate the full funding gap of \$4.5 million, the average assessment would be \$104.

**E. City General Sales Tax Measure** – Approximately \$14 million total based on a ½ cent increase. Part of the Sales Tax add-on could be used to fund street and road maintenance. This would require a ballot measure and vote of the residents with a 50.1% approval rating needed to pass.

Options not under City's control:

**F. State Fix Our Roads Coalition** – Estimated \$6.0 million per year for City street and road maintenance. Proponents support any package passed by State Legislature, which should raise at least \$6.0 billion annually. This would be split 50% to the State and 50% to cities and counties.

At its September 15, 2015 meeting, City Council adopted a resolution urging the State to provide sustainable funding for street infrastructure and also authorized City membership in the State Fix Our Roads Coalition.

**G. Governor's Proposed Transportation Legislation** – \$2.1 million per year for City. Governor Brown's package would allocate \$1.05 billion to cities and counties.

**H. Ventura County Transportation Sales Tax** – 1/2 cent increase would bring approximately \$4.0 million per year for the City. This would require a ballot measure and vote of Ventura County residents with a 2/3rds majority approval needed. As proposed, the majority of the revenue generated within City limits would be spent by Ventura County Transportation Commission outside the City limits.

Staff Recommendations:

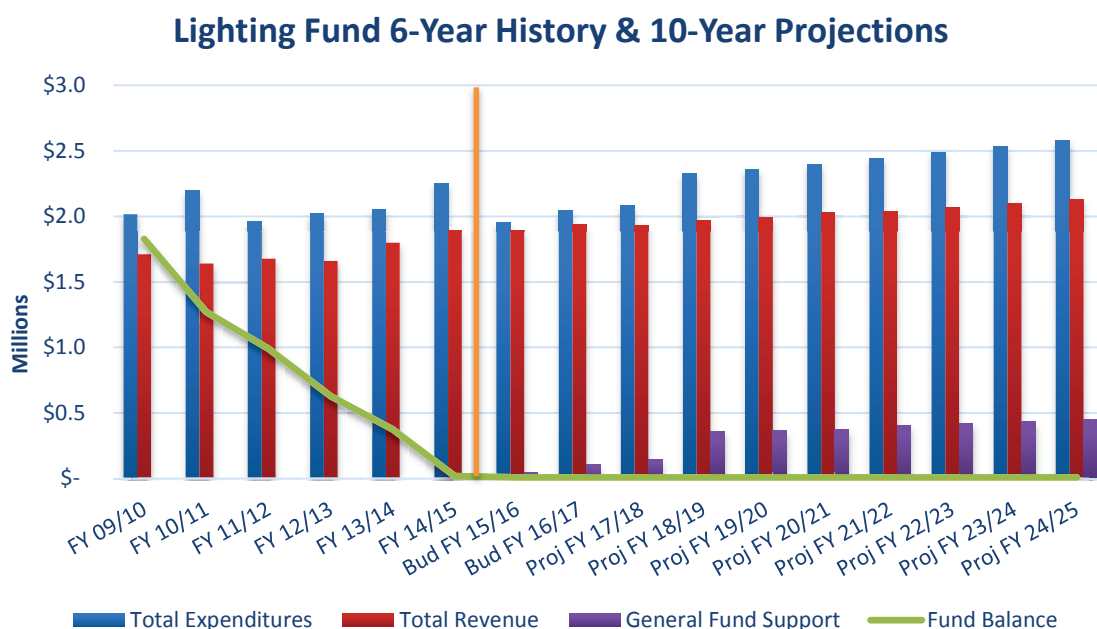
Utilize alternative pavement preservation treatments (B), evaluate and research In-lieu Fee (C), Street Assessment District (D), and City Sales Tax measure (E).

Support: Fix Our Roads Coalition (F), Governor's Transportation Package (G).  
(Only one of these options would be approved by the State).

**2. Operations and Maintenance of Street Lights and Traffic Signals - \$0.4M**

Issue:

Current funding levels for street lighting and traffic signals are inadequate to meet existing expenditure requirements. The Lighting Fund is projected to deplete available fund balance in FY 2015-16 due to recurring expenditures exceeding recurring revenues. The majority of expenditures are for electricity and maintenance for street lighting and traffic signals. The table below depicts the decline in fund balance over the past six years, as well as the projected support from the General Fund over the next ten years.



### Options:

The ongoing shortfall is approximately \$0.4 million. Staff analyzed the following options to address this challenge as presented below:

| <i><b>Option</b></i> | <i><b>Description</b></i>                  | <i><b>Amount</b></i> | <i><b>Staff Recommended</b></i> |
|----------------------|--|----------------------|---------------------------------|
| A.                   | Eliminate Battery Backup for Signals       | \$11,000             | No                              |
| B.                   | Turn Off Half of Residential Street Lights | \$165,000            | No                              |
| C.                   | Perform Maintenance In-House               | \$80,000             | No                              |
| D.                   | Re-ballot Lighting District                | \$510,000            | Yes                             |

**A. Eliminate Battery Backup for Signals** – Estimated \$11,000 annual savings. The initial installation of the battery backups for traffic signals was grant funded. Life of the batteries is approximately 4-7 years. Most recently in August 2015, 65 incidents were recorded where the backups were employed, including Westlake and Thousand Oaks Boulevards.

**B. Turn Off Half of Residential Street Lights** – Estimated \$165,000 annual savings. City will still incur a monthly base charge from Southern California Edison (SCE) even with street light turned off.

**C. Perform Traffic Signal Maintenance In-House** – Estimated \$80,000 annual savings. Currently the City contracts for traffic signal maintenance at approximately \$355,000 annually and provides all parts and materials with the contractor providing labor and vehicles. In order to move maintenance in-house, the City would hire two electrical technicians, purchase an aerial lift

truck, and obtain insurance. Upfront costs would be approximately \$165,000 for an aerial lift truck with ongoing personnel costs at approximately \$250,000 annually.

**D. Re-ballot Lighting District** – Estimated \$510,000 annual increase in revenue. Current assessment is approximately \$14/parcel/year with almost 100% of parcels Citywide located within the Lighting District. This requires a Proposition 218 ballot with at least 50.1% of those returning ballots to approve the measure. Annual assessments would increase from \$14 to approximately \$31/parcel/year. One-time costs to re-ballot the Lighting District are approximately \$75,000.

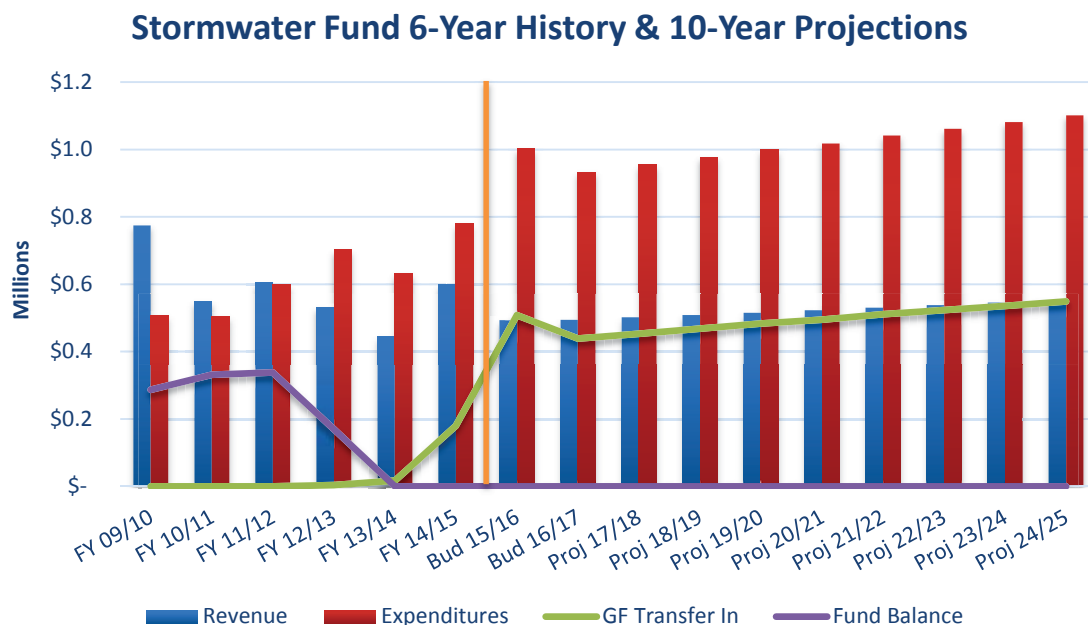
Staff Recommendation:

Re-ballot Lighting District (D).

**3. Stormwater Permit Compliance Costs - \$0.5M**

Issue:

The Stormwater Fund currently receives General Fund support to assist in Stormwater Permit compliance. Renewal of the Stormwater Permit next year is expected to result in increased future expenditures from development of a new enhanced watershed management plan, expanded water quality monitoring, and capital project costs for capture and infiltration of storm runoff. General Fund support for this program is anticipated to increase, as shown below.



Options:

The ongoing shortfall is approximately \$0.5 million. Staff analyzed the following options to address this challenge as presented below:

| <i><b>Option</b></i> | <i><b>Description</b></i>         | <i><b>Amount</b></i> | <i><b>Staff Recommended</b></i> |
|----------------------|-----------------------------------|----------------------|---------------------------------|
| A.                   | Minimum Permit Compliance/Labor   | \$100,000            | Yes                             |
| B.                   | Increase in Reclaimed Water Sales | \$100,000*           | Yes                             |
| C.                   | Re-ballot Stormwater District     | \$173,000            | Yes                             |

\*Not an ongoing revenue increase

**A. Minimum Permit Compliance/Labor** – Estimated \$100,000 annual savings in salaries and benefits costs to the Stormwater Fund. The majority of the annual budget (\$500,000) goes toward salaries and benefits costs to run the program. Staff believes the program can be operated with 20% fewer personnel assigned to it and while achieving minimum compliance with permit requirements. There would be no reduction in staffing levels as personnel would be allocated to other funds, such as Water, Wastewater, and/or General Fund, thus reallocating costs to the affected funds.

Options Not Under City's control:

**B. Increase in Reclaimed Water Revenue** – Estimated \$100,000 increase in revenue due to higher reclaimed water sales based on the current agreement with Camrosa Water District. In anticipation of increased flow of water due to El Nino, reclaimed water sales would increase. This is not anticipated to be an ongoing revenue increase.

**C. Re-ballot Stormwater District** – Estimated \$173,000 annual increase in revenue. The stormwater special assessment is a Countywide district. The estimated increase is based on the rate being doubled. This requires Ventura County to initiate and perform the balloting.

Staff Recommendation:

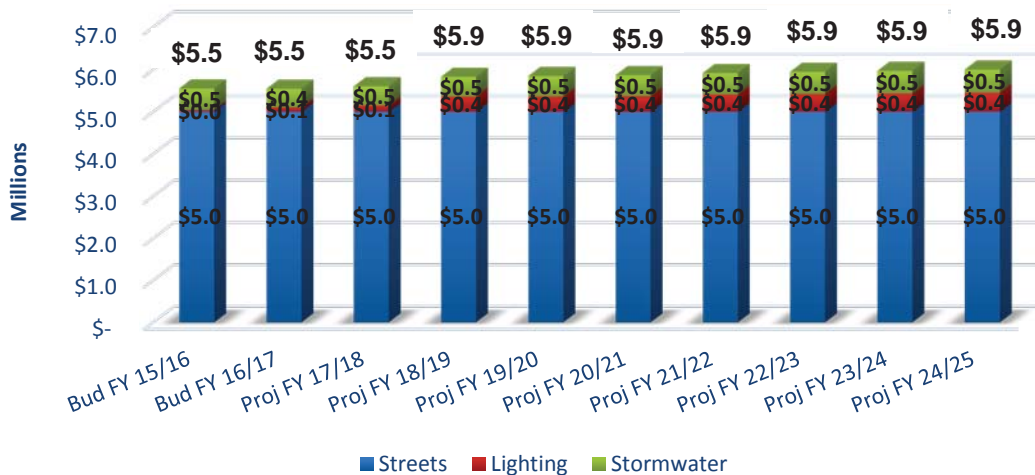
Minimum Permit Compliance/Labor (A), Increase in Reclaimed Water Sales (B), and support County Re-ballot District (C).

Immediate Challenges Summary

Based on the immediate challenges discussed above, the estimated annual funding gap averages \$5.9 million for capital improvement projects, street maintenance, Stormwater Permit compliance, and street lighting as shown below.



### Immediate Challenges Gap



The General Fund is already being impacted in the form of having to subsidize the Lighting and Stormwater Funds, which are operating with structural imbalances. Even if all the recommendations are made in the Stormwater Fund, it will still not be adequate to operate without General Fund support. Although the Lighting Fund can become fiscally sustainable on its own, this can really only be accomplished with a re-balloting of the special assessment.

The more significant challenge is the funding for street improvement and maintenance. Although there are several options outside of the City's control, which if successful, would be beneficial to the City's Pavement Management Program. Without new revenue sources, such as a local Sales Tax measure, the conditions of the City's streets will continue to deteriorate.

