

Minutes

Huntington Beach City Council/Public Financing Authority Strategic Planning Retreat

Thursday, February 7, 2019
8:00 AM – Talbert Room
Central Library, 7111 Talbert Avenue
Huntington Beach, California 92648

At 7:30 AM, a light Continental Breakfast was available. Mayor Peterson promptly called the meeting to order at 8:00 AM. There was a mid-morning break, with a group lunch provided for staff and Council at 12:00 PM. Lunch items were available for public purchase at the Library vendor's cart, or at local restaurants if desired.

CALLED TO ORDER – 8:00 AM

ROLL CALL

Councilmembers Delgleize and Semeta requested, and were granted permission, to be absent pursuant to Resolution No. 2001-54.

Present: Brenden, Carr, Peterson, Posey, Hardy
Absent: Semeta, Delgleize

PLEDGE OF ALLEGIANCE – Led by City Manager Fred Wilson

WELCOME – Mayor Erik Peterson

ANNOUNCEMENT OF SUPPLEMENTAL COMMUNICATIONS PERTAINING TO STRATEGIC PLANNING RETREAT

Pursuant to the Brown “Open Meetings” Act, City Clerk Robin Estanislau announced supplemental communications received by her office following distribution of the Council agenda packet:

Administrative Item 19-052

A PowerPoint communication received by Chief Financial Officer Gilbert Garcia entitled *Strategic Planning Retreat February 7, 2019 Finance Update*.

A PowerPoint communication received by Assistant City Manager Lori Ann Farrell entitled *Succession Planning – Winning the Race for Talent*.

PUBLIC COMMENTS PERTAINING TO STRATEGIC PLANNING RETREAT (3 Minute Time Limit)

Ralph Bauer was called to speak and expressed gratitude for the Veteran’s Resource Center at the Central Library, thanked Lori Ann Farrell, Kellee Fritzel and Police Chief Robert Handy for their involvement in Homeless United and efforts to address homelessness, and also thanked Randy

Pesqueira and the Council On Aging for providing an income stream for senior counseling services at the Central Park Senior Center.

Kathryn Levassieur was called to speak and described successful Short Term Rental programs in the cities of Los Angeles, Palm Desert, Long Beach and Santa Cruz. She discussed how a Short Term Rental program taxed and regulated by the City could realize a sustainable revenue stream that could help with future pension obligations.

Steve Engel was called to speak and thanked the Council, City staff and volunteers for their work to repave pathways, clear overgrown vegetation and upgrade irrigation systems in Central Park. He also encouraged Council and the public to attend the Cherry Blossom event in Huntington Central Park March 15-17, and voiced support for park improvement funding in the Capital Improvement Project (CIP) soon to be presented to Council.

Juana Mueller was called to speak and expressed support for the Capital Improvement Program (CIP) schedule, the list of priorities recommended by the Central Part Committee, and the importance of continued tree trimming and noxious weed abatement at Central Park and the Shipley Nature Center.

Jean Nagy was called to speak and described her 10-year participation on the Shipley Nature Center Board. She described Laguna Beach's successful use of grant funds for community group projects, explained a concept known as "Forest Bathing," suggesting that the idea of forest or ocean bathing could be tied to marketing the Shipley-To-Shore trail.

Tony Bison was called to speak and expressed concerns related to the Seabreeze Development near an area known as the Gypsy Marsh, and how his home may sustain damage from activity to raise six acres of land. He filled out a blue Follow-Up card to be contacted by City staff.

ADMINISTRATIVE ITEM

19-052 Strategic Planning Retreat led by Marilyn Snider of Snider and Associates

Ms. Snider introduced herself as Facilitator, and Michele Snider Luna as Recorder, and described their roles. She discussed the elements of the Strategic Planning Retreat as identified on the agenda.

Ms. Snider asked members of the City Council and Executive Team to introduce themselves and identify their title for public benefit.

Ms. Snider provided a review of the City of Huntington Beach's:

Mission/Purpose Statement

- The City of Huntington Beach provides sustainable quality services to maintain and enhance our safe and vibrant community.

