



# *City Council Agenda*

City of Campbell, 70 North First Street, Campbell, California

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## **SPECIAL MEETING OF THE CAMPBELL CITY COUNCIL**

Friday, January 29, 2016 – 8:00 a.m.  
Double Tree by Hilton Hotel Campbell – Pruneyard Plaza  
Harvest Room  
1995 S. Bascom Avenue, Campbell, California

### **COUNCIL PRIORITY SETTING WORKSHOP**

#### **CALL TO ORDER, ROLL CALL**

1. Welcome/Overview of Workshop
2. Council Conversation on Satisfaction Survey Results
3. Overview of Strategic Planning Process and Questions
3. Public Comment
4. Strategic Planning Discussion
5. Wrap-up

#### **ADJOURN**

Attachments:

- #1 - FY15-16 City Council Strategic Priorities Update
- #2 - Memo on FY14-15 Operating Results



# City Council Report

Item: 9.  
Category: Consent Calendar  
Date: January 19, 2016

**TITLE: ACCEPT FISCAL YEAR 2015-16 CITY COUNCIL STRATEGIC PRIORITIES MID-YEAR UPDATE**

## RECOMMENDATION

It is recommended that the City Council accept the Fiscal Year 2015-16 City Council Strategic Priorities Mid-Year Update report.

## BACKGROUND

Since 2013, the City Council has held an annual Council Priorities workshop for the purpose of discussing and identifying issues and/or projects of significant importance to the City Council. The setting of these annual priorities allows the organization to plan for any related work load, timeline, and budget impacts associated with the City Council priorities.

In January 2015, the City Council held its annual Council Priorities workshop and identified 13 strategic priorities for Fiscal Year 2015-16. The City Council confirmed those priorities in June 2015. Departments then incorporated the adopted priorities into their departmental work plans for that same fiscal year.

## DISCUSSION

The table below summarizes the mid-year status of the Council's adopted FY 2015-16 Strategic Priorities.

Project	Outcomes	Who
1. General Plan Update	Systematic update of the General Plan	CDD CA
<p>With the input and direction of the City Council, several milestones towards the "Envision Campbell" General Plan Update have been completed. The General Plan Advisory Committee (GPAC) has been selected, focus areas in need of updates were scoped, and the distribution of a Request for Proposal (RFP) to hire a consultant was completed. Four proposals were received and qualifying consultants were invited to interview on January 15.</p> <p>Next steps include a recommendation to the City Council to refine the scope of work by the Council sub-committee, select a consultant, as well as approval to negotiate and subsequent Council approval of the final Professional Services agreement.</p>		

Project	Outcomes	Who
2. Sign Ordinance Update	Review and modification of current sign ordinance	CDD
<p>Staff is focusing on revisions to two sections of the Sign Ordinance relating to freeway-oriented and roof-top signage. Updates to this particular section of the Ordinance are particularly pertinent given requests from the owners of the Pruneyard Shopping Center.</p> <p>Due to a high number of planning projects and the vacancy of the Planning Manager position, staff is working on incremental changes to the Sign Ordinance, as opposed to comprehensive updates which were originally desired. Initially, staff sought the help of outside consulting firms, but two firms that were contacted indicated they did not have capacity to work with the City.</p> <p>The current Sign Ordinance is working well enough to avoid additional expense at this time. Staff recommends deferment of further modifications to the Sign Ordinance until after the “Envision Campbell” – General Plan Update process is completed.</p>		
Project	Outcomes	Who
3. Massage Ordinance Revisions	Alignment with new State law, local restrictions	CA CDD PD
<p>The City Attorney, in coordination with Community Development and the Police Department are revising Chapter 4.48 (Massage Ordinance) of the Municipal Code. Community Development in particular is updating the sections of the Zoning Ordinance pertaining to “local restrictions”. Staff anticipates taking these revisions to the Planning Commission for review and comment by February 23 and to the City Council by April 5.</p>		
Project	Outcomes	Who
4. Planning Commissioner Training	Establishing formal, externally provided skills training for all planning commissioners	CDD
<p>The approval of a larger training budget will allow more Commissioners the opportunity to attend the annual Planning Commissioner Academy, to be held on March 2. Courses offered at the Academy include ethics training, streamlining decision making processes, the future of water, public engagement, infill projects, CEQA, transportation mobility, design review processes, finance and many others. In addition to the Academy, staff has informed Commissioners that they should independently seek out training opportunities and work with the Community Development Director to determine how the training will apply to their responsibilities as a Planning Commissioner. Although a continuous dialogue with Commissioners remains, the opportunity to send more Planning Commissioners to the Academy significantly completes the intended outcomes of this item.</p>		