### Long-Term Challenges

One of the advantages to preparing a FSP is the ability to proactively identify and address future challenges. The development of the 2014 FSP highlighted several long-term City challenges. Although not immediate challenges, beginning to address these focus areas now will contribute to the long-term fiscal sustainability of the City.

#### **1. Declining General Fund Fund Balance – Estimated \$0.9M FY 2018-19 & increasing thereafter to \$7.5M in FY 2024-25**

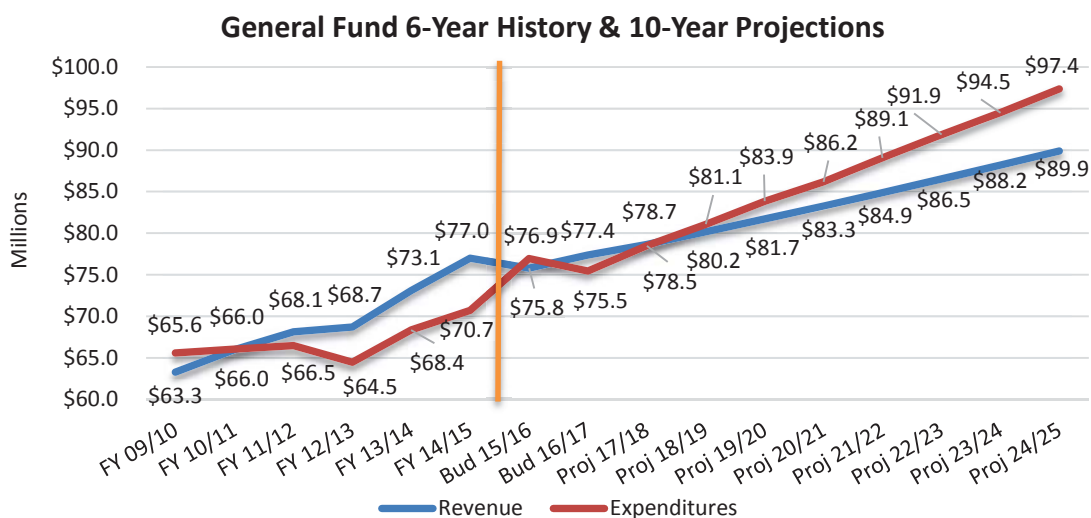
##### Issue:

Although the General Fund is balanced for the FY 2015-16 & FY 2016-17 budget cycle and able to fund operations, capital improvements, and meet reserve requirements, the 2014 FSP Update projects this fund balance to decline



beginning in FY 2018-19. This will limit the ability for the General Fund to continue subsidies to other funds and fund capital improvement projects.

Provided in the graph on the following page is the six-year history and ten-year projections of the General Fund. As depicted, over the past several years the General Fund has experienced revenues greater than expenditures after having several years of expenditures exceeding revenues during the Great Recession. With the City's limited ability to enact new revenue sources, the impacts of being a built-out City, and the subsidies required from other funds, the General Fund projections anticipate expenditures to exceed revenues beginning in FY 2018-19.



#### General Fund Subsidies of Other Funds:

Based on the Adopted FY 2015-2016 & FY 2016-2017 Operating Budget, the General Fund will continue to subsidize several funds, including Library Fund, Stormwater Fund, and Lighting Fund. The General Fund has traditionally supported the Library Fund, and has provided minimal support to the Stormwater Fund. General Fund support to the Lighting Fund is new with this budget cycle. The budgeted General Fund subsidy to the Library is currently \$2.1 million. The annual subsidy to the Lighting and Stormwater funds is over \$0.5 million. This level of support will only continue to increase in the future, if not addressed.

The Landscaping Fund and the Solid Waste Fund are currently operating with a structural deficit and are projected to use fund balance/reserves during the upcoming two-year budget cycle and beyond to balance their budgets. The anticipated future budget shortfall is more than \$1.0 million between the two funds. Although this is not an immediate impact on the General Fund, it is likely that the General Fund will be required to provide a subsidy of these two funds. Therefore, it is imperative that the City be proactive in addressing these structural deficits in order to eliminate future impacts on the General Fund.

As previously discussed, the City's transition from a growth-oriented community to a maintenance-oriented community presents a rising challenge associated with maintaining an aging local public infrastructure system. The City's street infrastructure is estimated to require approximately \$6.5 million annually in capital and maintenance expenditures in order to maintain existing levels of service. Historically, the City received sufficient Gas Tax, Developer Fees, Redevelopment (RDA) funds, and Federal/State grant revenue to maintain the City's streets. However, with Gas Tax revenues declining, Developer Fees nearly nonexistent, RDA funds eliminated, and State/Federal grant opportunities diminished, the City will continue to experience deferred maintenance related to street and sidewalk infrastructure, with estimates of approximately \$10.0 million during this budget cycle alone. In order to maintain streets and roads at existing levels of service, alternative funding sources must be identified.

Options:

The ongoing shortfall is approximately \$0.9 million increasing to \$7.5 million. Staff analyzed several options to address this challenge including expenditure reductions and revenue enhancements.

**Potential Revenue Enhancements**

| <b>Revenue Option</b> | <b>Description</b>              | <b>Amount</b> | <b>Staff Recommended</b> |
|-----------------------|---------------------------------|---------------|--------------------------|
| A.                    | New Economic Development        | \$1M+         | Yes                      |
| B.                    | Sale of Existing City Property  | Unknown       | Varies                   |
| C.                    | User Fees – Full Cost Recovery  | \$3.7M        | No                       |
| D.                    | Transient Occupancy Tax         | \$360K        | Yes                      |
| E.                    | Business License                | \$36K         | Yes                      |
| F.                    | Library Parcel Tax              | \$0.9M        | No                       |
| G.                    | Establish New Utility Users Tax | \$3M+         | No                       |
| H.                    | City General Sales Tax Measure  | \$14M+        | Yes                      |
| I.                    | Other Revenue Options           | Unknown       | Research                 |

**A. New Economic Development** – Estimated over \$1.0 million depending upon developments that occur. The following are a few of the major opportunity areas for economic development:

- i. Seventh Day Adventist Property
- ii. Thousand Oaks Boulevard Area
- iii. Old Kmart site
- iv. Kelley Road Properties (School District)
- v. Moradian Property

Development of existing properties may generate over \$1 million annually in additional Sales Tax revenue. For example, development of the old Kmart site on Hampshire Road may generate over \$0.5 million alone in Sales Tax revenue.

**B. Sale of Existing City Property** – One-time revenue varies. The City owns several parcels/buildings, most of which are currently in use. There is the ability for the City to sell the following parcels/buildings and gain one-time revenue from the sale.

- i. Westside Properties
- ii. Newbury Park Library
- iii. Lawrence Drive Parcel
- iv. Childcare Facility
- v. Equestrian Facility
- vi. Thousand Oaks Transportation Center
- vii. Cameron Center
- viii. Los Robles Greens Golf Course
- ix. Teen and Adult Community Centers
- x. City ownership of East Valley/Thousand Oaks Police Station
- xi. 401/403 Hillcrest

Although staff does not recommend selling City-owned facilities that are currently being used for governmental purposes, with the Childcare facility and Newbury Park Library located in prime commercial areas, there is the opportunity for the sale of these buildings contingent upon the agreement that a new City facility be built in a more suitable location within the City.

**C. User Fees – Full Cost Recovery** - Approximately \$3.7 million increase in revenue. Currently there are several user fees that are below full cost recovery. Although the City may recover additional revenue by bringing all fees up to full cost recovery, City Council has historically applied “exceptions” to full cost recovery for several user fees, such as residential block party permits, that are primarily paid for by existing homeowners. The City also ensures that user fees are not significantly higher than the same fees in comparison agencies.

**D. Transient Occupancy Tax (TOT)** – Approximately \$360,000 per 1% adjustment in rate (currently at 10%). The maximum rate a City can charge is 15%. The median rate in the state is 10%. This would require a local ballot measure with a majority approval required to pass.

**E. Business License** – Approximately \$36,000 for 2% annual CPI increase. The City’s Business License Tax rates have not been updated in over 20 years and are generally based on gross receipts. The City can update the ordinance to

add a 2% annual CPI increase in order to keep pace with inflation. Another option would be to overhaul the existing gross receipts structure.

- F. Library Parcel Tax** – Approximately \$900,000 based on a \$20/parcel/year tax. This would require a local ballot measure with a 2/3rds majority approval required to pass. The General Fund subsidy to the Library in FY 2015-16 is \$2.1M. Obtaining 2/3rds majority approval for a tax is difficult and therefore not recommended in comparison with other options.
- G. Establish New Utility User Tax (UUT)** – A UUT may be imposed by a City on the consumption of utility services including electricity, gas, telephone, refuse collection, cable/video, water, etc. The rate of the tax and the use of revenue is determined by the City. The tax is levied on the consumer of the utility services. If the City were to charge a 5% UUT on electricity and gas services, the estimated revenue would be \$3.0 annually. As of July 1, 2015, there were 158 California cities with a UUT ranging from 1% to 11%, and this applies to various local utilities. This would require a local ballot measure with a 50.1% majority approval to pass. The mean tax rate in the state is 5.4%.
- H. City General Sales Tax Measure** – At least \$14 million based on a ½ cent increase. As a general measure, this could be used to fund a variety of important services, such as police, streets, open space acquisition/management, landscape areas, recreation, and libraries. This would require a local ballot measure and vote of the residents with a 50.1% approval rating needed to pass.
- I. Other Revenue Options** – There are several other revenue options the City could explore further, including establishing a parking tax and/or a child care tax. Although these are taxes that are established by other municipalities, these were not recommended to be explored further.

In addition, the City currently does not receive its full 1% Bradley Burns Sales Tax rate due to a longstanding agreement with the County whereby the County receives a portion. Staff is currently exploring the possibility of adjusting this amount.

**Staff Recommendations:**

Promote Economic Development (A); Explore adjusting TOT rate (D), Business License (E), and Sales Tax rate (H). Research Other Revenue Options (I).

**Expenditure Reductions Options:**

| <i><b>Expenditure<br/>Option</b></i> | <i><b>Description</b></i>                      | <i><b>Staff<br/>Recommended</b></i> |
|--------------------------------------|--|-------------------------------------|
| A.                                   | People Strategy – Organizational Restructuring | Yes                                 |
| B.                                   | Process Improvements/Efficiencies              | Yes                                 |
| C.                                   | Technology/Automation                          | Yes                                 |
| D.                                   | Service Level Reductions                       | No                                  |
| E.                                   | Partnership Opportunities                      | Yes/No                              |
| F.                                   | Contracting                                    | Yes                                 |

**A. People Strategy – Organizational Restructuring** – The City has embarked on an organization-wide People Strategy to align staffing with future service needs of the community. The effort is designed to ensure the City’s workforce is structured and prepared to continue to provide effective municipal services to the public. The aim is to prepare for the future by aligning efforts, optimizing talent in the organization, and developing a strong leadership base for the future.

**B. Process Improvements/Efficiencies** – The City is continuously evaluating its service delivery method to ensure the organization operates as efficiently and effectively as possible. Through these efforts, some processes have been eliminated entirely, duplication of efforts have been eliminated, and non-value added steps have been cut. Although difficult to quantify the savings, it is estimated at thousands annually. These efforts will continue in the future.

**C. Technology and Automation** – The City is continuously evaluating technology to determine what is available to assist in the delivery of municipal services in a more efficient manner. As an example, the City is in the process of implementing an electronic timekeeping system to eliminate paper, manual data entry of timesheets, duplication of efforts, and streamline the entire process. This technology will also offer the added benefit of job costing to assist staff in evaluating the time spent on projects and programs. Although difficult to quantify the savings, it is estimated at thousands annually. These efforts will continue in the foreseeable future.

**D. Service Level Reductions** – Service level reductions are a tool that can be utilized to reduce expenditures. However, service level reductions should be closely analyzed to be balanced with providing core services to the public at a level that is expected.

Various service level reductions that could be considered include:

- i. Elimination of the annual Open Space transfer - \$100K
- ii. Elimination of annual endowment fund grants (Sports Facilities/Social Services) - \$200K

**E. Partnership Opportunities – Public/Private and Public/Public** – Other public agencies and private companies are a great resource and asset to the City in terms of providing services.

Staff has come up with the following possibilities:

- i. Transfer ownership and responsibility of the Crossing Guard Program to CVUSD – \$180,000 savings in crossing guard payroll costs.
- ii. Responsibility of the Teen Center operations to CRPD – \$600,000 savings in salaries and benefits and maintenance costs.
- iii. Responsibility of the Adult Community Center to CRPD – \$400,000 savings in salaries and benefits and maintenance costs.
- iv. Responsibility of the Child Care Center to CVUSD – \$140,000 savings in annual maintenance costs.
- v. Elimination of the City's participation in the County Community Prosecution Program - \$60K savings. Evaluation as to the value this provides residents should be considered.

Each option listed comes with its own pros and cons and could be very complex due to extensive history behind the current structure. More research and analysis is needed in order to further explore any of these options.

