

CITY OF EAST PALO ALTO

INTER-DEPARTMENTAL MEMORANDUM

DATE: May 8, 1984

TO: The Honorable Mayor and Members of the Council

FROM: Frederic A. Howell, City Manager *HH*

SUBJECT: State of the City Report

Introduction

The purposes of this report are twofold:

1. to provide a current profile of operational aspects of the City reflecting critical interrelationships with other agencies and organizations, available and potential resources, and deficiencies and needs; and
2. to suggest an outline for strategic planning toward the goal of a viable, independent municipality.

The report is not offered as an answer to the many crucial questions that must be answered in coming weeks by the Council. Rather, it is intended to serve as a focal point for the discussion of major issues and actions that will provide the necessary guidance for staff in preparation of an operations plan, budget, and related performance objectives.

For presentation purposes, this report is organized into the following sections: **General Perspective, Major Accomplishments, Major Uncertainties, Assumptions, Suggested Organization, Program Analysis, Personnel, Implementation Schedule, Fiscal Analysis, and Strategic Planning Outline.**

I. GENERAL PERSPECTIVE

There is no question whatsoever regarding whether or not the City of East Palo Alto can become a viable, independent municipality. The only questions are HOW and WHEN this will occur. From the standpoint of timing, the City currently is from six to eight months behind an informal schedule or where it otherwise might reasonably be expected to be absent litigation.

Two major paradoxes seem to be operant for the City. The first involves community expectations and sophistication. Service delivery expectations seem to be unrealistically high at this time, but a program of education and communication about local governmental affairs could remedy this. At the same time, the community evidences a relatively high level of political sophistication pertaining to the need for and importance of self

governance. The second paradox centers around opposition to and support for the City. The specter of opposition to incorporation is everpresent and debilitating. Conversely, there is a vast reservoir of commitment and support waiting to be tapped. There appears to be an overriding willingness to at least give the City one try. Indeed, from my vantage point, the level of support for East Palo Alto clearly outweighs the level of opposition and the burden now rests with the City to capitalize upon this support.

It is totally impossible for existing staff to meet all of the community's demands for any period. However, the work performed to date has been of relatively high quality, accomplished under difficult conditions, and it renders the City quite functional at this time. For these reasons as well as their obvious commitment to the City, existing staff should be retained and properly compensated. More important, it is essential for key staff members to be added as quickly as possible and an intensive organizational development program implemented to provide ongoing employment opportunities with the City.

The current financial situation strongly suggests that the City would experience only marginal fiscal viability if full services were provided and there were no subsidies or massive development activities underway. On the other hand, it does appear that fiscal viability is possible if there can be agreement over what services will and will not be provided at what times and development occurs. There is a clear need and this is an exceptional opportunity for creative, innovative approaches to organization and service delivery. The coming fiscal year must be the period when the City makes the transition from dependence to independence; it cannot happen by July 1, 1984.

For the most part, relationships between the City and other agencies and organizations are very good at this time. The potential exists for cooperative ventures on a major scale with some; extended, costly litigation with others; sharing of funds and the provision of services with others; and the receipt of funding through others. Representatives from adjacent municipalities have generously offered staff services and other levels of cooperation and assistance. It would appear to be in the City's best interest to carefully avail itself of as many opportunities as are offered through this means. Perhaps the most sensitive of these, and the one that is most immediately important, is the relationship with San Mateo County. Negotiations with the County in the next few weeks will determine the level of cooperation by the County and, to a large extent, the City's budget for the next fiscal year.

There are several internal and external problems that negatively compound the City's current situation. The following list is not all inclusive, but it does provide a sampling of the range of items in this category and the kinds of matters that must be taken into account for future policy and managerial decision making.

