



# ***Agenda Report***

## ***Fullerton City Council***

**MEETING DATE:** APRIL 23, 2019

**TO:** CITY COUNCIL / SUCCESSOR AGENCY

**SUBMITTED BY:** KENNETH A. DOMER, CITY MANAGER

**PREPARED BY:** NICOLE BERNARD, ASSISTANT TO CITY MANAGER

**SUBJECT:** STRATEGIC PLANNING – STUDY SESSION

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### **SUMMARY**

The focus of the strategic planning study session is to create a Mission and Vision Statement for the City and to update the City's Priority Policy Statements based upon the results of the community stakeholder survey / engagement responses, public comments, and City Council direction. The purpose of establishing these types of policy statements is to create a clear framework for prioritizing use of City resources for City services and programs during development of the Fiscal Year 2019-20 budget and beyond.

The discussion agenda for the Study Session will cover the following topics and will be facilitated by former Interim City Manager Allan Roeder:

- Third Quarter FY 2018-19 Report And Preliminary FY 2019-20 Budget Presentation
- Summary of Community Stakeholder Engagement Responses
- City Council Discussion of:
  - Mission, Vision and Priority Policy Statements
  - Priorities for use of city resources for city services and programs
- Public Comments

### **RECOMMENDATION**

Provide direction regarding the development of a Mission and Vision Statement, update if required, the Priority Policy Statements, and prioritization of City resources.

### **PRIORITY POLICY STATEMENT**

This item matches the following Priority Policy Statements:

- Fiscal and Organizational Stability
- Public Safety

- Infrastructure and City Assets.

## FISCAL IMPACT

Not applicable at this time.

## BACKGROUND

The City Council adopted its first set of Priority Policy Statements in December 2017 to guide staff in developing recommendations for City Council consideration regarding Fiscal Year 2018-19 funding for programs and services. The Priority Policy Statements (see Attachment) were developed from input received from the public and City Council members.

The current strategic planning process is an opportunity to refine the original set of Priority Policy Statements and to create a Mission and Vision Statement for the City. To encourage public input in this process a strategic planning webpage was added to the City's website and an online (non-scientific) community stakeholder engagement / survey was available April 3 – April 17. The strategic planning webpage also featured an opportunity for community stakeholders to submit a written statement directly to the City Council.

The community engagement tool utilized the City's new transparency platform, OpenGov, to enable respondents to create a Mission and Vision Statement for the City, comment on the current Priority Policy Statements and for the first time, to actually demonstrate how they would prioritize use of city resources for various city services and programs. The engagement tool is intended to highlight the issues that are most important to Fullerton stakeholders as a foundation for the development of next year's budget.

## DISCUSSION

### Third Quarter FY 2018-19 Report and Preliminary FY 2019-20 Budget Presentation

#### Introduction

The City of Fullerton historically adopted a biannual budget for all City funds (General Fund, Capital Projects, Water, Sewer, etc.), but for fiscal year 2017-18 the City elected to adopt a one-year budget in order to concentrate on stabilizing the financial future of the City. A one-year budget was adopted by the Council again for FY 2018-19. While the City adopts a budget for all City funds, the General Fund is of particular concern because it is the City's chief operating fund and while actual results were positive for FY 2017-18 and the FY 2018-19 General Fund budget was balanced, the City has seen annual operating deficits for the past several years. General Fund financial pressures are projected to continue as pension and retiree medical liabilities rise, sales tax and property tax revenue increases level off, and service levels are maintained. A quarterly review of the actual results as compared to the budget for all City funds is key to measuring the financial and operational health of the City on a regular basis. While the measurements for all City funds is highly dependent on the progress of capital improvement projects and their funding, the measurements for the General Fund are

valuable in determining the immediate financial health of the City's ability to provide basic public services.

#### All City Funds

The attached report reflects actual revenues and expenditures posted through March 31, 2019, including total City funds revenues of \$140.0 million (62% of revenue budget) and expenditures of \$166.4 million (59% of expenditure budget). Overall, total City funds revenues and expenditures are within the expected range for the third quarter of the fiscal year. Capital improvement projects and their funding sources are budgeted in whole for the fiscal year but are not likely to be fully completed by the end of the fiscal year, resulting in actual expenditures projected to come at approximately 80-85% with any remaining appropriations being carried forward into the next fiscal year.

#### General Fund (including Library and Parks/Recreation)

The attached report reflects actual revenues and expenditures posted through March 31, 2019 and includes General Fund revenues of \$61.3 million (64% of revenue budget) and expenditures of \$68.7 million (72% of expenditure budget). Revenues are typically received in a non-linear fashion while expenditures are more even as payroll is processed on a bi-weekly basis and certain equipment, supplies, and contract expenditures/encumbrances are front loaded in the earlier part of the fiscal year. A clear example of the non-linear fashion of certain General Fund revenues is with property tax, where property taxes are generally paid to the County Tax Collector in November/December and March/April and remitted to the City in the following month.