**F. Contracting Public Services** – There may be certain instances where it is more cost effective and beneficial for the City to contract out certain services. The City currently contracts with Ventura County to provide police services. This contract is evaluated every 5-10 years to determine if it still provides the City the best overall value to contract with Ventura County to provide police services, pursue a contract with Los Angeles County, or if it is more efficient and cost effective to operate our Police Department in-house. This analysis is currently taking place.

A few cities within the County contract for library services. Although this is a possibility for the City, passage of AB 438 in 2011 made it very difficult for cities to leave a county library system, as it requires notice of the contemplated action, and submittal of the question for voter approval. Although the City is already operating its own library system separate from the County, this approach to provide library services is not recommended.

In addition, the City receives fire services through the Ventura County Fire Protection District (VCFPD). The City does not pay directly for this service, as



its residents do through their property taxes with VCFPD receiving a greater percentage of local property taxes than is expended within City limits. Although difficult to withdraw from VCFPD, the City may explore this option to ensure that local residents and businesses are receiving the level of service that they are paying for. Based on the 2007 Fire Services Review consultant report, the City is a major “donor” to VCFPD with Thousand Oaks residents subsidizing fire services provided to other parts of the County.

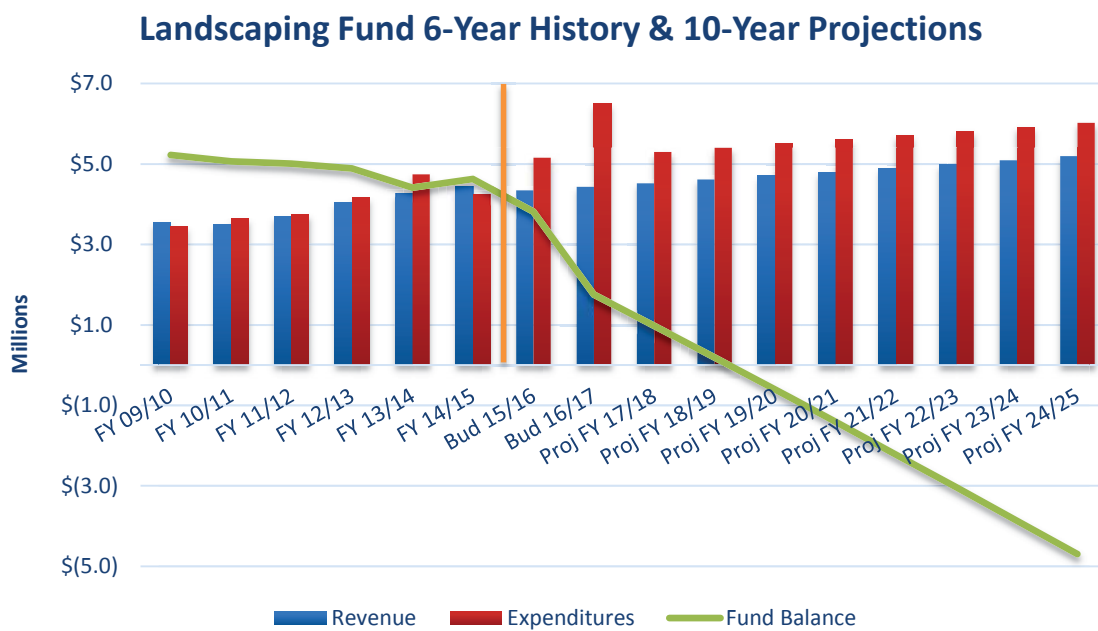
Staff Recommendations:

People Strategy (A), Process Improvements (B), Technology/Automation (C), Perform further analysis of Partnership Opportunities (E), Contracting (F).

**2. Operations, Maintenance, and Capital Improvements of Landscaping Within the Landscaping Assessment District - \$0.8M.**

Issue:

The Landscaping Fund is projected to have an ongoing structural imbalance due to recurring expenditures exceeding recurring revenues. The majority of expenditures are contract costs for maintenance, water, and salaries and benefits. The Landscaping Fund is projected to have adequate fund balance to cover the gap through FY 2018-19, as shown below. However, this is an area that should be addressed in the future.



Options:

The ongoing shortfall is approximately \$0.8 million. Staff analyzed the following options to address this challenge as presented below:

| <i><b>Option</b></i> | <i><b>Description</b></i>    | <i><b>Amount</b></i> | <i><b>Staff Recommended</b></i> |
|----------------------|------------------------------|----------------------|---------------------------------|
| A.                   | Drought Tolerant Landscaping | \$320,000            | Yes                             |
| B.                   | Defer Tree Trimming          | \$50,000             | No                              |
| C.                   | Staffing Reduction           | \$89,000             | No                              |
| D.                   | Re-Ballot Landscape District | \$200,000            | Yes                             |
| E.                   | Defer Capital Improvements   | \$200,000            | No                              |

- A. Drought Tolerant Landscaping** – Estimated \$320,000 in annual savings assuming 25% water conservation. However, there would be up front costs for conversion of existing landscaping that would initially offset the savings.
- B. Defer Tree Trimming** – Estimated \$50,000 in initial annual savings from short-term deferral of tree trimming maintenance costs. Less time would be spent on structural pruning of younger trees while hazardous conditions and height clearance problems would continue to be addressed. However, much like with deferring street maintenance, long-term maintenance costs would increase.
- C. Staffing Reduction** – Estimated \$89,000 in annual savings. Reduction in staff would be over time through attrition going from 24 landscape maintenance positions to 20. The majority of the savings (75%) would be realized in the General Fund with 25% in the Landscape Fund. While staffing costs would be reduced in the Landscaping Fund, contracted services costs would increase and lead time on customer service requests and non-routine tasks would increase.
- D. Re-Ballot Landscape District** – Estimated \$200,000 increase based on an approximate 6% increase in rates. Currently, the highest assessment is \$416; this would increase to \$441. The average assessment is \$251; this would increase to \$266. This requires a local Proposition 218 ballot with at least 50.1% of those returning ballots approving the measure. One-time cost to re-ballot the Landscape District is approximately \$25,000.
- E. Defer Capital Improvements** – Estimated \$200,000 annual savings in capital improvements expenditures. The City currently has an ongoing capital improvement project to upgrade existing landscaping. Deferral would lead to increased costs in the future and decrease in aesthetics.



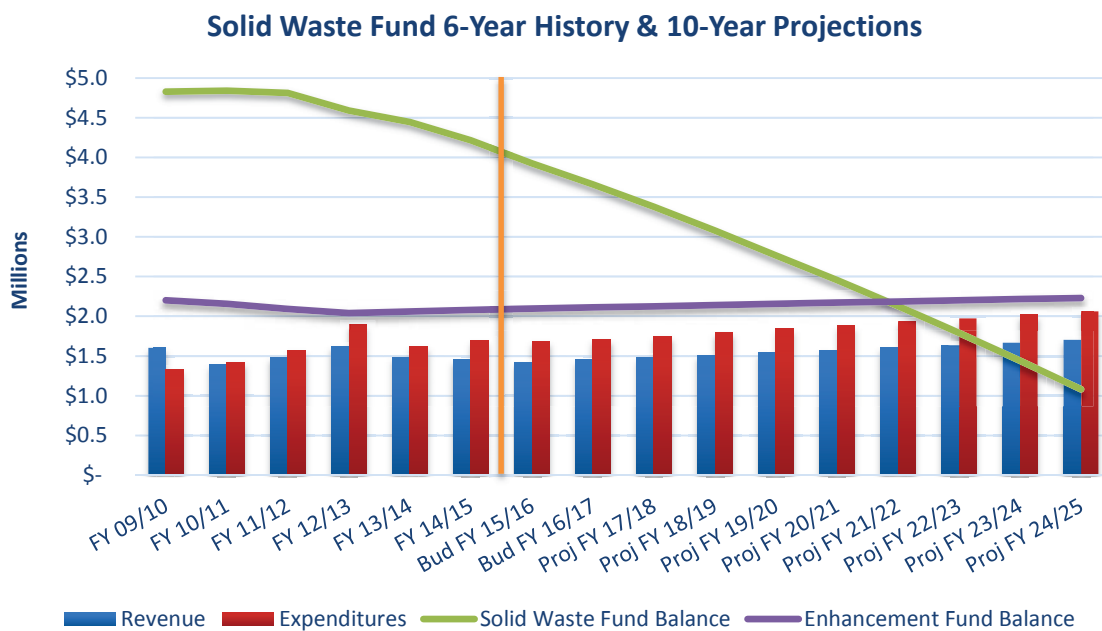
Staff Recommendations:

Drought tolerant landscaping (A), Re-ballot Landscape District (D).

**3. Operations and Maintenance of the City's Solid Waste Program – \$0.3M**

Issue:

Solid Waste Fund is projected to have an ongoing structural imbalance due to recurring expenses exceeding recurring revenues. This fund currently has adequate fund balance to cover the gap during the next ten fiscal years. However, future gaps are anticipated and this is an area that should be addressed in the future.



As presented above, the fund balance of Solid Waste Management Fund is \$4.2 million and Solid Waste Enhancement Trust Fund is \$2.0 million. Per City Council direction, interest earnings from the \$2.0 million endowment in the Enhancement Fund should be used to fund the Neighborhood Clean Up program (\$15,000), the Adopt-a-Highway program (\$36,000), and the Community Enhancement Grant program (\$45,000). Due to the current interest rate environment, annual interest income is approximately \$25,000, which is insufficient to support these programs. The Solid Waste Management Fund is budgeted to pay for these programs instead.

Options:

The ongoing shortfall is approximately \$0.3 million. Staff analyzed the following options to address this challenge as presented below:

| <b>Option</b> | <b>Description</b>                     | <b>Amount</b> | <b>Staff Recommended</b> |
|---------------|--|---------------|--------------------------|
| A.            | Fee Adjustments                        | \$321,000     | Yes                      |
| B.            | Evaluate Contract Staffing             | \$46,000      | Yes                      |
| C.            | Staff HHW Facility In-house            | \$28,000 inc  | No                       |
| D.            | Reduce HHW Facility Hours              | \$45,000      | No                       |
| E.            | Reduce City Special Events             | \$49,000      | No                       |
| F.            | One-time Transfer of Enhancement Funds | \$2M          | No                       |

**A. Fee Adjustments** – Estimated \$321,000 increase in annual revenue.

- i. Solid Waste Management Fee – Estimated \$219,000 increase in revenue. Residential rate currently set at \$0.60 per month; Commercial rate set at 8.25% of net revenue. Adjust fees to \$1.00 per month for Residential and 8.75% of net revenue for Commercial. The City currently has the 4<sup>th</sup> highest fees out of 14 comparison agencies.
- ii. Increase HHW Fees for Non-City Participants – Estimated \$94,000 increase in revenue. Current fee is \$65 per participant. Increase to \$80 per participant. Approve the City to contract with the City of Moorpark to provide the use of the City's HHW facility to their residents at \$80 per participant.
- iii. Adjust Businesses Disposal Fee – Estimated \$8,000 increase in revenue. Currently, businesses pay a Disposal Fee only. Adjustment would add a labor cost component to the fee.

**B. Evaluate Contract Staffing** – Estimated \$46,000 in annual savings. Currently, the HHW Facility is operated with six contract staff. Reduction in one technician.

**C. Staff HHW Facility In-house** – Estimated \$28,000 annual increase in expenses. Although contract staff would be replaced with in-house staff, the cost would increase due to the addition of two new full-time employees.

**D. Reduce HHW Facility Operating Hours** – Estimated \$45,000 annual savings if HHW Facility is only open every other week.

**E. Reduce City Special Events** – Estimated \$49,000 annual savings. Reduction would include:

- i. Elimination of Shred Day, Free Landfill Day, and Defeat the Drought events, and elimination of Arts Festival participation.
- ii. Reduction in costs associated with Arbor Earth Day.

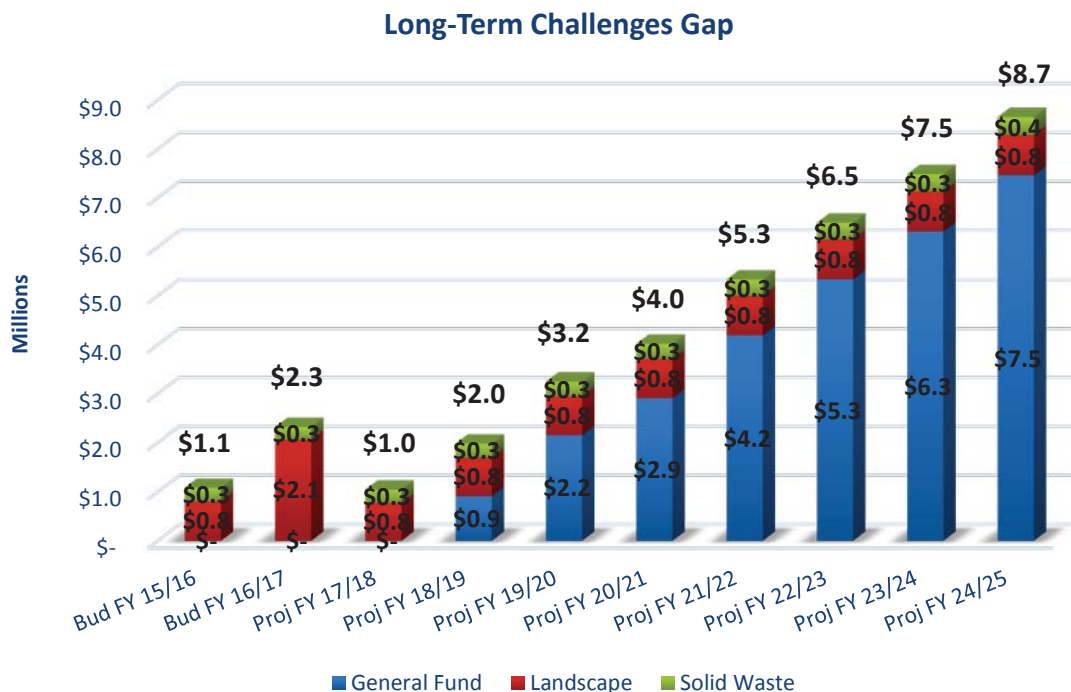
**F. One-Time Transfer of Enhancement Funds** – Estimated \$2.0 million in one-time transfer-in from the Solid Waste Enhancement Trust Fund to the Solid Waste Management Fund. Use Solid Waste Enhancement Trust Fund balance of \$2.0 million since interest is not enough to fund programs.