Core Values/Guiding Principles (not in priority order)

- Responsiveness
- Accountability
- Quality customer service
- Honesty and integrity
- Teamwork
- Fiscal sustainability

- Community involvement
- Openness

Existing Three-Year Goals (2015-2018 – not in priority order)

- Improve quality of life
- Enhance and maintain infrastructure
- Strengthen economic and financial sustainability
- Enhance and maintain public safety
- Enhance and maintain City service delivery

STRENGTHS + WEAKNESSES + OPPORTUNITIES + THREATS ANALYSIS

Brainstormed perceptions on the strengths and accomplishments of the City of Huntington Beach since the February 13, 2018 Strategic Planning Retreat

List of Perceptions:

- Established a new Veterans' Resource Center at the Central Library
- Reaffirmed our AAA credit rating
- Developed a Council-approved playground equipment priority list
- Created a 10-point plan to address homelessness
- Adopted an Economic Development Plan
- Three successful Air Shows
- Vissla Surfing Competition for youth—first one had 104 countries and 380 competitors
- Conducted a Junior Lifeguard Program with over 1000 participants
- Created an all-day option for youth for the Junior Lifeguard Program
- Received a national award for both our budget and our financial statements
- Formed a Harbor Commission
- Delivered an average of 75,000 meals to seniors annually through our Home Delivery Program
- Certification of the Windward Specific Plan by the Coastal Commission
- Established a Central Park Committee
- Started Bartlett Park improvements
- Implemented the compliance engine, cloud-based Fire Protection Inspection Tracking System
- In 2016-2018, processed over 20,000 passport applications, generating close to \$1 million in General Fund revenue
- Created a new Homelessness Solutions Coalition
- Provided over 200 staff professional development learning opportunities
- Completed a needs assessment of the Police Department facilities
- Replaced end of life network equipment citywide
- Established Council ad hoc Committee on Homelessness
- Completed assessment of technology needs
- Conducted a study session on budget balancing options
- Hired a Community Prosecutor
- Promoted voter registration at nine community events
- Obtained grant and completed design for Shipley-to-Shore Trail
- Implemented a new fiscal year, saving \$1 million per year
- Successful resolution for the Coastal Odors Commission

- The firefighter employees' association and City Administration staff worked collaboratively to achieve a three-year MOU agreement, providing labor stability and significant general fund savings.
- Created a film-friendly environment
- Comprehensive General Plan update
- Graduated 42 employees from the City of Huntington Beach Leadership Academy
- Awarded OCTA grant valued at \$253,000 for senior transportation vehicles and software
- Completed two rounds of our Citizen Academy
- Acquired seven encyclopedia lots
- Air Traffic Noise Working Group was formed and a permanent Jet Noise Commission was established
- Circulated over 70,000 digital items in the Library
- Purchased and implemented software to manage CPRA (California Public Records Act) requests
- Lower crime rate by 7%
- Successful election in 2018 for four City Council Members and a City Attorney
- Successful election in 2016 for three City Council Members, a City Treasurer and a City Clerk
- Completed rehabilitation of the Magnolia Bridge and Brookhurst Bridge
- Completed implementation of Enterprise Cash Sharing System
- Graduated our first class from the Career Online High School Program
- Opened an all-inclusive playground at the beach
- Opened the Central Park Senior Center
- Created business round tables
- 23 employees graduated from Cal State Fullerton's Leadership Academy
- Police responded to 153,000 calls for service in 2018, with a 4 minute and 39 second average response time to emergency calls
- Upgraded the City's telephone system
- Created a Sand Crab Program for six to eight year-olds
- Created a Homeless Task Force
- Successfully completed negotiations for Atlanta Avenue widening
- Library circulated a million items in the last two years
- Replaced the City's Electronic Document Management System (EDMS)
- Purchased and implemented software to archive social media
- Expanded Internet access at all Library locations, providing one gig of service
- Successfully defended the City in numerous lawsuits, saving the City millions of dollars
- Successfully defended the City Charter authority
- Completed trails and open space improvement at Irby Park
- Issued \$150 million of construction permits

Brainstormed perceptions of the City's current internal weaknesses/challenges since the February 13, 2018 Strategic Planning Retreat

List of Perceptions:

- Lack of staffing
- Residents are concerned that service and repairs are slow
- Lack of funding with more demand for services
- Lack of technology infrastructure
- Unrealistic expectations of employees and the public
- Lack of resources to address homelessness

- Rising homelessness and lack of eligibility for available funding
- Negative influence of and challenges of response to social media
- Inadequate staffing at the Police Department
- Lack of revenue to provide competitive salaries
- Uncivil political environment
- Lack of resources to try, test new methods and solutions
- Low morale among staff
- Lack of adequate budget funding
- Short-term labor contracts
- Lack of long-term labor agreements
- Lack of institutional knowledge through retirements
- Lack of focus on facility and parks repairs
- Limited resources to maintain aging technology infrastructure
- Difficult and extended process for hiring new staff
- Difficulty finding qualified employees
- Limited opportunity for advancement in the organization
- Fewer staff with greater workloads dealing with greater public demands