- remaining multiplicity of separate districts providing essential services to the community. Among these are three (3) water districts; two (2) school districts; separate sewer, fire, and solid waste services, etc.
- lack of clarity regarding community standards and level of enforcement.
- University Avenue connection to Willow Road.
- fears of adjacent communities resulting from potential displacement of local problems.
- inadequate drainage and unimproved right-of-way.
- hazardous waste spill in Ravenswood Industrial Park.
- pressure for local Police Department.
- need for more and improved recreational facilities.

These represent only some of the myriad community concerns that have surfaced with regularity and intensity. All of them can be resolved with varying allocations of human and capital resources. However, all of them cannot be resolved at the same time.

Finally, there is the notion of community image, a term that I prefer not to use but which is nonetheless important in its applications. The issue is one of perception: how the community perceives itself and how it is perceived by others. It seems that others have not viewed the community with high regard and this is most apparent in the subtle but growing trend of abuse and neglect evident in treatment of the community by other agencies and organizations (facility closures, annexations, transportation system route decisions, investment and loan decisions, etc.). In light of this apparent perception, the community's comparatively negative socioeconomic indicators (unemployment, crime, income levels, etc.), and the successful vote for incorporation, it is difficult to define the internal perception as anything but positive. In other words, the community appears to largely believe that it is capable of participating productively and competitively in the area's general political economy. It further appears that the community deserves the opportunity to try.

Quite naturally, the foregoing "general perspective" produces a set of priorities for me in the context of what I believe the community needs. This set of priorities is listed below with the caveat that only the City Council can set priorities for the City.

- selection of key staff;
- implementation of a comprehensive economic development program and removal of the hazardous waste;
- development and implementation of a municipal Police Department;
- acquisition and development of the Ravenswood High School site; and
- consolidation of services and improvement of the City's infrastructure.

These priorities also suggest that a tactical approach involving the "Four C's" would be appropriate to the City's basic, underlying strategy:

- Communicate with local residents in particular and others, generally, regarding City plans and progress;
- Cooperate with all who are willing to assist the City and benefit within the framework of City policy;
- Consolidate and improve services; and
- Coordinate innovative, cost-effective service delivery.

II. MAJOR ACCOMPLISHMENTS

This section of the report is intended to convey an overview of the principal accomplishments, rather than the full range, by an extremely limited staff during the past two months.

- conducted April 10 General Municipal Election and certified signatures on Property Owners' Initiative Petition.
- submitted grant applications for nearly \$500,000 (economic development, park acquisition, recreation programs, and crime prevention).
- conducted First Annual Spring Clean-Up Program.
- acquired postage system and word processing equipment, and trained staff on use of the latter.

- Community expectations can be met on a reduced scale and overall, the Community will be supportive of cityhood.
- The County of San Mateo will provide some level of services and a reduced subsidy during FY 84-85.
- The revenue and expenditure base along with needed reserves will not allow a major staffing expansion in FY 84-85; however, it may be possible in future years with a successful economic development program.
- Incorporation will be upheld, but related litigation will continue.
- A relatively substantial legal reserve will be necessary for at least the next two fiscal years.

V. SUGGESTED ORGANIZATION

Provided below is a listing of functional units in the City that would serve as major cost centers for the provision of city services and form the basis for the suggested organization. Also listed are the corresponding appointed bodies that would be staffed by each unit. The attached chart displays this organization in graphic form.

<u>Unit</u>	<u>Appointed Body</u>
City Council	
Legal Services	
Management Services	
Finance	
Personnel	Personnel Board
Police Services	Public Safety Commission
Community Services	
Parks & Recreation	*Parks & Recreation
Cultural & Social Services	Commission
Public Works	
Engineering	Transportation Advisory
Maintenance	Commission

Community Development

Building Inspection

Design Review Commission

Economic Development

Economic Development Task
Force & Technical Advisory
Committee

Housing

Planning

*Planning Commission

Clerical Support Group

Rent Board

* = existing

VI. PROGRAM ANALYSIS

This section of the report provides a summary of the major issues to be considered in preparing the budget for each functional unit (program) for FY 84-85, the year in which the full transition from dependence to independence must occur. Only the City Council and Rent Board programs are excluded, the former because no problems are foreseen and the latter because it is expected to be self sustaining.