Project	Outcomes	Who
5. Historic Designation Policy Review	Conduct further analysis of impact upon property owners	CDD
<p>Item has been completed. Council expressed concern regarding the “opt-in” versus “opt-out” approach required to move properties from the Historic Resource Inventory. Since the potential list of worthy projects from the Historic Survey has been exhausted, there are no further plans to bring forward any new recommendations.</p>		
Project	Outcomes	Who
6. Long-Term Focus for Museum	Determination of long-term service and space options	R&CS
<p>On April 21, 2015, staff presented a comprehensive report to the City Council during a Study Session. The report reviewed the importance of museums in communities and the Campbell Historical Museum’s Strategic Plan and Vision. The following long term strategies were also explored: Community Engagement, Exhibits, Collection, Museum Branding, Facilities, Funding Priorities and Foundation Support.</p> <p>Council provided feedback and direction regarding both short and long term strategies, as well as initiatives for the Museum. This direction has been helpful as staff continues to move forward with programs and exhibits which generate excitement and keep the Museum relevant to the Campbell community.</p>		
Project	Outcomes	Who
7. Youth Engagement	Implementation of coordination efforts	R&CS
<p>The City, in partnership with local school districts and the Library, re-established a Campbell Youth Commission. After an extensive process to recruit and interview applicants, 13 Commissioners were selected. The group held its first meeting on September 14, 2015 and has already developed a work plan. In October, the Commission hosted a Youth Advisory Commission Social with other Commissioners from cities throughout Santa Clara County such as Cupertino, Morgan Hill, and Saratoga. In March 2016, the Youth Commission will participate in the YAC-Attack conference, bringing hundreds of Youth Commissioners from various regions of the bay area to attend workshops and network.</p> <p>Another new program aimed at our youth population is the City’s Work Experience Program. Youth ages 16-19 were invited to apply for positions in the City Manager’s Office, Finance, Police, and Public Works Departments. Three students were selected. Most began their first day of work in early January and will continue to work until the end of the school year.</p>		

<b>Project</b>	<b>Outcomes</b>	<b>Who</b>
8. Public Art Expansion	Analysis of options and usage	CMO
<p>The Civic Improvement Commission invited the Santa Clara County Leadership Academy who provided a special presentation about their research related to local public art policies and recommendations to promote and regulate outdoor art on public and private property. Staff has requested public art policies from other cities and has begun to review them for relevance. The Civic Improvement Commission is reviewing and commenting on a first draft policy developed by staff.</p>		
<b>Project</b>	<b>Outcomes</b>	<b>Who</b>
9. Social Media Policy Update	Add consideration as engagement tool (videos, FAQ's, web design)	CMO
<p>In November 2015, the City hired a part-time Social Media Specialist. The incumbent will review the City's existing policy for potential updates and refinements. Staff anticipates a draft policy update for Council review by June 2016.</p>		
<b>Project</b>	<b>Outcomes</b>	<b>Who</b>
10. Individual Council Member Staff Usage	Guideline review of staff resource protocols	CMO CA
<p>City staff has polled cities throughout Santa Clara County for comparable policies and protocols. Staff is in the process of reviewing these and anticipates presenting these findings along with any recommendations to adopt such policies or protocols in April 2016.</p>		
<b>Project</b>	<b>Outcomes</b>	<b>Who</b>
11. San Tomas Aquino Creek Trail Development	Exploration of funding and coordination of options	PW
<p>Staff has executed a funding agreement with the City of San Jose to accept \$100,000 toward evaluating the feasibility of this project. A Request for Proposals (RFP) has been prepared to solicit proposals from consultants to evaluate the feasibility of various creek trail alignments and formulate construction phasing recommendations. The RFP will be issued before the end of January. Staff anticipates returning to Council in May 2016 with a recommendation to approve an agreement and a proposed project schedule.</p>		
<b>Project</b>	<b>Outcomes</b>	<b>Who</b>
12. Cambrian 36 Area Plan	Initiation of resident interests data collection	PW
<p>The neighborhood in the Cambrian 36 Area Plan has been renamed as the "Campbell Village" neighborhood. With the support of a participant from the Management Talent Exchange Program (MTEP), several neighborhood meetings were convened between the months of September through November 2015 to obtain input from residents regarding the long-term vision of the neighborhood.</p>		

Much of the community input initially focused on vehicle traffic and bicycle and pedestrian access. At the last community meeting in November, several members of the community raised concerns regarding zoning and the corresponding approval processes. The next steps in this Area Plan process will involve both Public Works and Community Development. Additional neighborhood meetings will be required, but have not yet been scheduled.