Brainstormed external factors/trends (e.g., economic, political, technological, environmental, social) that will/might have a positive impact on the City of Huntington Beach in the coming year

List of Perceptions:

- Partnership with HOAG and other local health providers
- Balanced State budget
- Rain
- Strong tourism
- Technology advances
- Improved downtown business climate
- Strong real estate values
- 405 widening
- Trends toward Smart City initiatives
- \$300 million in State funding for homelessness
- Tourism and convention growth
- Successful sale of Boeing property to experienced developers
- Increased voter participation
- Increased regional cooperation
- Surfing in the Tokyo Olympics may provide opportunities here
- New Criminal Justice Training Center at Golden West College
- Partnership with the Criminal Prosecution District Attorney's Office
- Strong local economy
- Low unemployment
- Incoming Prop 68 funds for park improvements
- Increased volunteer interest
- Good schools
- Regional partnerships
- Increased street funding due to SB1
- Increased community activism
- Good weather

- New countywide Housing Trust
- Federal infrastructure spending
- Increased Federal focus on opioid epidemic

Brainstormed external factors/trends that will/might have a negative impact on the City of Huntington Beach in the coming year

List of Perceptions:

- Pension liabilities
- Tsunami
- Next recession
- Cyber attacks
- State ownership of City beaches
- Increasing homelessness
- Unfunded State and Federal mandates
- Aging infrastructure
- Aging population
- High cost of housing
- Trade wars
- Opioid epidemic
- Increasing costs for everything (e.g., construction)
- Drought
- Litigation
- Earthquake
- Rising health care costs
- Income inequality
- Air traffic impacts
- Lack of housing
- Bluff top erosion
- Criminal justice reforms
- Challenge finding qualified employees to replace aging workforce
- Inadequate public transit
- Stock market volatility
- Terrorism
- State micromanagement of municipal affairs
- Sober living home proliferation
- Increasing online sales

Recessed at 9:28 AM for a 15-minute break. The meeting reconvened at 9:45 AM.

City Budget Update - Gil Garcia, Chief Financial Officer (CFO)

Chief Financial Officer Gil Garcia presented a PowerPoint entitled *Strategic Planning Retreat February 7, 2019 Finance Update*, that included the following titled slides: *Overview, FY 2017/18 Year-End Update (Audited), FY 2017/18 Budget Recap, FY 2017/18 General Fund (Audited), General Fund Balance (in thousands), FY 2018/19 General Fund Budget Overview, FY 2018/19 Budget Update, FY 2018/19 Adopted Budget General Fund Revenue, FY 2018/19 Adopted Budget General Fund by Department, FY 2019/20 Budget Development, FY 2018/20 Challenges,*

Program Based Budgeting, Program Alignment, Alignment Diagnostic, Prioritization Model, Prioritization Scoring – Examples, Pensions and Unfunded Liabilities, CalPERS Discount Rate Change, Projected Increases to City CalPERS Costs (All Funds), Net Pension Liabilities Overview as of 6/30/18, Long Term Financial Plan Preliminary Forecast, Five-Year Financial Plan – General Fund (in thousands), Five-Year Financial Plan – Detail, FY 2019/20 Proposed Budget Calendar, and Questions.

Councilmember Hardy and Director Garcia discussed management of the Section 115 Trust (timing, transfer of funds).

Councilmember Posey discussed six-month reporting figures shared at a CalPERS workshop he sponsored in partnership with California State Senator John Moorlach in 2018.

Councilmember Brenden proposed the idea of presenting information through a prioritization model or "heat map" graphic of programs with costs to make things easier to understand.

City Treasurer Backstrom and Director Garcia discussed restrictions on use of surplus funds, or funds considered "one time savings" or "unassigned" in a future fiscal year. Director Garcia further explained what funds identified as (Challenge)/Surplus represent, and how they are managed.