A. Legal Services

The principal issue for this program involves the need for a contract modification to provide from 16 to 24 hours per week of on-site services plus Council meetings. There are alternative methods for handling litigation costs, but my current tendency is toward a separate appropriation. The demand for legal services to support other key staff in the start-up and transition period will be relatively high.

B. Management Services

The major issue for this program is fiscal management including both personnel and capital outlay for an automatead system to facilitate accounting of the City's resources.

C. Police Services

Among the problems to be considered for this program are the following:

- the current proposal by the sheriff contains a reduction in the level of service and a cost above what the City is able to pay without impacting other services.

- an increase in service level by the sheriff would produce a corresponding increase in cost to the City and further impact the County at the end of the fiscal year when, presumably, these staff would have to be absorbed by the County because the municipal police force would be in place.
- during the training period, the City would be paying a portion of the cost for two police departments at the same time.
- an enormous capital outlay is required to equip the City's Police Department.

A separate recommendation is being made to address the capital outlay requirements for this program and it would be my suggestion to the new Police Chief that fewer sworn personnel and more non-sworn personnel be considered for the City.

D. Community Services

It is recommended that a new department be created to encompass both Parks and Recreation, and a new function: cultural and social services. It is also recommended that the Bell Street Gymnasium be renovated to serve as an enterprise operation for this function to move it in the direction of self sustaining. It is necessary for the City to enter into a joint powers agreement with the local school district regarding shared use of facilities and it is possible that grant funds might be obtained for a related major improvement effort.

E. Public Works

The principal concerns for this program include the need for a full-time City Engineer to handle projected development activity, traffic, and maintenance of City properties and right-of-way. Any effort toward acquisition and consolidation of utilities would also dictate a priority for this program.

F. Community Development

This program would be responsible for providing planning, building inspection, housing, and on-going economic development services. In addition to the fulltime Director, it is recommended that a contract inspector be hired. The objectives for this program would include providing direct

services to local residents in this important area and developing a fee schedule that would render the program self sustaining.

G. Clerical Support Group

The recommendation here is to create a centralized function supporting all programs rather than have individualized secretarial support for each program. A manager for this group is needed.

VII. Personnel

The key to the success of any organization rests with its personnel. As suggested in the preceding section, it will be necessary to select exceptionally talented individuals for the start-up and transition period that FY 84-85 must be for the City. Provided below is a listing of the major additional positions that should be filled as quickly as possible.

- Finance Director
- Police Chief
- Community Services Director
- Public Works Director (City Engineer)
- Community Development Director
- Building Official (part-time)
- Manager of Clerical Support

It should be noted again that the full police department staff is expected to be hired during the next fiscal year. Thus, no other positions are recommended to be filled excepting possibly some clerical and maintenance positions.

VIII. IMPLEMENTATION SCHEDULE

A primary consideration for the implementation of a fully independent municipality is the schedule for having key staff members aboard. It is assumed that the City and County will agree to a level of service provision by the County not to exceed six (6) months, excepting the Sheriff's Department which would provide services for the entire fiscal year. It is further assumed that local residents would begin to access all services excepting police directly through the City, thereby eliminating the need for travel to

or interaction with the County for services previously provided. Only the physical transfer of files and other pertinent documents would remain after January 1, 1985. This plan could be achieved if the quarterly staffing schedule below is followed. Obviously, slippage in the staffing schedule would produce slippage in the planned service delivery schedule. This schedule does make allowance for the possible passage of Proposition 1 on the November ballot by deferring large-scale hiring until the last half of the fiscal year.