Project	Outcomes	Who
13. Usage of Park Impact Fees	Analysis of revenue flow and utilization options	PW CMO

During the budget development process for FY2014-15, Council expressed an interest in making strategic investments in the City's park system. Additionally, Council had previously directed staff to develop an asset inventory for all City-owned assets, including park assets. The findings regarding park assets were presented to Council at a Study Session in November 2015. Based on the findings of that effort, as well as Council feedback, staff will be recommending specific park improvement projects for consideration in the FY 2016-17 CIP budget development process. The recommendations will primarily focus on play lot renovations, but will also include projects addressing restroom renovation and other prominent assets such as the Los Gatos Creek Trail and Community Center track.

**FISCAL IMPACT**

The adopted FY 2015-16 operating budget provides funding for the above Council Priorities.

**ALTERNATIVES**

1. Do not accept the report.

**Prepared by:**



Margarita F. Mendoza, Administrative Analyst

**Reviewed and Approved by:**



Mark Linder, City Manager

Attachment

1. FY 2015-16 City Council Priorities

**City of Campbell  
Strategic Priorities for 2015-16**

<b>Key Strategies</b>	<b>Initiatives</b>	<b>Projects/Tasks</b>	<b>Outcomes</b>	<b>Who</b>	<b>Priority</b>
<b>Community Growth &amp; Planning</b> Intentional design for businesses & residents	1 <i>Policy Formation, inc. General Plan, zoning &amp; ordinances</i>	1a Creek Trail (McCoy) Development	1a Exploration of funding and coordination options	1a PW	1a A
		1b Sign Ordinance Update	1b Review and modification of current sign ordinance	1b CDD CA	1b A
		1c Affordable Housing Study Session	1c Comprehensive analysis (Density bonus, Impact Fee, Inclusionary Housing, Development Impact Fee)	1c CDD	1c B
		1d Massage Ordinance Revisions	1d Alignment with new State law, local restrictions	1d CA PD	1d A
		1e Downtown Maintenance District	1e Exploration of establishing such a District	1e PW	1e C
		2 <i>Long-Term Planning, inc. overarching policy &amp; plan considerations</i>	2a General Plan Update	2a Systemic update of the general plan	2a CDD (lead)
		2b Long-Term Focus for Museum	2b Determination of long-term service and space options	2b P&R	2b A
		2c Cambrian 36 Area Plan	2c Initiation of resident interests data collection	2c PW	2c A
	3 <i>City Processes &amp; Systems, inc. administrative &amp; regulatory areas</i>	3a Review Building Inspection Process	3a Intent to increase efficiencies at inspector level	3a CDD	3a C
		3b Historic Designation Policy Review	3b Conduct further analysis of impact upon property owners	3b CDD	3b A
		3c Individual Council Member Staff Usage	3c Guideline review of staff resource protocols	3c CMO CA	3c A
		3d Special Event Policy	3d Clarification of current usage options and exceptions	3d PD (lead)	3d B
<b>Community Identity</b> Issues reflecting	1 <i>Health, inc. topics impacting health &amp; environment</i>	1a Community Mental Health Forum	1a Collaborative event relative to related issues	1a CMO	1a B
		1b Regional/State	1b Analysis of issues	1b x	1b B

Key Strategies	Initiatives	Projects/Tasks	Outcomes	Who	Priority	
the general well-being of the community		Environmental Initiatives 1c Public Art Expansion	&funding alternatives 1c Analysis of options and usage	1c P&R	1c A	
	2	<i>Safety</i> , inc. general & specific topics	2a	2a	2a	
	3	<i>Educational Enhancement</i> , ensuring the best educational opportunities	3a Youth Engagement	3a Implementation of coordination efforts	3a R&CS	3a A
Infrastructure Major support systems within the City	1	<i>Facilities &amp; Asset Management</i> , inc. preventive & corrective maintenance, equipment needs	1a Usage of Park Impact Fees	1a Analysis of revenue flow and utilization options	1a PW CMO	1a A
	2	<i>Human Capital</i> , inc. staffing needs & development	2a Planning Commissioner Training	2a Establishing formal, externally provided skills training for all planning commissioners	2a CDD	2a A
	3	<i>Major Capitol Improvement Projects</i> , inc. highlights of CIP Plan	3a LED Street Lights Upgrade	3a Exploration of service and cost options	3a PW	3a B
Community Interface Systems to support positive communications	1	<i>Technological Accessibility</i> , inc. networking & Wi-Fi capacity	1a	1a	1a	1a
	2	<i>Web-Based Systems</i> , inc. expansion of on-line capacity	2a	2a	2a	2a
	3	<i>Communications and Outreach</i> , inc. messaging	3a Social Media Policy Update	3a Add consideration as engagement tool (videos, FAQs, web design)	3a CMO	3a A