Total General Fund revenues and expenditures are tracking at the pace expected during the budget development process and as compared to the third quarter of FY 2017-18. Revenues and expenditures are both 3% higher than this time last fiscal year, primarily related to expected property/sales tax increases along with costs associated with the new CARE Ambulance contract.

Overall FY 2018-19 annual revenues are projected to come in over budget by approximately \$2.8 million, primarily due to one-time revenue of \$2.4 million related to the sale of underground utility credits along with revenues materializing as expected during the FY 2018-19 budget development process. Overall FY 2018-19 annual expenditures are projected to come in under budget by approximately \$2.7 million, primarily due to the level of vacant positions occurring during the current FY.




#### Preliminary Fiscal Year 2019-20 General Fund Budget

Over the past several months, City departments have been developing their budgets based on the understanding that expenditures are continuing to increase related to negotiated salary increases, retirement contribution rates, and other inflationary cost pressures that require continued levels of efficiency while still providing adequate service levels. These expenditure pressures are only partially offset by revenue growth at a rate of approximately 2-3%. The preliminary General Fund budget that has been developed, and will continue to be developed and refined over the next several weeks, includes \$98.7 million in expenditures and \$97.9 million in revenues, or \$800 thousand out of structural balance. Additional work will be performed based on the results of the strategic planning session and in advance of the Budget Workshop in May to eliminate

the imbalance. It is also important to note that the expenditure budget assumes a full staffing scenario, not counting for a vacancy factor.

### Summary of Community Stakeholder Engagement

As part of our continual emphasis to seek public input, Staff took advantage of a community engagement tool on the OpenGov system to solicit public input related to the Strategic Planning process. There were 706 responses to the survey submitted online. A detailed report including all survey responses is attached. A summary of the responses is provided below:

What type of Fullerton Stakeholder are you? *select all that apply			Response Percent
I am a Fullerton Resident			86.1%
I own a business in Fullerton			10.6%
I am a student of the Fullerton Education Community			6.7%
I own a home in Fullerton			64.3%
I rent a residential property in Fullerton			8.9%
I rent a commercial property in Fullerton			2.4%
I am an employee of the City of Fullerton			8.1%
I work in the City of Fullerton			19.4%
I am a patron of Fullerton Businesses			51.7%
I am a City of Fullerton Appointed Official (Commissioners, Committee Members and Board Members)			1.7%
I do not wish to answer			0.8%

**Please propose a Mission Statement for the City of Fullerton (MISSION STATEMENT: the purpose or role of the organization - a statement describing the organization's reason for existence).**

**Answered** : 245

**Skipped** : 461

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work residents businesses community future make Fullerton place live safe its one provide services public well clean quality life needs all environment visitors maintain citizens those S need roads serve people business STREETS homeless infrastructure keep healthy who safety education Mission protect while promote they where families

**Please propose a Vision Statement for the City of Fullerton (VISION STATEMENT: a mental picture of a possible or desirable future state of the organization).**

**Answered** : 229

**Skipped** : 477

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Fullerton diverse which opportunities quality life all its citizens future vision what like one from council education business high housing community Clean downtown residents streets Where people well those work Great safe environment government PROVIDE THEY WANT KEEP MORE new so open parks t other place live See infrastructure Safety needs homeless thrive roads Orange County Make services s police public businesses neighborhoods members

How effective has the City of Fullerton been in implementing these Priority Policy Statements since January 2018?			
Fiscal and Organizational Stability			
		Response Percent	Response Count
not effective		29.9%	187
somewhat effective		60.1%	376
very effective		6.7%	42
Public Safety			
		Response Percent	Response Count
not effective		30.2%	189
somewhat effective		54.8%	343
very effective		13.6%	85
Infrastructure and City Assets			
		Response Percent	Response Count
not effective		57.7%	361
somewhat effective		38.0%	238
very effective		3.5%	22

In your opinion, the Priority Policy Statements (see description below) reflect the most important priorities to the City of Fullerton.			
Fiscal and Organizational Stability			
		Response Percent	Response Count
Strongly Agree		44.0%	287
Agree		41.3%	270
Disagree		9.0%	59
Strongly Disagree		3.7%	24
Public Safety			
		Response Percent	Response Count
Strongly Agree		60.5%	395
Agree		27.7%	181
Disagree		7.0%	46
Strongly Disagree		3.4%	22
Infrastructure and City Assets			
		Response Percent	Response Count
Strongly Agree		58.3%	381
Agree		27.6%	180
Disagree		6.7%	44
Strongly Disagree		5.4%	35

