

City of Huntington Beach

City Council Strategic Planning Workshop

Overview of Current Key City Issues

January 5, 2021



Review of Key Issues Facing City

- **It is important that the City Council identify and prioritize overall organizational goals and objectives**
 - With the vast majority of City resources being devoted to maintaining existing operations, City Council prioritization of goals / objectives is critical from a resource allocation perspective
- **The following items have been identified as key issues by staff which merit attention / consideration by the City Council**
 - COVID-19 response
 - City budget / fiscal situation
 - Homelessness response
 - City facility capital improvement needs
 - Labor relations
 - Development / RHNA issues
 - Economic development strategy
 - CIP efforts

1. COVID-19 Response

- **Maintain Public Access to all City Services**

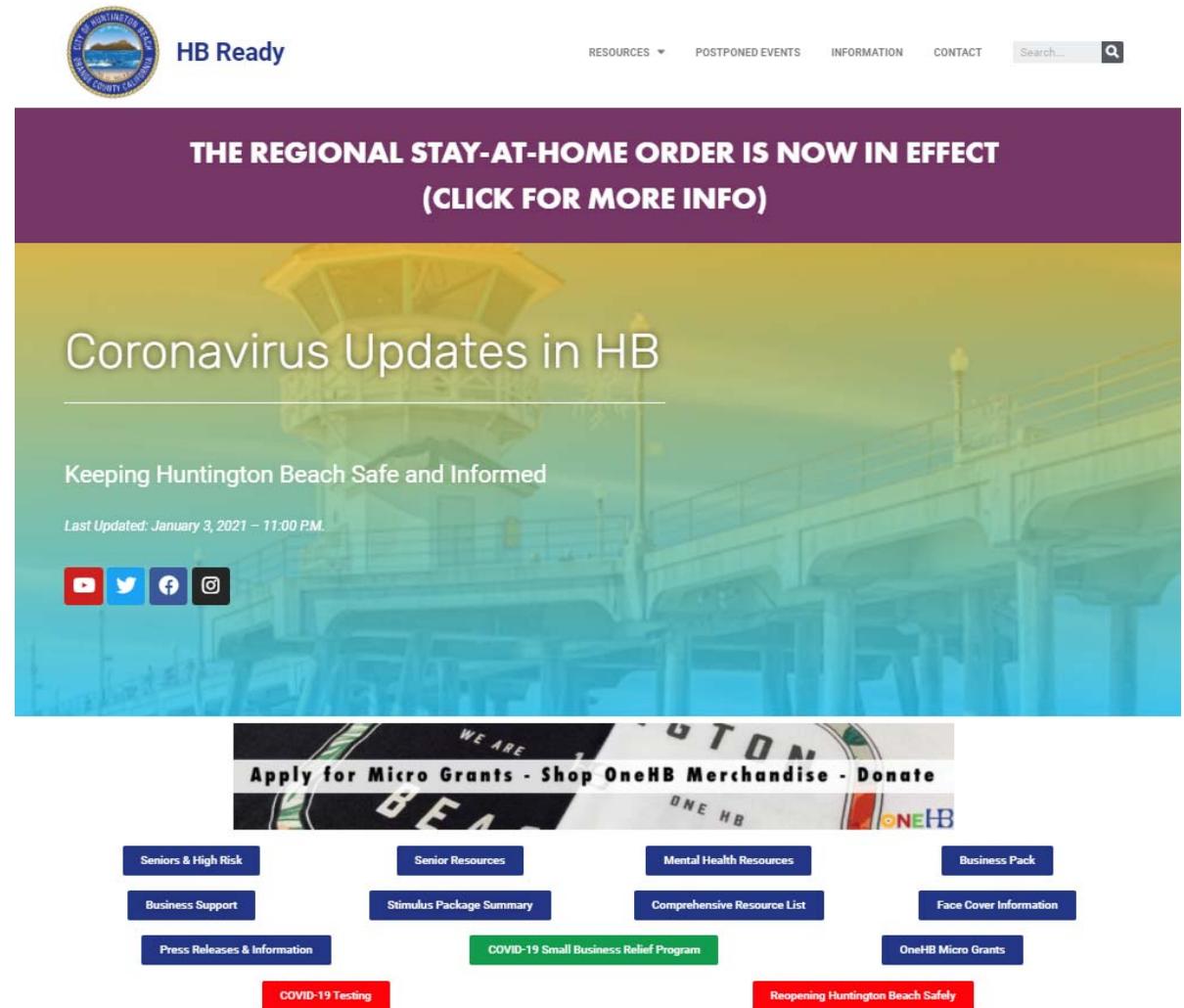
- Keep workforce safe and available to continue providing access to existing services

- **Economic Recovery**

- \$650K in small business grants to distribute
- OneHB micro grant program
- Temporary emergency use permit program
- 2nd block of Main Street in Downtown

- **Vaccination Process**

- Assist with Countywide vaccine distribution efforts



2. City Budget / Fiscal Position

- **FY 20/21 budget is balanced after implementation of a major Citywide restructuring plan this past year**
 - The program instituted reduced GF expenditures by ~\$6M / year