Staff Recommendations:

Fee Adjustments/Adoption (A), Evaluate Contract Staffing (B).

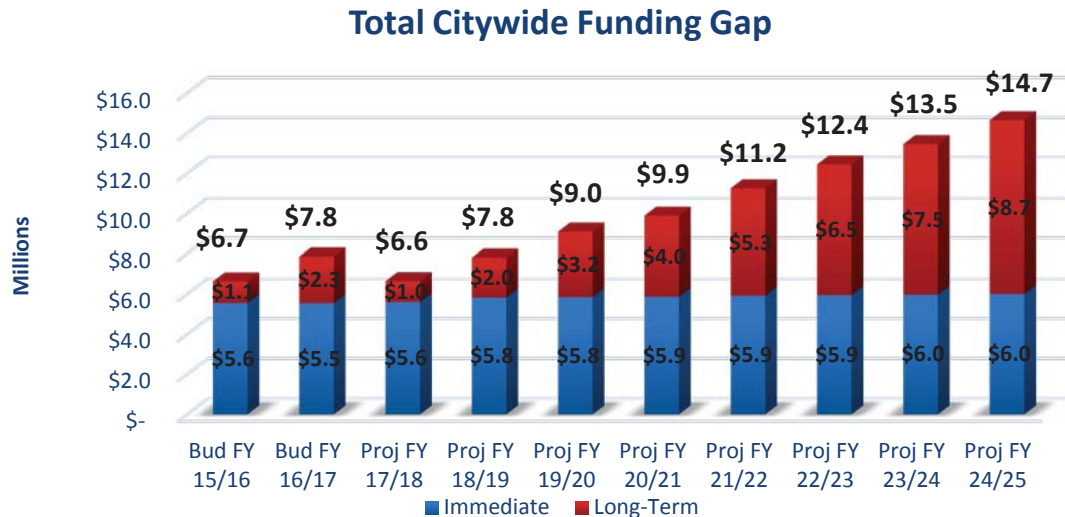
Long-term Challenges Summary

Based on the immediate challenges discussed, the estimated annual gap varies from \$1.1 million in FY 2015-16 to \$8.7 million in FY 2024-25 as shown below:



Although these challenges are long-term and do not present an immediate issue, prudent fiscal management should be employed so that proactive steps are taken to address these challenges before more drastic solutions are required. This proactive approach provides several options the City can carefully evaluate and then determine the most appropriate step(s) to maintain long-term fiscal sustainability.

## Summary



As presented on the previous page, the City is facing both immediate and long-term challenges that vary from an estimated \$6.7 million in FY 2015-16 to a projected \$14.7 million in FY 2024-25. The major immediate challenge identified is a deficit in street funding. The deficit can be deferred; however, that will ultimately lead to a decline in the quality of the street infrastructure and higher costs in the long-run. In addition, General Fund dollars are being used to subsidize the gap in the Lighting Fund and Stormwater Fund during this budget cycle. This is not sustainable based on the long-term projection of declining fund balance in the General Fund.

The City needs to continue to focus its efforts on specific programs and services in order to develop internal operating efficiencies, seek partnership or other service delivery options, decrease dependency on the General Fund, and/or increase revenues. With key challenges identified through the 2014 FSP and the FY 2015-16 & FY 2016-17 budget process, a clear picture from the community on vital services and spending priorities specified, and a successful 2064 Visioning Program charting the course of the City's future, the groundwork is established to ensure that the City remains fiscally sustainable and will continue to provide an array of municipal services at a level the community is willing to pay for.

## **COUNCIL GOAL COMPLIANCE:**

Meets City Council Goal B:

- B. Operate City government in a fiscally and managerially responsible and prudent manner to ensure that the City of Thousand Oaks remains one of California's most desirable places to live, work, recreate, and raise a family.

**PREPARED BY:** Jaime Boscarino, Deputy Finance Director  
Brent S. Sakaida, Budget Officer

# **ATTACHMENT #2**

## **City Council Presentation FISCAL SUSTAINABILITY STUDY January 26, 2016**



# FISCAL SUSTAINABILITY STUDY

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JOHN F. ADAMS  
JANUARY 26, 2016

## FISCAL SUSTAINABILITY STUDY

- Overall, the City is in **“GOOD” FISCAL HEALTH**
- Balanced General Fund Budget FY 2015/16 & FY 2016/17
- Sound Financial Policies
- Financial strategic planning important role in maintaining fiscal sustainability
  - Forecast long-term challenges
  - Proactively strategize for these challenges
  - Minimize impacts to services



# FISCAL SUSTAINABILITY STUDY

## Agenda

- Purpose of Study
- Historical Timeline
- Background
- Areas of Focus
- Potential Strategies
- Summary



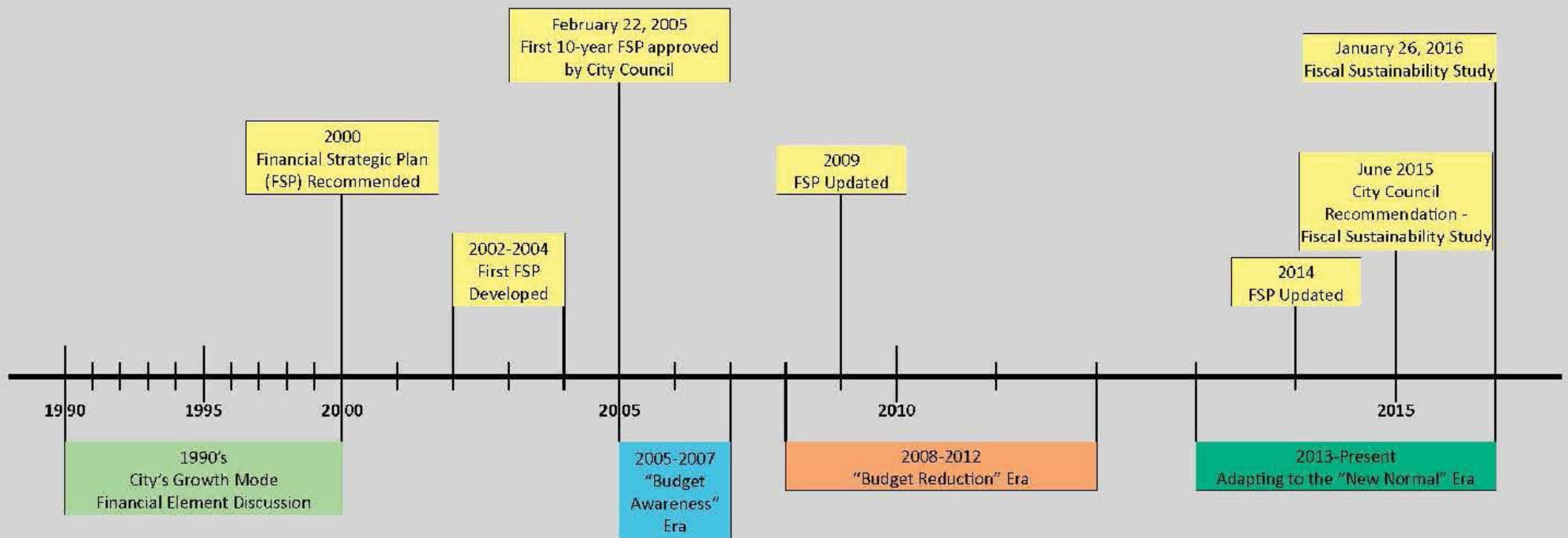


## PURPOSE OF FSP/FSS

- Strive to be a government that is:
  - Fiscally responsible
  - Proactive
  - Strategic
  - Long-term vision and focus
  - Transparent
  - Effective and efficient in service delivery



# HISTORICAL TIMELINE



## RECENT HISTORY

Highlight of “Budget Reduction” Era Strategies 2008-2013:

- General Fund/Library Fund Expenditure Reduction
  - \$5.8M Between FY 2008-09 & FY 2012-13
- Salaries and Benefits
  - Position Reductions (108)
  - Salary Freezes
  - Employees paying full 7% PERS
- Police Reverse Contract
- User Fees review & Full Cost Allocation
- Brainstorming Action Group