Succession Plan - Lori Ann Farrell, Assistant City Manager

Assistant City Manager Lori Ann Farrell presented a PowerPoint entitled, *Succession Planning, Winning the Race for Talent, Attracting, Retaining and Growing Local Government Professionals*, that included the following titled slides: *Overview, Our Goal is to ..., The Silver Tsunami, Case In Point: Huntington Beach, What is Succession Planning, Succession Planning and Management 5-Step Process, Succession Planning IS NOT Pre-Selection, Challenges to Replenishing Talent, The Cost of Doing Nothing, Department Reorganizations, Overview, Public Works, Finance, Community Development, City Manager, City Attorney, Benefits of Succession Planning, Summary and Next Steps, and Questions?*

Councilmember Posey questioned key elements, mentoring programs, and phased process. Human Resources Director Michele Warren provided information on Cal ICMA coaching programs, and leadership academies (internal, and through Cal State Fullerton) offered to City employees.

Councilmember Hardy and staff discussed process related to internal versus open recruitment practices.

Identified New Three-Year Goals (what the City of Huntington Beach needs to accomplish)

Ms. Snider instructed Council and staff to break into conversation groups to consider new goals.

Brainstormed Three-Year Goals:

- Develop, attract and retain high-performing staff
- Enhance the attractiveness of Huntington Beach to attractive and desirable businesses
- Enhance and maintain the infrastructure
- Strengthen long-term financial and economic sustainability
- Enhance and modernize public safety service delivery
- Improve interdepartmental communication
- Strengthen organizational effectiveness
- Enhance park maintenance
- Improve external communication
- Become a Smart City to reduce energy costs
- Increase revenue
- Reduce the homeless in Huntington Beach
- Streamline process for more efficiency
- Improve quality of life
- Utilize broadband and advanced technologies
- Protect charter city autonomy
- Foster innovation
- Enhance the environment for employees
- Expand use of available technology

Ms. Snider asked Council and staff to record their top four choices from the list of brainstormed three-year goals, and used the results to identify the top four.

Councilmembers Brenden and Hardy noticed a division between staff and Council goals. Discussion ensued, and *Develop, attract and retain high-performing staff* was modified to *Enhance and maintain high quality City services*.

Council and staff discussed including the topic of homelessness as an objective, versus strategic goal.

Council reached a consensus on the following **new** Three-Year Goals:

- Enhance and maintain high quality City services
- Enhance and maintain the infrastructure
- Strengthen long-term financial and economic sustainability
- Enhance and modernize public safety service delivery

Identified Twelve-Month Strategic Objectives (When, Who, What) For Each Three-Year Goal

Ms. Snider divided Council and staff into separate groups and provided instructions on creating strategic objectives for the new Three-Year Goals that would be accomplished within a twelve-month period. The exercise involved each group recording 3-5 written objectives on 3" x 5" cards that the Recorder would transfer onto a large display sheets for discussion.

Recessed at 12:00 PM for a 30-minute lunch break – reconvened at 12:38 PM

Ms. Snider reviewed the newly created objectives with Council and staff, requesting feedback and/or

suggestions for modifications. The final strategic objectives (how the goals will be addressed initially – by when, who will be accountable, for what specific, measurable results) for each of the Three-Year Goals were created as follows:

THREE-YEAR GOAL: <i>Enhance and maintain high quality City services</i>		
WHEN	WHO	WHAT
1. By May 15, 2019	Assistant City Manager (lead), Economic Development Director and Police Chief	Present to the City Council for action a 10-Point Plan for addressing homelessness and report the results to the City Council.
2. By Jul. 1, 2019	Assistant City Manager, working with the Chief Financial Officer	Develop and present to the City Council for consideration participation in the Orange County Housing Trust.
3. By Aug. 1, 2019	Community Services Director (lead), City Manager and City Attorney	Review current municipal codes related to community services and provide to the City Council recommendations that would allow the City to enhance public services.
4. By Oct. 1, 2019	Human Resources Director, with input from each Department Director	Review and evaluate the results of the Succession Planning Survey and provide a summary report, with recommendations, to the City Council for review and evaluation.
5. By Aug. 1, 2019	Assistant to the City Manager	Present to the City Manager a plan for the transition out of PCTA (Public Cable Television Authority).
6. By Aug. 15, 2019	Community Services Director	Present to the City Council at a study session the draft Public Art Master Plan.
7. By Dec. 15, 2019	Community Development Director	Bring Phase II of the Zoning Code update to the City Council for consideration.