	Projected FY 20/21 (in thousands)
Revenues	\$223,041
Expenditures less UAL	194,026
CalPERS UAL	28,466
Total Expenditures	222,492
Surplus	\$549

Major General Fund Revenues

- Property Tax \$89.2M or 40%
- Sales Tax \$41.4M or 19%
- Transient Occupancy Tax \$10.6M or 5%
- Use of Money and Property \$15.3M or 7%
- Charges for Current Services \$24.1M or 11%

Major General Fund Expenditures

- Police \$80.6M or 37%
- Fire \$49.1M or 23%
- Public Works \$25.9M or 12%

2. City Budget / Fiscal Position

- **Future fiscal concerns continue to exist given significant annual CalPERS Unfunded Accrued Liability (UAL) pension cost increases**

– UAL payments will increase by ~\$10M annually within the next 4 years

<i>(in thousands)</i>	Projected FY20/21	Projected FY21/22	Projected FY22/23	Projected FY23/24	Projected FY24/25
Revenues	\$223,041	\$228,439	\$233,277	\$237,529	\$241,260
Expenditures less UAL	194,026	202,278	207,098	211,327	214,960
CalPERS UAL	28,466	32,501	34,948	36,465	38,149
Total Expenditures	222,492	234,780	242,046	247,792	252,109
Surplus (Deficit)	\$549	-\$6,341	-\$8,769	-\$10,263	-\$11,849

- **To address this pending fiscal situation, the City will have to consider further cuts, revenue adjustments, or a possible refinancing of our UAL pension debt**

– Refinancing is possible given our current historically low interest rate environment (where rates of ~3% are feasible) compared with the existing 7% CalPERS discount rate

2. City Budget / Fiscal Position

- **100% refinancing of existing UAL debt load**

<i>(in thousands)</i>	Projected FY20/21	Projected FY21/22	Projected FY22/23	Projected FY23/24	Projected FY24/25
Revenues	\$223,041	\$228,439	\$233,277	\$237,529	\$241,260
Expenditures less UAL	194,026	202,278	207,098	211,327	214,960
CalPERS UAL	28,466	-	-	-	-
POB	-	25,268	25,268	25,268	25,268
Total Expenditures	222,492	227,547	232,366	236,595	240,228
Surplus	\$549	\$892	\$911	\$934	\$1,031

- **80% refinancing of total existing UAL debt load**

<i>(in thousands)</i>	Projected FY20/21	Projected FY21/22	Projected FY22/23	Projected FY23/24	Projected FY24/25
Revenues	\$223,041	\$228,439	\$233,277	\$237,529	\$241,260
Expenditures less UAL	194,026	202,278	207,098	211,327	214,960
CalPERS UAL	28,466	6,837	6,837	6,837	6,837
POB	-	20,389	20,389	20,389	20,389
Total Expenditures	222,492	229,505	234,324	238,553	242,186
Surplus (Deficit)	\$549	-\$1,065	-\$1,047	-\$1,024	-\$926

3. Homelessness Response Efforts

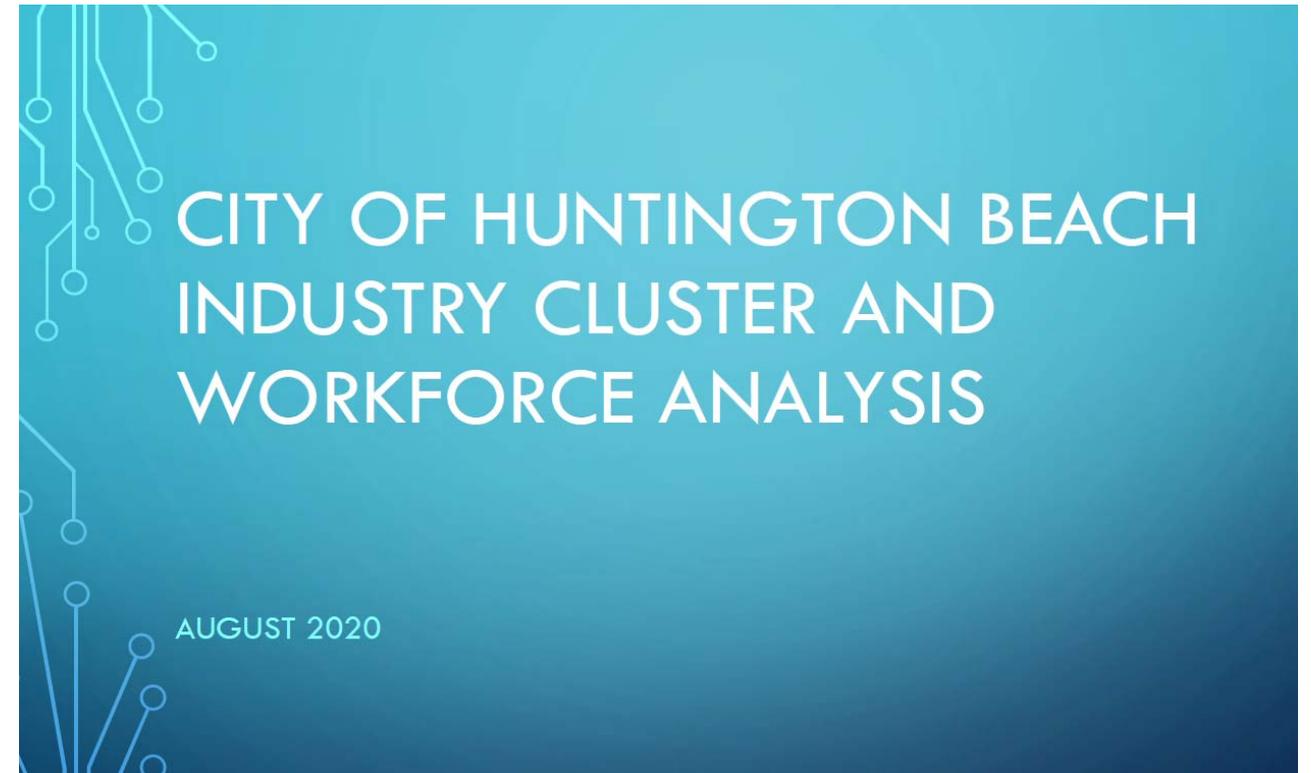
- **Streamline / improve existing Homeless Task Force (HTF) outreach efforts**
 - Improve internal City processes to facilitate greater outreach efforts by the HTF
- **Institute consistent quality of life enforcement plans**
 - Engage regular, appropriate, and well planned enforcement activities
- **Upstream of the shelter – permanent supportive housing**
 - Jamboree housing project
 - Inclusionary housing ordinance updates
- **Downstream of the shelter – mobile crisis response + mental health resources**
 - Explore development of a CAHOOTS-model mobile crisis response program in partnership with OC HCA
 - Become integrated into the *Be Well OC* mental health & substance abuse ecosystem