<u>Staff Category</u>	<u>Current</u>	<u>FY 84-85</u>			
		<u>1Q</u>	<u>2Q</u>	<u>3Q</u>	<u>4Q</u>
Management	2	8	8	8	8
Professional	1	1	1	5	11
Technical	2	2	5	17	22
Secretarial	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>6</u>
Total	<u>8</u>	<u>15</u>	<u>19</u>	<u>36</u>	<u>47</u>

Note: schedule does not include contract or parttime personnel.

IX. FISCAL ANALYSIS

Complexities of the interrelationships between (a) the City's General Fund Revenues and Expenditures, (b) the County's appropriation and City expenditures for the Municipal Council, (c) the costs and revenues for services provided to the City by other County departments but not identified in the County budget, and (d) the costs and revenues associated with special districts, make it extremely difficult to provide a fully accurate view of the City's total financial picture at this time. Looking at these first two components separately and at the grand total level, we do find the following as of April 27, 1984 or after 82 percent of the fiscal year has elapsed:

(a) General Fund

Revenues	
Revised Estimate	\$1,996,388
Received Year-to-date	<u>1,760,728</u>
Difference	235,660
Percent of Estimate	88

Expenditures

Revised Estimate	\$	450,395
Actual Year-to-date		<u>427,470</u>
Difference		22,925
Percent of Estimate		95

(b) **Municipal Council**

Expenditures

Appropriated	\$	291,673
Actual Year-to-date		<u>211,261</u>
Difference		80,412
Percent of Estimate		72

(c) **Special Districts**

Sheriff

Property Tax Allocation (Service Area #5)	\$	622,282
Transferred Year-to-date		<u>311,141</u>
Difference		311,141
Percent of Allocation		50

Solid Waste

Property Tax Allocation (Service Area #5)	\$	369,950
Transferred Year-to-date		<u>198,113</u>
Difference		171,837
Percent of Allocation		54

The immediate reaction to the foregoing is that General Fund revenues appear to be running ahead of schedule (88% versus 82%) as are General Fund expenditures (95% versus 82%), but that this leaves an apparent balance of \$1,333,258 in the General Fund at this time. Similarly, it is clear that the Municipal Council expenditures are well below the appropriated level (72% versus 82%), and savings should accrue to the County.

Interestingly, we know that police services cost more than \$622,282 (at least, based upon the current request), but we do not have a firm figure for the total cost including the Highway Patrol, Detective, and Crime Prevention Services. This is the same with services to the City by other County departments not reflected in the approved County budget. We do expect to have these numbers prior to budget submittal, but their absence distorts the picture presented by the above data alone.

A major question centers around how these totals will be treated by the County and City when determining the previous service levels and subsidy, and services/subsidy to be provided for FY 84-85. This is a key issue that must be resolved before the City budget is prepared.