THREE-YEAR GOAL: <i>Enhance and maintain the infrastructure</i>		
WHEN	WHO	WHAT
1. By Jun. 1, 2019	Public Works Director, working with the Community Services Director	Utilizing the Parks Master Plan, prioritize next year's proposed improvements and present to the City Council as a part of the 2019-2020 budget.
2. By Sept. 1, 2019	Assistant City Manager (lead), Chief Information Officer and Public Works Director	Develop and present to the City Council for action a Broadband Master Plan for the installation of fiber throughout the city.
3. By Aug. 1, 2019	Public Works Director, working with the Community Development Director and Police Chief	Hold a study session on the feasibility of developing a citywide Traffic Mitigation Plan.
4. By Dec. 1, 2019	Chief Information Officer and Public Works Director	Develop and present to the City Council for action a plan for the selection of an Enterprise Asset Management System.
5. By Feb. 1, 2020	Library Services Director (lead) and Public Works Director	Conduct a City Council study session to share the results of the library facility assessment and present a draft Library Facilities Master Plan.

THREE-YEAR GOAL: <i>Strengthen long-term financial and economic sustainability</i>		
WHEN	WHO	WHAT
1. By May 15, 2019	Deputy Director of Economic Development, in partnership with Sares Regis	Provide update to City Council on plan to redevelop Boeing site.
2. By Sept. 1, 2019	Assistant City Manager (lead), Community Development Director and City Attorney	Conduct a study session on opportunities and challenges associated with short-term rentals.
3. By Jul. 1, 2019	City Manager and Chief Financial Officer	Recommend to the City Council for action the use of one-time money for long-term liabilities.
4. By Oct. 1, 2019	Assistant City Manager (lead), Economic Development Director, Community Development Director, Police Chief, and Fire Chief.	Conduct a City Council study session regarding the pros and cons of the cannabis economy, with the exception of dispensaries and cultivation, along with a cost-benefit analysis.

THREE-YEAR GOAL: <i>Enhance and modernize public safety service delivery</i>		
WHEN	WHO	WHAT
1. By Apr. 15, 2019	Fire Chief and Chief Financial Officer	Present to the City Council for consideration a revised EMS fee schedule that aligns with rates in Orange County and reflects best practices.
2. By May 15, 2019	Public Works Director and Police Chief	Recommend to the City Council for action the award of a contract for the design of the Police Headquarters Modernization Project.
3. By Aug. 1, 2019	Police Chief and Chief Information Officer	Bring to the City Council for action a proposal for replacement of the CAD/RMS system.
4. By Sept. 1, 2019	Assistant City Manager (lead), Police Chief and Chief Financial Officer	Present funding options to the City Council to enhance funding for additional police staffing.

Next Steps/Follow-Up Process to Monitor Progress on the Goals and Objectives

Ms. Snider discussed follow-up procedures as identified below:

WHEN	WHO	WHAT
Feb. 7, 2019	City Clerk	Distribute the retreat record to invitees.
Within 48 hours	All recipients	Read the retreat record.
Feb. 12, 2019	Management Team (City Manager–lead)	Review the “Weaknesses” list for possible action items.
By Feb. 21, 2019	Department Heads	Share and discuss the Strategic Plan with staff.
Feb. 27, 2019	City Manager	Present the review of the new Three-Year Goals and 12-Month Strategic Objectives, and amendments as needed, to the City Council.
At the March 4, 2019 City Council meeting	City Council (Mayor – lead)	Formally present the updated Strategic Plan to the public.
March 5, 2019	Chief Information Officer	Place the city’s “Strengths” and new Three-Year Goals on the City’s website.
Monthly	City Council (Mayor-lead), City Manager & Management Team	Monitor progress on the goals and objectives and revise objectives (add, amend and/or delete), as needed.
Monthly	City Clerk & City Manager	Prepare and distribute the updated Strategic Plan Monitoring Grid to the City Council and staff, and post on the City’s website.
February 2020	City Council, City Manager, City Attorney & Management Team	Strategic Planning Meeting to thoroughly assess progress on the Goals and Strategic Objectives and amend, as needed.

Summary of the Retreat and Closing Remarks

Mayor Peterson thanked Ms. Snider, Ms. Luna, members of the City Council, City staff and the public for participation in the Strategic Planning Retreat.

ADJOURNMENT – 1:45 PM

The next regularly scheduled meeting of the Huntington Beach City Council/Public Financing Authority is Tuesday, February 19, 2019, at 4:00 PM in the Civic Center Council Chambers, 2000 Main Street, Huntington Beach, California.

**INTERNET ACCESS TO CITY COUNCIL/PUBLIC FINANCING AUTHORITY AGENDA
AND STAFF REPORT MATERIAL IS AVAILABLE PRIOR TO CITY COUNCIL
MEETINGS AT**

<http://www.huntingtonbeachca.gov>