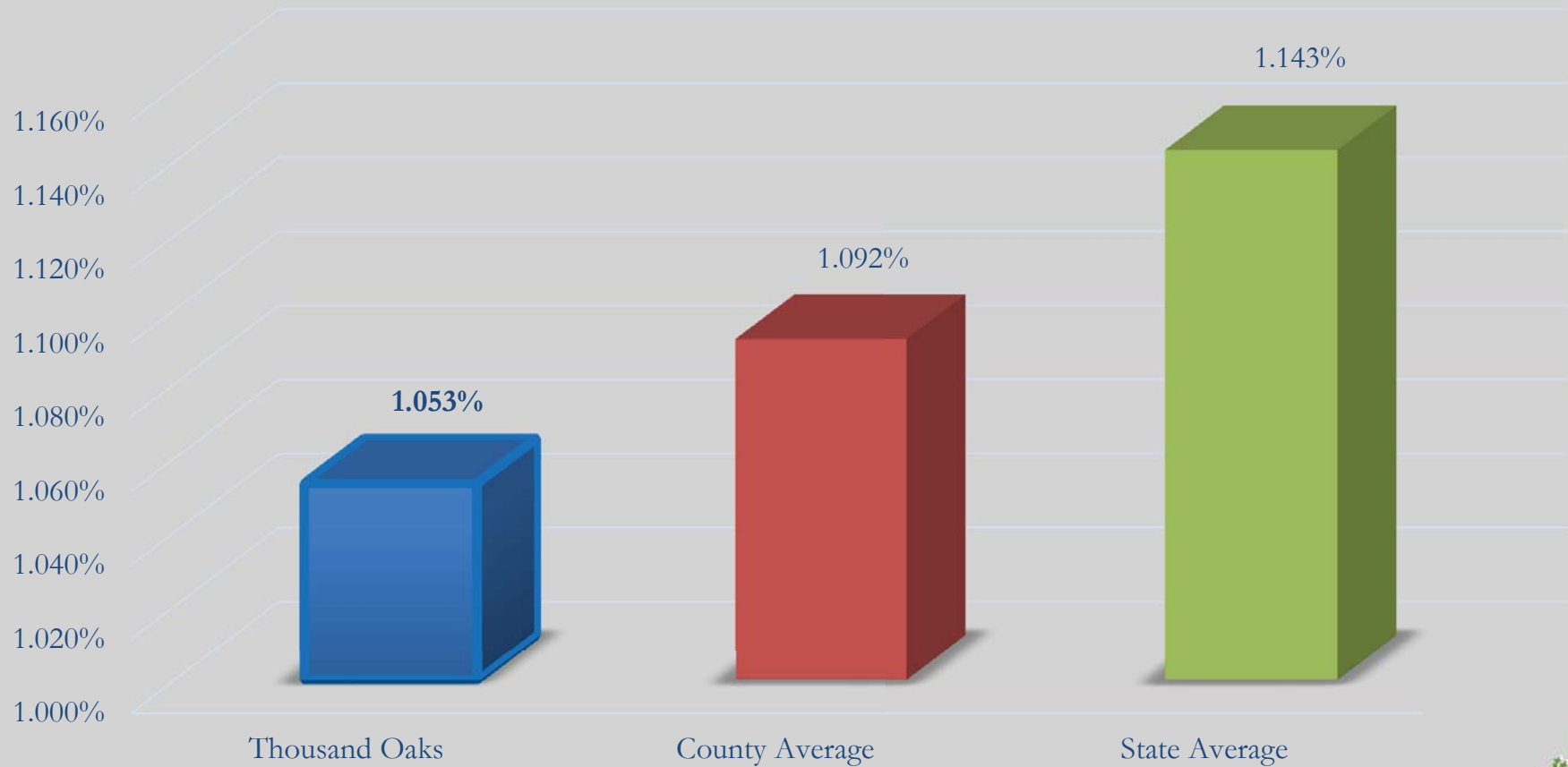


## FSP UPDATE

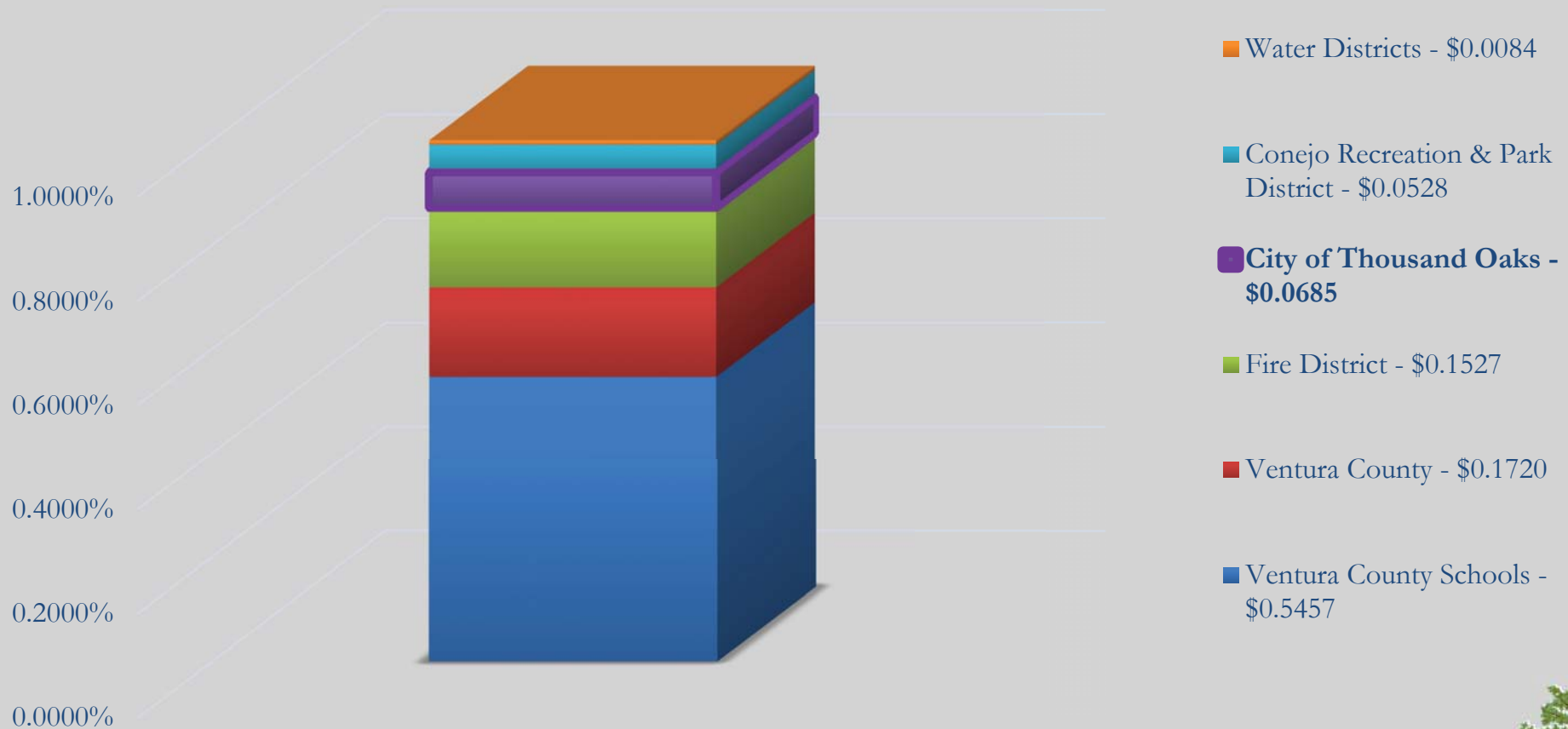
- 2014 FSP identified several focus areas
  - Immediate
  - Long-term
- City Council Recommendation with FY 2015-2017 Budget
- City Council FY 2015-16 “Top Ten Priority”
  - Fiscal Sustainability Study



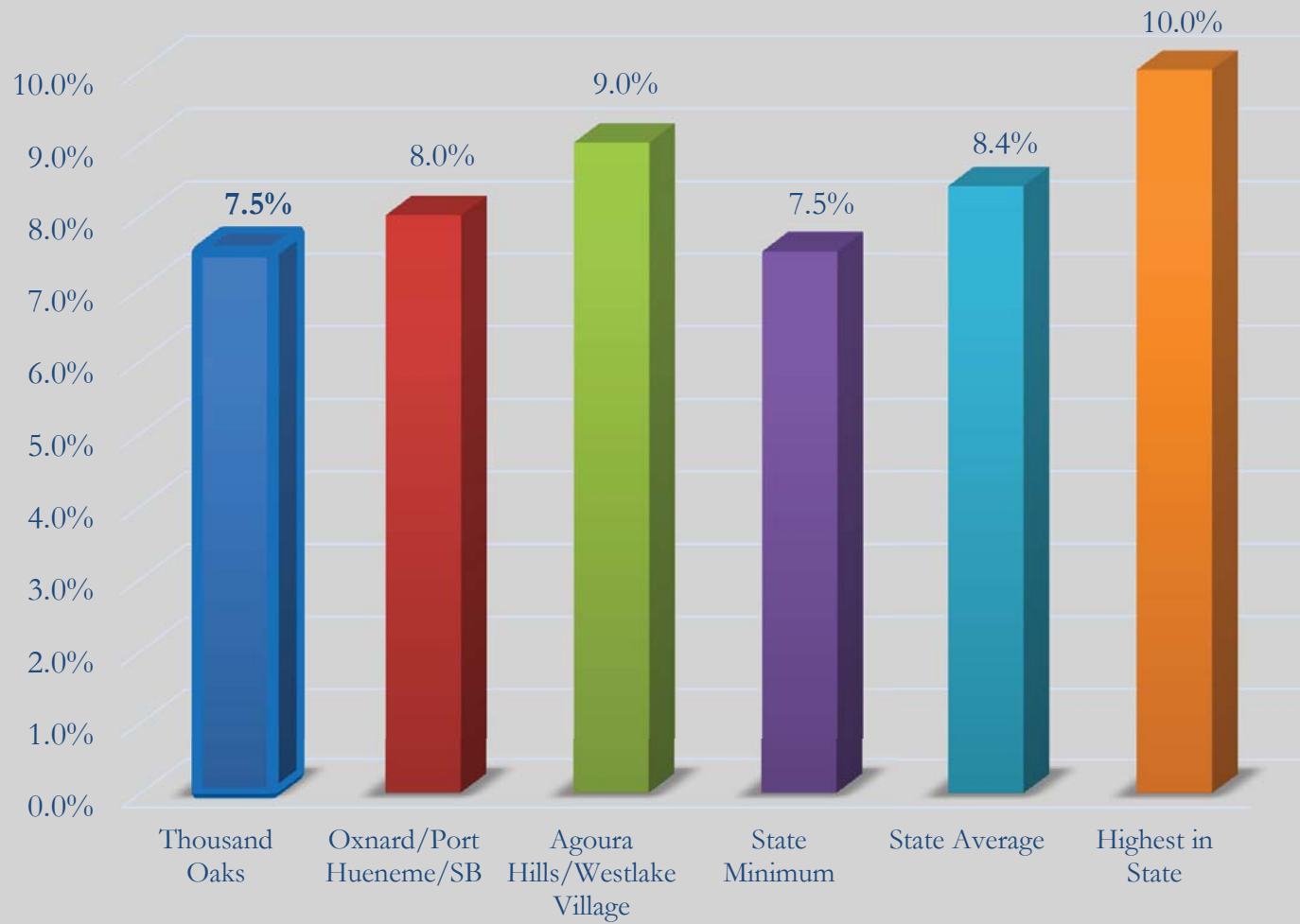
## LOW TAX CITY – PROPERTY TAX RATES



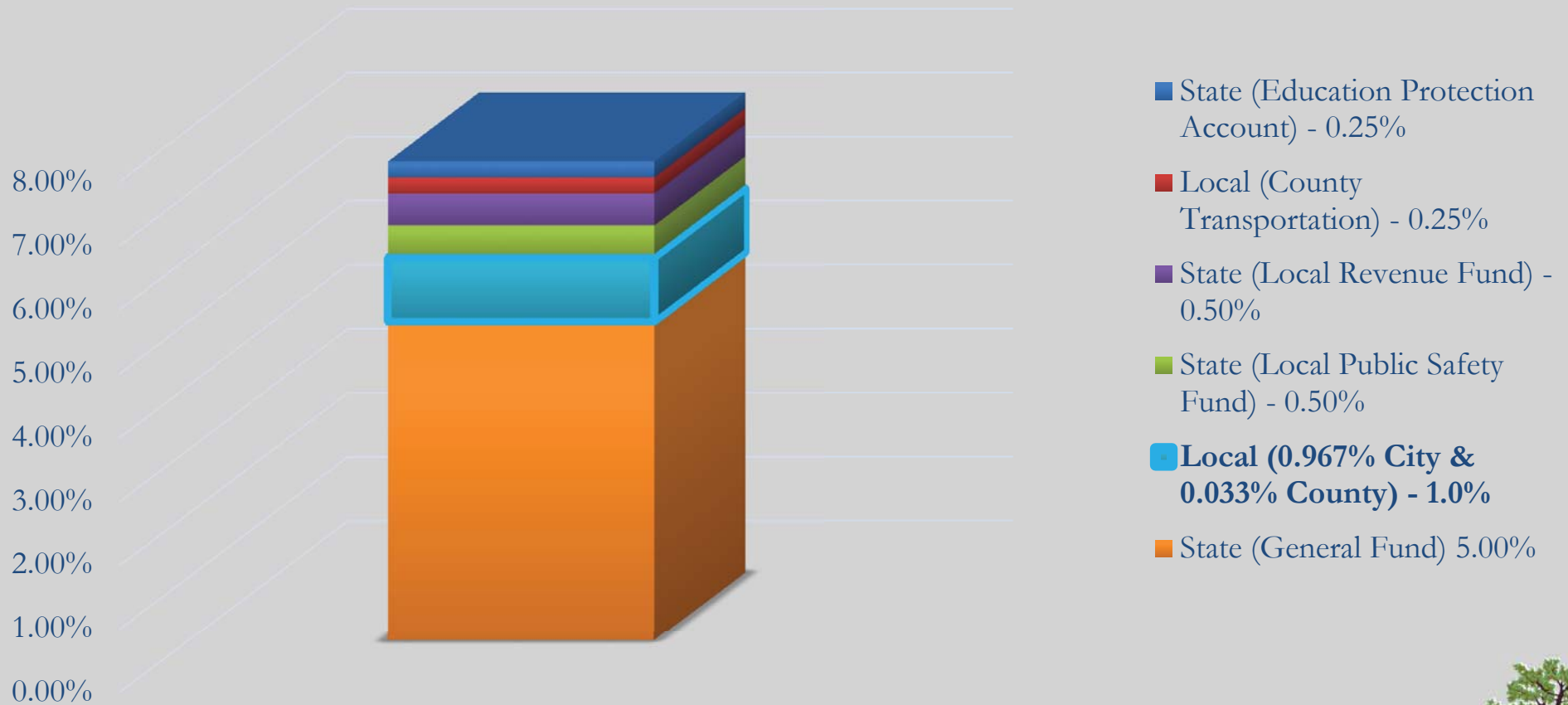
# 1% PROPERTY TAX ALLOCATION



## LOW TAX CITY - SALES TAX RATES



## 7.5% SALES TAX ALLOCATION – 7/1/15





## FSS FORMAT

Report format:

- Review of the process
- Identification of Immediate Challenges and Options
  - Streets Funding
  - Street Lighting and Traffic Signal Lighting Funding
  - Stormwater Funding
- Immediate Challenges Summary



## REPORT FORMAT

Report format cont'd:

- Identification of Long-term Challenges and Options
  - General Fund Fund Balance
  - Landscaping Funding
  - Solid Waste Funding
- Long-term Challenges Summary
- Overall Summary & Direction



## REVIEW OF THE PROCESS

- July & August 2015 Staff Analysis
  - Significant staff time across the organization
  - Mini “Brainstorming Action Group”
- September 10, 2015 Finance/Audit Committee Meeting
  - Initial findings presented
  - Direction on options presented
- January 11, 2015 Finance/Audit Committee Meeting