**Additional Topics or Projects**

Identified as part of 1/31/14 Council Retreat and not prioritized

- Regional/State Health Initiatives
- Emergency Preparedness Plan
- Council Orientation
- Collaborative Effort Targeting Graffiti on Hwy 17 Over Cross
- Traffic Impact Fee

**Items requiring special attention or moved under the General Plan Update**

- Land Use & Zoning Review
- Bascom Ave Master Plan
- Services for Retiring Baby Boomers
- Traffic Circulation
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# MEMORANDUM



**City of Campbell**

**Finance Department**

**To:** Honorable City Council

**Date:** January 27, 2016

**From:** Jesse Takahashi, Finance Director

**Via:** Mark Linder, City Manager

A handwritten signature in black ink, appearing to be "ML", written over the name "Mark Linder, City Manager".

**Subject: Fiscal Year 2014-15 Operating Results**

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Attached is a memo that was provided at the request of the Finance Sub-Committee for its meeting on January 7, 2016. At the time, our auditors had not yet completed their work on the financial statements, so these numbers were preliminary only. The audit was recently finalized earlier this month and the City's Comprehensive Annual Financial Report (CAFR) has now been completed and is on the February 2 Council agenda for Council acceptance.

In light of the Council priority session on January 29<sup>th</sup>, staff is providing the Council with this information as it could impact the discussion on priorities for the upcoming year. However, Council should note that the Feb 2 staff report on the CAFR may have numbers that differ slightly from the attached memo due to final adjustments that are made during the course of the audit. However, the numbers overall did not change substantially.

Staff will be happy to answer any questions that you may have on or before Friday.

# MEMORANDUM



**City of Campbell**  
Finance Department

**To:** Finance Sub-Committee

**Date:** December 22, 2015

**From:** Jesse Takahashi, Finance Director

**Via:** Mark Linder, City Manager

**Subject:** Fiscal Year 2014-15 Operating Results

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With the audit of the City's FY 2014-15 financial statements substantially complete, I would like to provide you with the preliminary operating results for last fiscal year.

I am pleased to report that the City's General Fund (GF) ended the year with operating revenues of \$44.6 million and expenditures of \$41.0 million, leaving an operating surplus of \$3.6 million. Revenues were \$2.7 million higher than in FY 2013-14 attributable to higher than expected receipts from: Sales and Use taxes, Franchise taxes, Licenses and Permits, excess ERAF from the County, and Charges for Services. Total GF revenues exceeded the budget by 6.6% primarily due to revenues continuing to improve beyond what was projected during the midyear review. At the same time, operating expenditures were \$2.2 million higher than in FY 2013-14, but \$0.7 million lower than budget. The attached sheet provides more detail on the breakdown of revenues and expenditures.

As a result of this favorable situation, the City utilized only a limited amount of reserves (\$0.2 million) primarily to fund approved encumbrance carryovers. The excess funds will be applied to maintain reserve requirements per the City's financial policies, including the Emergency Reserve and Compensated Absences Reserve. Remaining surplus will be placed in the Capital Improvement Program Reserve (CIPR) to fund future capital projects and one-time needs as approved by the Council.

The current economic environment continues to be favorable with respect to overall retail sales, business and travel related industries and continued development and growth in the community. It is anticipated that such favorable conditions will continue through the remainder of FY 2015-16 despite the increase in interest rates earlier this month by the Federal Reserve Bank. It should also be noted, however, that we are also in the eighth year of an expanding economy. It would be prudent to recognize the cyclical nature of the economy and the possibility of hitting a "bump" in the road sometime over the next two to three years. Such prudence would consider using surplus funds strategically for critical improvements to infrastructure or to ensure that reserve levels are sufficient to weather a downturn in the economy, the objective of which is to maintain stability of programs and services and avoid the need for more drastic cutbacks such as program and staffing reductions.