X. STRATEGIC PLANNING OUTLINE

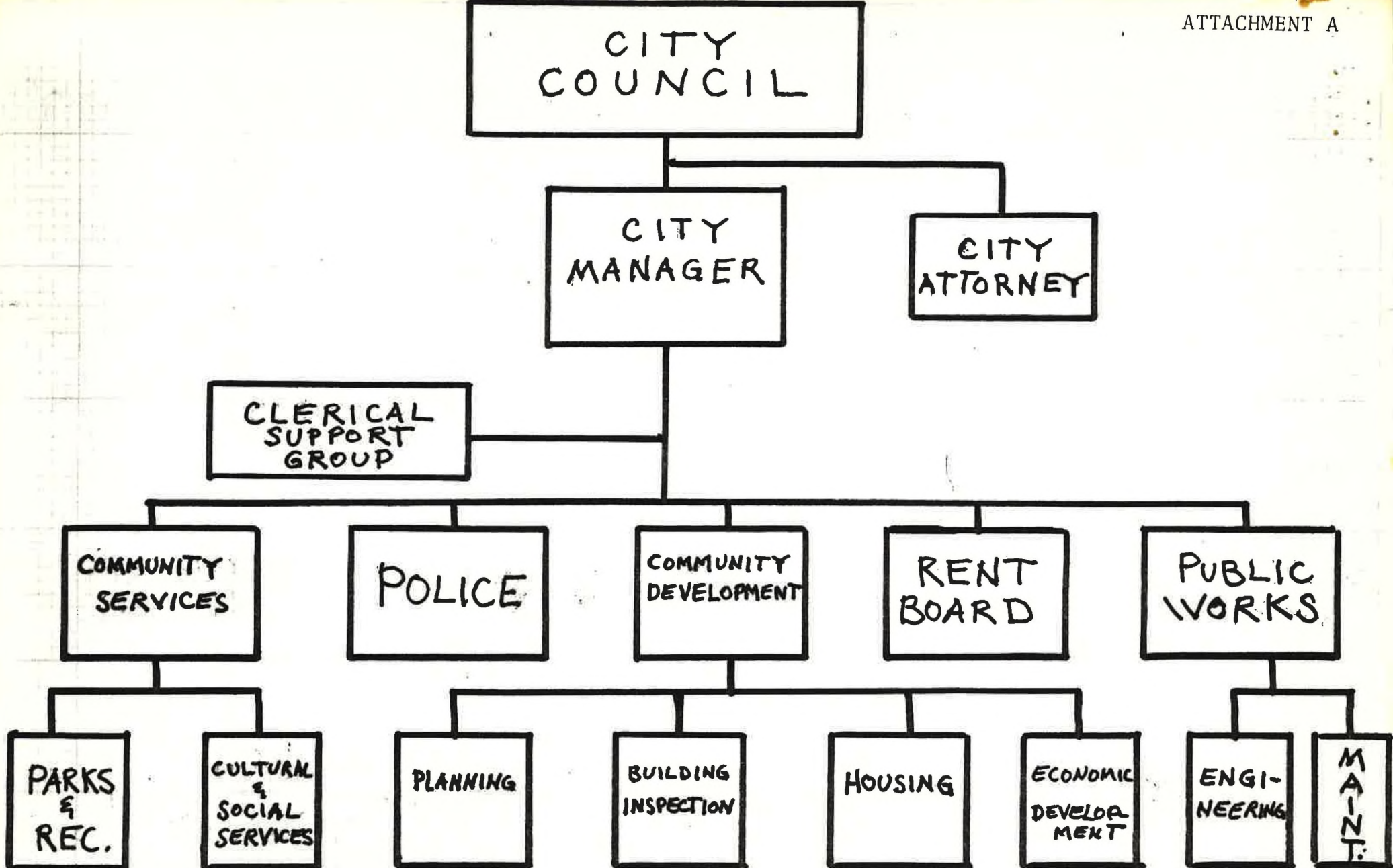
The attached "Strategic Planning Questionnaire" is designed to assist Council and staff reach some level of understanding over what should be the focal point for managerial decision making related specifically to the budget and generally for an operations plan.

In addition to comments and responses to the questionnaire, staff would welcome at least one working session with the Council to review a preliminary budget based upon those responses and additional financial information obtained during the interim. The preliminary budget would reflect recommendations contained in this State of the City Report as modified by this input and any additional information learned about the possible effect of Proposition 1 on East Palo Alto.

Finally, it is recommended that the City give serious consideration to the immediate formation of a "Friends of East Palo Alto" group which would be a nonprofit organization serving as a specialized conduit for necessary equipment and supplies to offset the City's capital outlay requirements. The immediate priority for the "Friends of East Palo Alto" would be to equip the Police Department with items such as automobiles, radio equipment, weapons, etc. In future years (or at the same time if generosity dictates), the Community Services and Public Works departments would be the next targeted recipients.

FAH:jk

Attachments: A. Organization Chart
B. Strategic Planning Questionnaire



City of EAST PALO ALTO
SUGGESTED ORGANIZATION

5/7/84