4. City Facility Capital Improvement Needs

- **Significant facility capital needs have been identified within the 1.75 million square feet of building space managed by the City**
 - Police Station Modernization: ~\$25M
 - Downtown Lake Fire Station: ~\$3M
 - Civic Center Modernization: ~\$3M
- **Given the scale / costs associated with the improvements needed in HB, staff has performed a cursory review of the Performance Guaranteed Facility (PGF) program utilized by the City of Long Beach to develop their new civic center plaza**
 - Under the PGF program, Long Beach contracted with a project company to design, build, finance, and maintain a new grand civic plaza
 - Per the PGF agreement, project costs did not exceed Long Beach’s existing annual maintenance expenditures, and the firm also agreed to maintain the new civic center for a 40-year period

5. Implement New Economic Development Strategy

- **Develop a refined, targeted, data-driven, and focused economic development strategy, centered on the following relevant areas:**
 - Housing Strategy
 - Retail Strategy
 - Commercial / Office / Industrial Strategy
 - City Initiated ED Programs



6. Development / RHNA Issues

- **Key development projects in the pipeline**

- Magnolia Tank Farm
- Giesler school site (Brookfield project)
- Proposed Bella Terra housing project

- **RHNA / Housing Element update**

- Under the current preliminary 6th Cycle RHNA allocation, HB is required to zone for 13,337 new housing units
- 6th Cycle is currently set to begin in October 2021

7. Labor Relations

- Of our 9 bargaining units, 6 have expired Memoranda of Understanding (MOUs)

ASSOCIATION	MOU STATUS	MOU TERM	APPROX. # OF MEMBERS
Huntington Beach Municipal Teamsters (HBMT)	Expired	10/01/19 – 09/30/20	358
Management Employees' Organization (MEO)	Expired	11/01/19 – 10/31/20	97
Huntington Beach Firefighters' Association (HBFA)	Through June 2021	07/01/18 – 06/30/21	115
Fire Management Association (FMA)	Expired	10/01/15 – 09/30/17	8
Marine Safety Management Association (MSMA)	Expired	04/01/16 – 03/31/18	12
Surf City Lifeguard Employees' Association (SCLEA)	Expired	01/01/18 – 06/30/19	183
Police Officers' Association (POA)	Through June 2023	01/01/20 – 06/30/23	242
Police Management Association (PMA)	Expired	01/01/18 – 06/30/20	11
Non-Associated (NA)	Indefinite	07/18/16 – Indefinite	21

8. Ongoing CIP Efforts

- **City's current FY 20/21 CIP budget includes \$24.6M in capital enhancements, including the following key initiatives**
 - Edison Community Center
 - Edison Park Upgrade
 - Marina Park Upgrade
 - Bluff Top Park
 - Rodgers Senior Center Park Redevelopment
 - Central Library Fountain Restoration
 - Central Library / Park Public Art Project
 - Library Facility Master Plan
 - Parks & Recreation Master Plan Update
 - Oak View Family Resource Center Planning
 - Street Paving Program
 - Water Infrastructure Projects
 - City Fiber Optic Network Expansion

Questions?