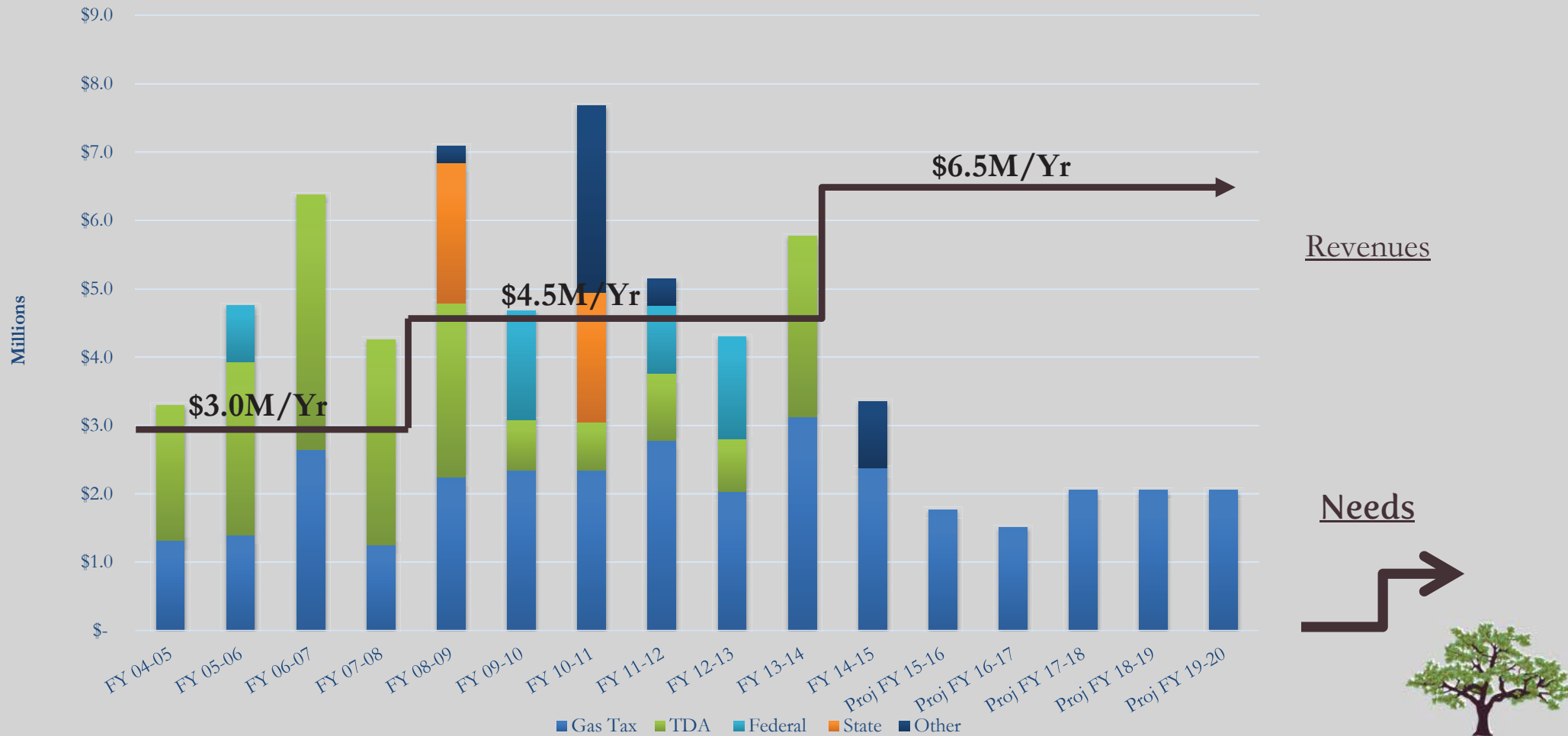


## IMMEDIATE CHALLENGES - STREETS

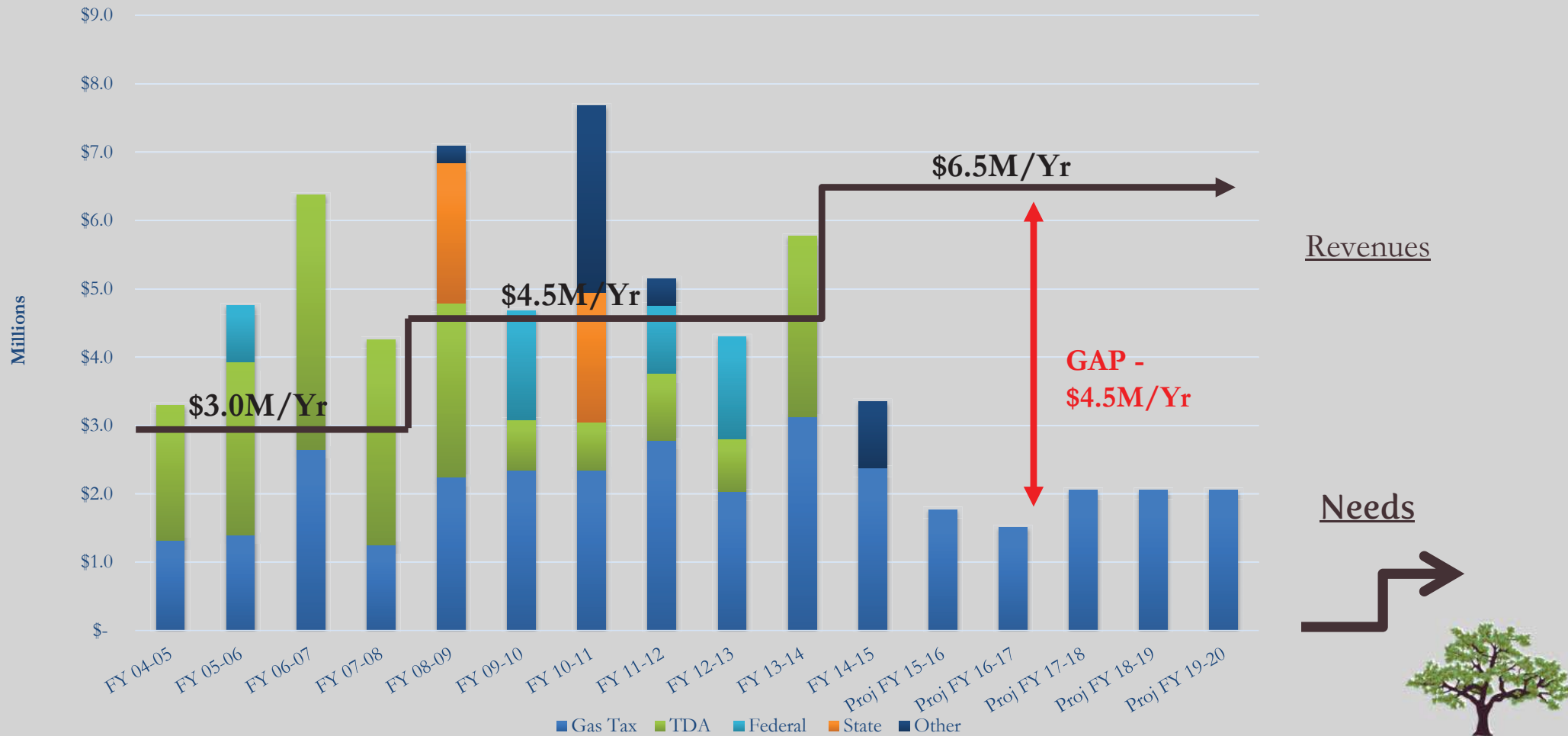
- **Improvement and Maintenance of Street and Road Infrastructure - \$10M+ FY 15-16 and FY 16-17**
  - TDA funding for streets eliminated
  - RDA funding eliminated
  - Grant opportunities diminished
- Gas Tax revenue significantly declining
  - Most recent revenue estimates are 25% under FY 16-17 budget



# PAVEMENT MAINTENANCE NEEDS



# PAVEMENT MAINTENANCE NEEDS



## STREETS FUNDING - STRATEGIES

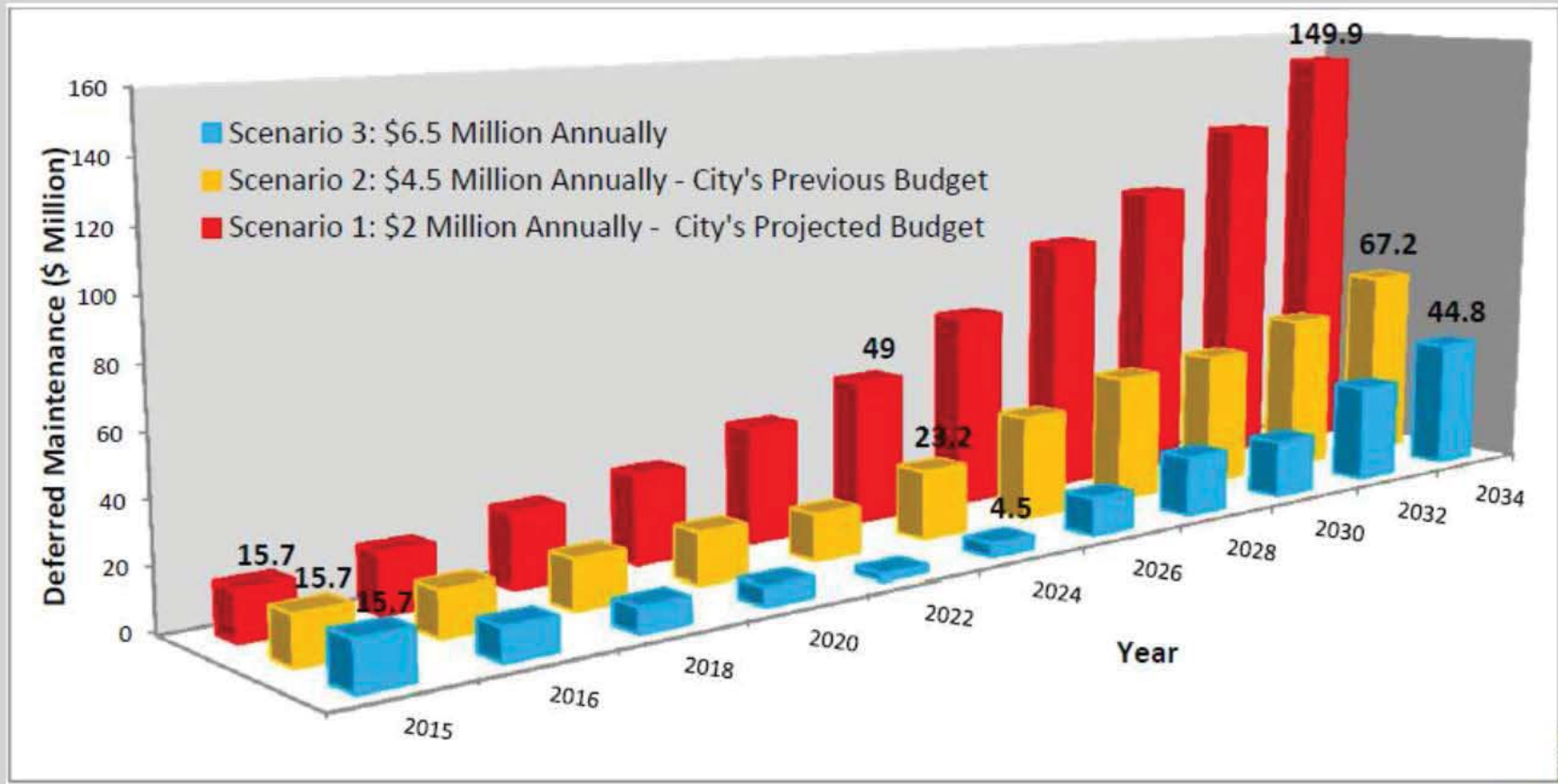
- Defer Maintenance - \$6.5M
- Pavement Preservation Treatments – savings varies
- In-lieu Fees from Refuse Haulers/Transit - \$1.0M
- Street Assessment District - \$4.5M (avg \$104/parcel)
- General Sales Tax Measure - \$14M (1/2 cent)

Not under City's control:

- State Fix Our Roads Coalition - \$6.0M for City
- Governor's Proposed Transportation Legislation - \$2.1M for City
- County Transportation Sales Tax - \$4.0M for City