**Please prioritize use of city resources for the following. Select all that apply.**

**Average priorities over 706 responses**

1. Street Paving
2. Asphalt Repair (Potholes)
3. Homelessness
4. Drinking Water Quality
5. Police Response Times
6. Water Main Maintenance and Repair
7. Sewer Maintenance and Repair
8. Park and Trail Maintenance
9. Emergency Medical Services - Response Times
10. Traffic Enforcement
11. Transparency
12. Affordable Housing
13. Business Attraction
14. Fire Response Times
15. Graffiti Removal
16. Code Enforcement
17. Traffic Signals and Signage
18. City Facility Maintenance and Repairs
19. Business Outreach & Retention
20. Library Services
21. Public Parking
22. City Tree Maintenance
23. Trash and Recycling Services
24. Capital Improvement Program
25. Water Conservation
26. Citywide Landscaping
27. Recruitment/Retention
28. Employee Compensation
29. Street Sweeping
30. Fullerton Community Center
31. Pressure Cleaning of Sidewalks
32. Senior Programs
33. CALPERS - City Contribution to Pension Benefits
34. Customer Service
35. Fire Inspections and Investigations
36. Recreation Classes
37. Permit Processing
38. Employee Relations/Collective Bargaining
39. Fullerton Museum Center
40. Partnerships with Youth Sports Leagues
41. Risk Management
42. Fullerton Airport
43. Plan Check
44. Jail
45. City Website and Mobile App
46. Legislative Advocacy
47. Commissions, Committees and Boards
48. Online Payment System
49. Press Releases and Social Media
50. Closed Captioning and Interpretation Services

Is there anything else you'd like to say about your priorities for the City of Fullerton or Priority Policy Statements?

Answered : 299  
Skipped : 407

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Great people just Homelessness stop needs over pay years Big businesses downtown safe more residents public safety employees leaving other cities who support taxes property Council need do what care your lot how Make money See above think Fullerton way quality All live They t homeless Homes neighborhood where been streets too potholes also take parking place Get out feel community Police Department problem Roads street Please very from PAVING KEEP BUILDING TRAFFIC FIX ONLY BETTER DON GOING SO PAID MUCH GO THEM USE ONE s hard family look cars parks open business services know FIRST PRIORITY COYOTE HILLS around high now well Priorities Fire up Something those leave want new housing must nice clean work like Maintenance issues was infrastructure Its park done repair become items water general being revenue time drug than employee into laws which giving

In addition, nine written statements were submitted to the StrategicPlanning@cityoffullerton.com email address (see attached).

### Mission, Vision Statements and Priority Policy Statements

Typically, each of these types of statements are part of a strategic planning process and each have a different objective.

A mission statement is a concise explanation of the organization's reason for existence. It describes the organization's purpose and its overall intention. The mission statement supports the vision and serves to communicate purpose and direction to employees, customers, vendors and other stakeholders. Questions to consider when drafting mission statements could include:

- What is the organization's purpose?
- Why does the organization exist?

A vision statement looks forward and creates a mental image of the ideal state that the organization wishes to achieve. It is inspirational and aspirational and should challenge employees. Questions to consider when drafting vision statements might include:

- What problem need to be solved?
- Where is the organization headed?
- If the organization achieved all strategic goals, what would it look like in 10 years?

The Priority Policy Statements lists the core principles that guide and direct the organization and its culture. In a values-led organization, the values create a moral compass for the organization and its employees. It guides decision-making and establishes a standard against which actions can be assessed. These core values are an internalized framework that is shared and acted on by leadership. When drafting Priority Policy Statements, questions to consider might include:

- What values are unique to the organization?
- What values should guide the operations of the organization?
- What conduct should the employees / officials uphold?

While taking time to create these types of policy statements is generally considered to be a “best practice”, with benefits ranging from the alignment of resources and actions,

to meeting requirements for some grant applications, there is no one “right” way of doing it. See attachments for examples from other cities.

The following sample Mission and Vision Statements were selected randomly from the Community Stakeholder responses and are provided to aid a public dialogue during the Study Session:

*Sample Mission Statement*

*To work in partnership with our residents and businesses to foster community pride, to develop a vibrant, diversified economy, to plan for the future, and to preserve and enhance the features that make Fullerton a desirable place to live, work, play.*

*Sample Vision Statement*

*City of Fullerton will be a thoughtfully planned, vibrant, economically and socially diverse City which constantly seeks opportunities to enhance the quality of life for all of its citizens.*

Conclusion

Staff will compile the input received and prepare draft Mission and Vision Statements along with any revisions to the Priority Policy Statements for City Council consideration and approval at the May 7th City Council meeting. A Special City Council Meeting / Budget Study Session is tentatively scheduled for May 14th and a Budget Public Hearing is tentatively scheduled for June 4th.

Attachments:

- Attachment 1 – Revenue Detail by Fund Report
- Attachment 2 – Expenditure Summary by Fund and Department Report
- Attachment 3 – Schedule of Changes to Fund Balances Report
- Attachment 4 – Priority Policy Statements
- Attachment 5 – Community Stakeholder Responses Report
- Attachment 6 – Community Stakeholder Written Statements
- Attachment 7 – Mission, Vision Statements and Priority Policy Statements Examples