Staff will be finalizing the financial statements and audit in early January and expect to bring the final results to the Finance Sub-Committee in early February. Additionally, Staff will provide updated information on the budget at the midyear update, tentatively scheduled for early February.

In the meantime, if you have any questions, please feel free to contact me or Mark Linder.

**General Fund**  
**Preliminary Operating Results**  
**FYE June 30, 2015**

	Amended FY 15 Budget	Pre-Audit FY 15 Actual *	Variance
<b>Revenues:</b>			
Property Taxes	\$ 10,563,000	\$ 10,631,606	\$ 68,606
RPTTF	249,000	309,832	60,832
ERAF	-	299,291	299,291
Sales & Use Taxes	13,325,000	13,915,290	590,290
TOT	3,910,000	4,091,923	181,923
Franchise taxes	2,813,500	3,322,031	508,531
Other taxes	1,153,000	1,203,841 a	50,841
Licenses & Permits	1,158,500	1,620,778	462,278
Fines & Forfeitures	317,000	293,290	(23,710)
Investment Income	215,000	187,941	(27,059)
Intergovernmental Revenues	251,714	355,128	103,414
Charges for Services	4,080,718	4,418,614 a	337,896
Rents & Leases	2,449,320	2,571,409	122,089
Miscellaneous Revenue	63,450	117,502	54,052
Operating Transfers - In	1,355,598	1,322,493	(33,105)
<b>Total Revenues</b>	<b>41,904,800</b>	<b>44,660,969 a</b>	<b>2,756,169</b>
<b>Expenditures:</b>			
Current:			
General Government	5,674,569	5,336,124	338,445
Community Development	1,804,012	2,008,688	(204,676)
Recreation	5,379,175	5,340,790	38,385
Public Safety	21,024,165	20,942,793	81,372
Public Works	5,063,505	4,744,307	319,198
Operating Transfers - Out	2,853,446	2,676,568	176,878
<b>Total Expenditures</b>	<b>41,798,872</b>	<b>41,049,270</b>	<b>749,602</b>
<b>Operating Surplus (Deficit)</b>	<b>105,928</b>	<b>3,611,699 a</b>	<b>3,505,771</b>
Capital Transfers - Out	(5,397,318)	(3,115,484)	2,281,834
<b>Net Activity for the year</b>	<b>(5,291,390)</b>	<b>496,215</b>	<b>5,787,605</b>
<b>Beginning Fund Balance</b>	<b>25,429,609</b>	<b>25,429,609</b>	
<b>Ending Fund Balance</b>	<b>\$ 20,138,219</b>	<b>\$ 25,925,824</b>	

\* Sourced from Rev & Exp Status reports run 12/18/15.

a Excludes Construction tax, Theatre Preservation and Gen Plan fees totaling \$181,135 that will increase non-operating reserves.

City of Campbell  
Council Priority Workshop  
January 29, 2016

# Considerations for Biennial Budgeting

# Biennial Budget Process

## Reasons to Adopt

- Allows newly elected Councilmembers time to acclimate to City operations before jumping into budget process
- Better links with strategic planning process—operating and capital activities
- Promotes/forces longer term view of accomplishing goals and objectives
- Encourages more orderly spending patterns by allowing two years to complete goals

# Biennial Budget Process

## Reasons to Adopt

- Achieves greater emphasis on management and service delivery
- Achieves greater emphasis on program evaluation and monitoring
- Potential time savings for Council and staff from “lighter” process in year two and only one budget document

# Biennial Budget Process

## Reasons Not to Adopt

- Difficulty in estimating revenues and expenditures in unstable/volatile environments
- Less flexibility to create/add new priorities in second year
- Additional effort required in first year to plan two years of workplans and/or priorities and budget accordingly
- Less flexibility to jump into the process right away for new Councilmembers

# Biennial Budget Process

## Reasons Not to Adopt

- Need to align with bargaining group negotiation timing
- Council likes line item budgeting rather than priority or program based budgeting
- Strategic plan, goals and objectives should be completed/updated which can add more time to the process

# Other Considerations

- Will appropriations be good for a two year period versus maintaining two single year budgets?
- What to do with budgetary savings/overages at end of year one?
- How much process does Council wish to have for second year?
- Consider impact on capital budget process

# Recommendation/Conclusion

- It depends what is Council's objective
- Biennial budgeting can work if Council is committed to a policy based, planning oriented budget process that integrates strategic planning with budgeting
- It may require more discipline in budgeting for two years at a time and having less ability to change course in year two