## COST OF DEFERRING MAINTENANCE



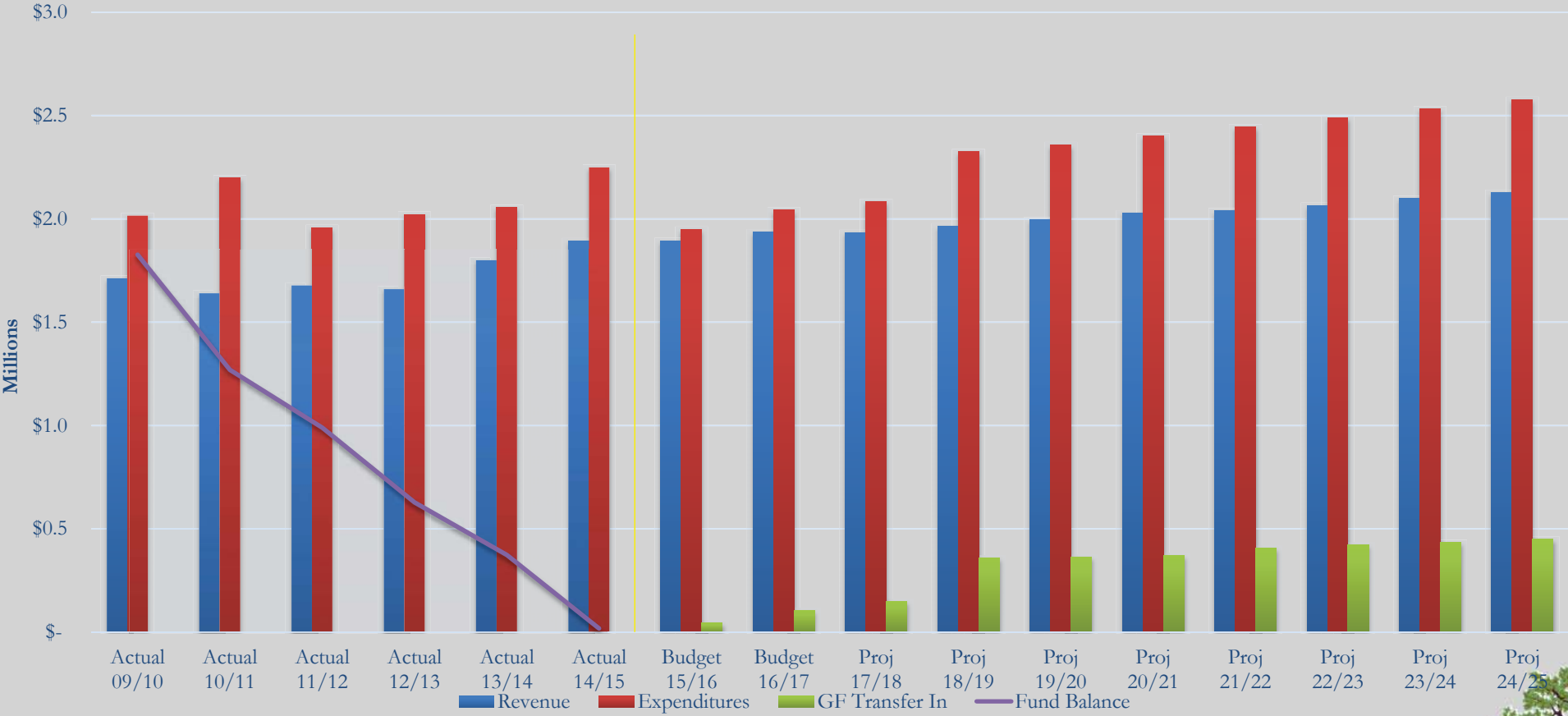


## IMMEDIATE CHALLENGES - LIGHTING

- **Operations and maintenance of street lights and traffic signals - \$0.4M annually**
  - FY 14/15 ending fund balance of \$18K
  - Expenditures exceed revenues
  - Lighting assessment capped at 3% increase per year
  - General Fund support required for first time in FY 15/16



# LIGHTING FUND PROJECTIONS



## LIGHTING FUND - STRATEGIES

- Eliminate Battery Back-up for Signals - \$11K
- Turn Off Half of Residential Street Lights - \$165K
- Perform Maintenance In-house - \$80K
- Re-ballot Lighting District - \$0.5M
  - Currently ~\$14/parcel
  - Increase to \$31/parcel to eliminate GF & Dev Fee support
  - Requires vote with 50.1% approval

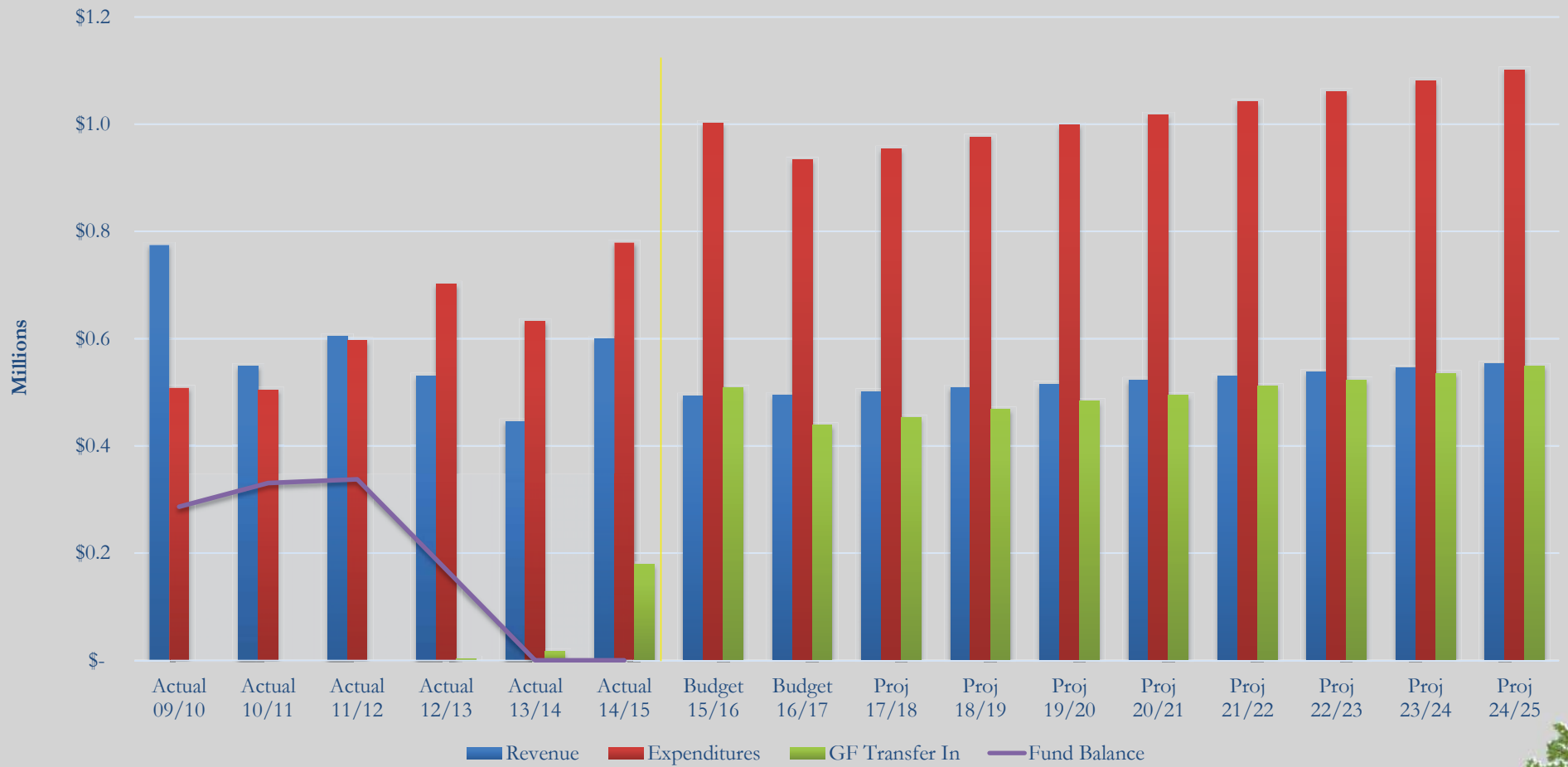


## IMMEDIATE CHALLENGES - STORMWATER

- **Stormwater Permit Compliance Costs - \$0.5M**
  - Renewal of permit expected to increase permit compliance costs
    - Development of new enhanced watershed management plan
    - Expanded water quality monitoring
    - Capital costs for capture and infiltration of storm runoff
  - Already receives General Fund support



# STORMWATER FUND PROJECTIONS



## STORMWATER FUND - STRATEGIES

- Minimum Permit Compliance - \$0.1M

### Options Not Under City's Control:

- Increase in Reclaimed Water Revenue - \$100K (not ongoing)
- Re-ballot Stormwater District
  - Double rate ~ \$173K
  - Requires County approval



## IMMEDIATE CHALLENGES GAP



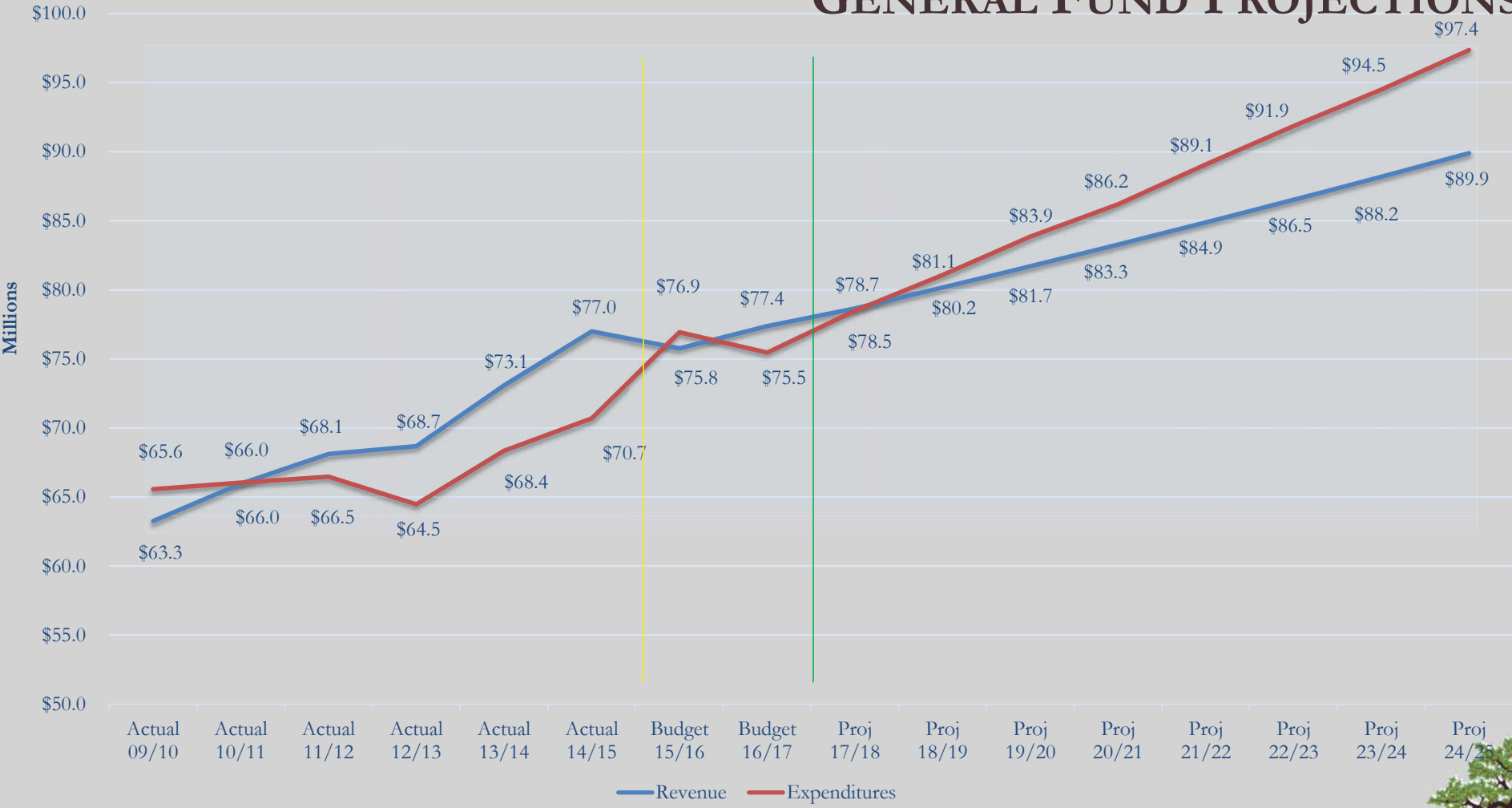
## LONG-TERM CHALLENGES – GENERAL FUND

- Projected Declining General Fund Fund Balance in FY 18/19
  - Increasing to \$7.5M in FY 24/25
  - Impacts services and operations
  - Impacts ability to support other funds
  - Impacts ability to fund capital projects





# GENERAL FUND PROJECTIONS



## GENERAL FUND - STRATEGIES

### Potential Revenue Enhancements

- New Economic Development – up to \$1M dependent upon developments
- Sale of Existing Property - varies
- User Fees – 100% Full Cost Recovery \$3.7M
- TOT - \$360K per 1%
  - Currently set at 10%
  - Median state rate is 10%
  - Maximum rate is 15%



## GENERAL FUND - STRATEGIES

### Potential Revenue Enhancements – cont'd

- Business License - \$36K for 2% CPI increase
- Library Parcel Tax - \$20/parcel = \$900K
  - Based on 45,000 parcels
- Utility User Tax - \$3.0M for 5%
  - Average rate 5.4%
  - Calculated based on Edison and So. Cal. Gas only
- Sales Tax - \$14M per ½ cent



## LONG-TERM CHALLENGES - STRATEGIES

### Potential Expenditure Reductions

- People Strategy/Organizational Restructuring
- Process Improvements/Efficiencies
- Technology/Automation
- Service Level Reductions
- Private/Public Partnership Opportunities



## BACKGROUND

### Strategies Implemented cont'd

- Process Improvements/Efficiencies/Technology
- Service Level Reductions
- Privatization of Services (Street Sweeping)
- Deferred Maintenance of Facilities/Infrastructure
- Deferred/Canceled Future Capital Improvement Projects
- Suspension of Open Space Contribution/Sports Facilities & Social Services Grants



## LONG-TERM CHALLENGES - LANDSCAPING

- Operations and capital improvements of landscaping within the LLAD - \$0.8M
  - Expenditures exceed revenues
  - Fund balance expected to cover deficit for next few years
  - Major expenditures for contract maintenance, water, and payroll



# LANDSCAPING FUND PROJECTIONS



## LANDSCAPING FUND - STRATEGIES

- Drought Tolerant Landscaping - \$320K
  - 25% water conservation
- Defer Tree Trimming - \$50K
  - Long-term costs could increase
- Staffing Reduction - \$89K
- Re-ballot Landscape District
  - \$200K increase = 6%
- Defer Capital Improvements - \$200K



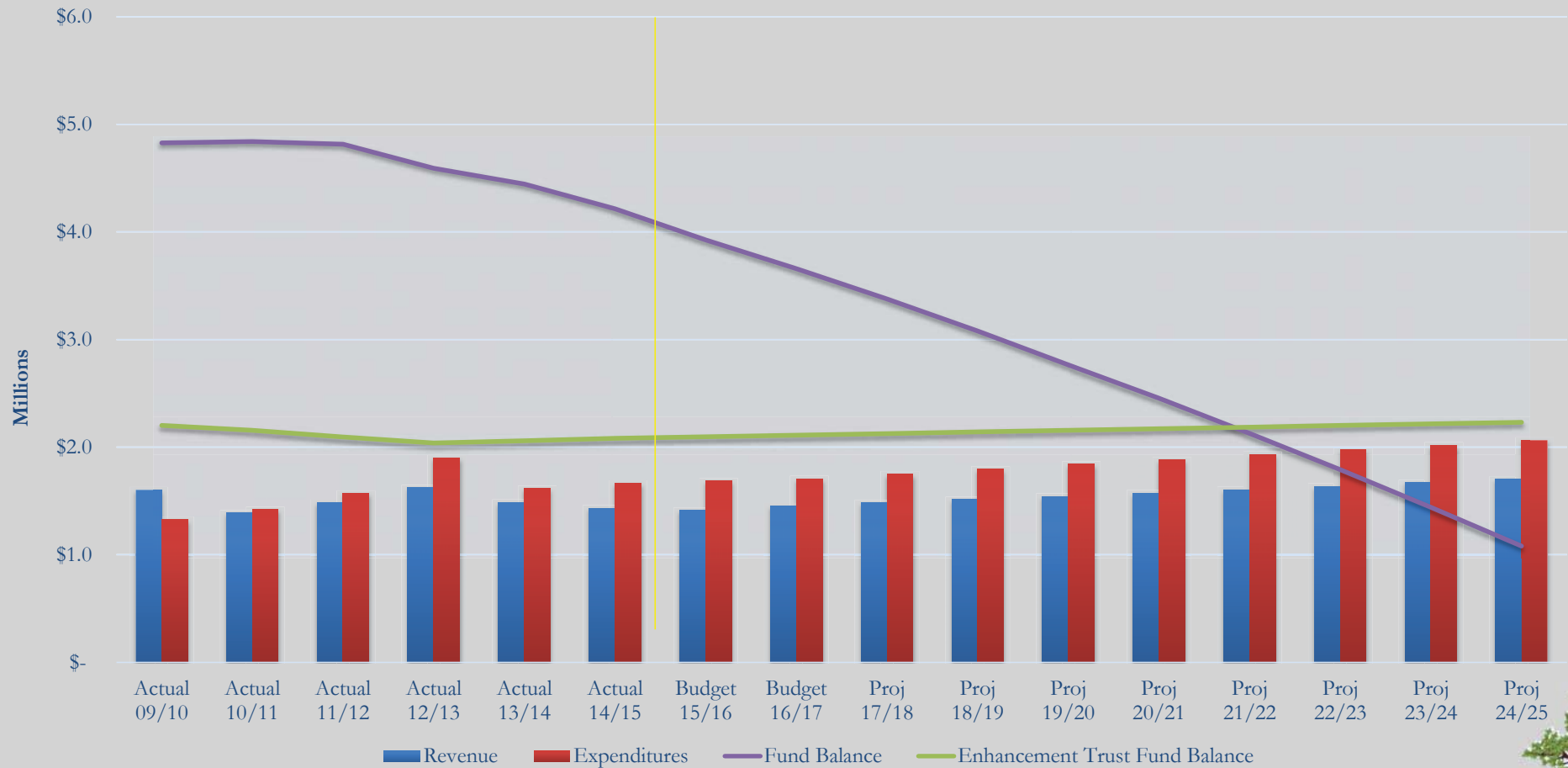


## LONG-TERM CHALLENGES – SOLID WASTE

- **Operations of Solid Waste Program - \$0.3M**
  - Expenses exceed revenues
  - Adequate fund balance projected to cover deficit
  - Solid Waste Enhancement Trust Fund \$2.0M



# SOLID WASTE FUND PROJECTIONS

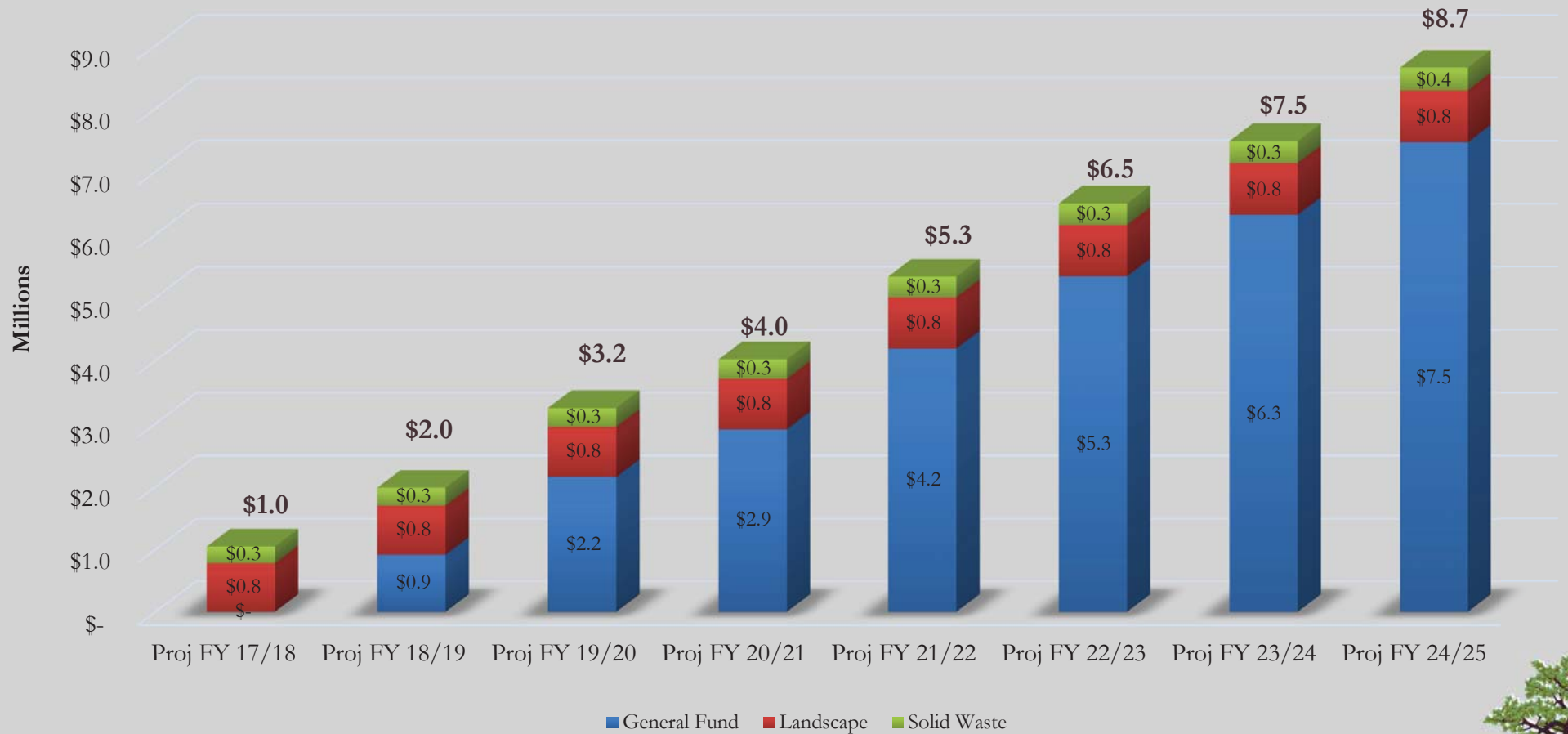


## SOLID WASTE FUND - STRATEGIES

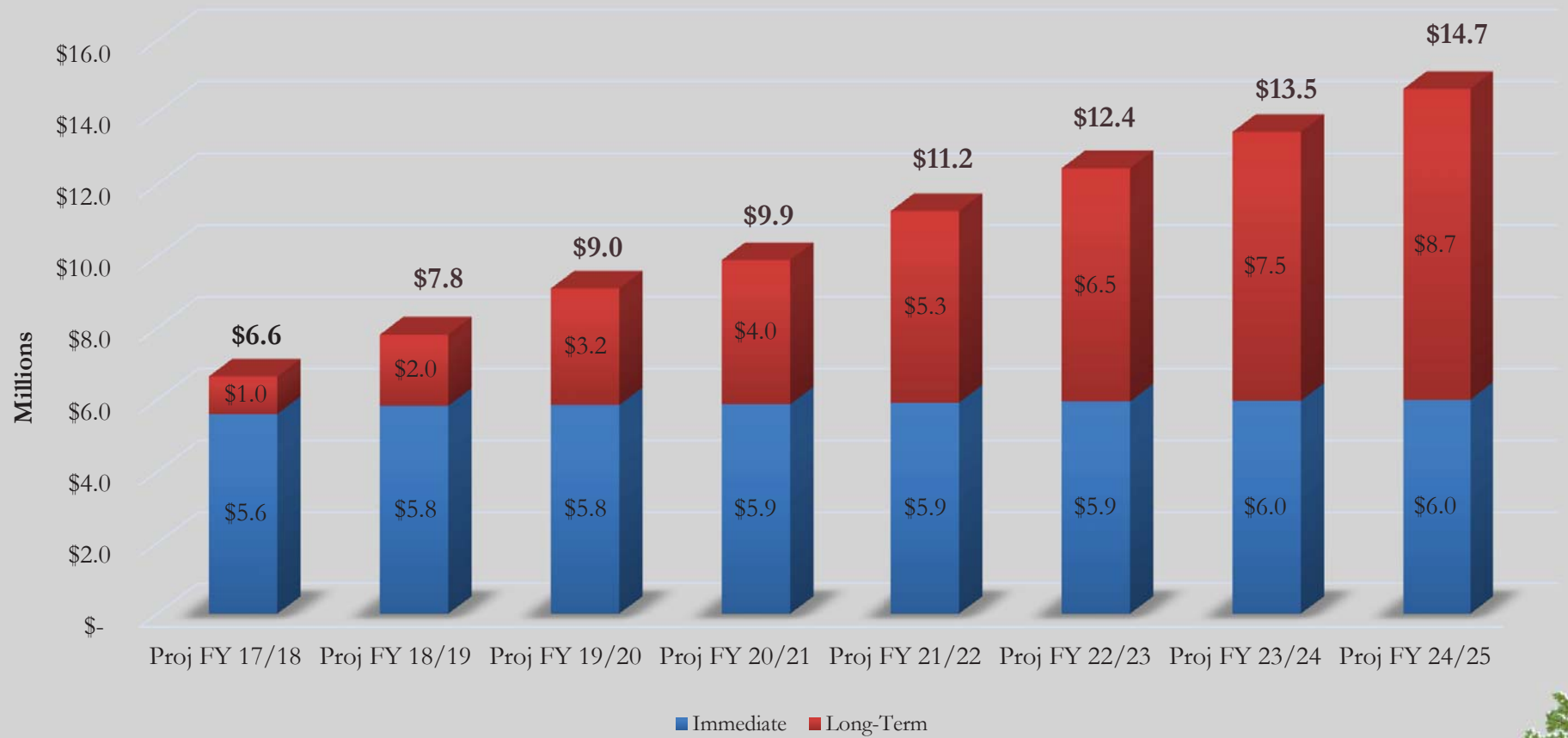
- Fee Adjustments - \$320K
  - Solid Waste Management Fee
  - HHW Fee for Non-City Participants
  - Business Disposal Fee
- Evaluate Contract Staffing - \$46K
- Staff HHW In-house - \$28K **Increase**
- Reduce HHW Operating Hours - \$45K
- Reduce City Special Events - \$49K
- One-time Transfer of Enhancement Funds - \$2.0M



# LONG-TERM CHALLENGES GAP



# TOTAL CITYWIDE FUNDING GAP



## FISCAL SUSTAINABILITY STUDY SUMMARY

- **City is in Good Fiscal Health**
- Important Exercise in Long-term Financial Management
- Staff has researched many options, both revenue enhancements and expenditure reductions
- Key to Success
  - Proactive and Long-term Planning
  - Understanding decisions today impact us well into the future



## RECOMMENDATION

- Provide direction to develop a process to establish recommendations/options necessary to ensure long-term fiscal sustainability of the City

