



STAFF REPORT

City Council

Meeting Date:

1/14/2020

Staff Report Number:

20-011-CC

Study Session:

Preliminary resource capacity assessment for 2020 goal-setting

Recommendation

The purpose of this study session is to provide background information and preliminary assessment of capacity as the City Council enters its goal-setting process for 2020. No City Council action or decision is requested. The City Council may identify additional areas of consideration and analysis in preparation for the City Council's January 30 goal-setting session.

Policy Issues

Through the adoption of the annual budget, the City Council controls the resources available for the provision of services and the completion of projects. Resources take the form of full-time equivalent personnel (FTEs); operations budgets that provide for materials, supplies, utilities and contract services; and capital improvement plan project budgets, also referred to as "the what." The City Council delegates day-to-day administration of the budget and services to the City Manager, who has discretion over how to utilize resources in the most efficient, impactful and prudent manner, also referred to as "the how." As a matter of City Council policy, the City Council maintains full control over whether it is involved in "the how."

Background

The City Council's 2020 goal-setting session is scheduled for January 30 from 1:00 pm to 5:00 pm., in the City Council Chambers. At that session, the City Council will have the opportunity to prioritize staff expectations for the upcoming year upon consideration of the available resources. To assist in this effort, staff will identify a top priority for each department/division/functional area. Unless directed otherwise, staff's recommendations will assume that the City Council accepts the proposal from Facebook to partner on the construction of a new Belle Haven Community Center and Library (BHCCL). The BHCCL project will require the expertise of some of the City's most experienced staff members to meet the project's ambitious timeline. Additionally, the recommendations will consider current staffing levels, assuming that vacant positions will not be productive in time to meet the BHCCL project timeline.

Analysis

The purpose of this report is to transmit a series of memoranda prepared as background for the 2020 goal-setting session.

Annual goal setting process

The City Council conducts an annual goal-setting session early in each calendar year to establish the priorities and work plan for the coming 12 to 18 months. The City Council adopted priorities and work plan are used to build the City Manager's proposed budget for the subsequent fiscal year. In 2018, due to staff

vacancies, the City Council amended its process to identify “top priority” projects as part of the goal-setting session. As a “top priority” project, the City Council provided the City Manager with discretion to strategically realign any available resources necessary to achieve the milestones outlined in the project description. If there is a challenge meeting critical milestones for a top priority project, the City Manager may choose to strategically defer work on other projects to keep the top priority project on schedule, to the greatest extent possible. While the focus is on the top priority projects, staff continues to work diligently on all the projects included in the work plan. Also, staff continues to work on the Capital Improvement Plan (CIP) project and deliver daily services to the community.

2019-20 City Council adopted priorities and work plan update

At the December 16 City Council meeting, staff transmitted a quarterly update on the City Council’s adopted priorities and work plan. In preparation for the City Council’s 2020 goal setting session the following projects require prioritization:

- 2019 City Council adopted work plan carry-over into 2020 – Work on the following projects will continue unless directed by the City Council to either suspend or cancel.
 - Transportation master plan (TMP) 80 percent complete
 - Chilco Street improvement project 80 percent complete
 - Middle Avenue pedestrian and bicycle rail crossing planning 90 percent complete*
 - Heritage tree ordinance update 90 percent complete*
 - Transportation management association (TMA) formation 20 percent complete
 - Transportation impact analysis guidelines >10% complete
 - Near-term downtown parking and access strategies 0 percent complete
 - El Camino Real (ECR) / Downtown Specific Plan update 0 percent complete
 - Short-term rental ordinance 50 percent complete
 - Single-family residential design review 0 percent complete
 - Zero waste ordinance implementation 10 percent complete
 - Local minimum wage ordinance 90 percent complete*
 - City Council procedures manual update 10 percent complete
 - Information technology master plan, year 2; 60 percent complete
 - Citywide communication program development 90 percent complete*
 - *90% of the policy work is substantially complete however significant staff work remains to implement the policy.

- New/anticipated work plan efforts – Substantive work will not commence on these projects without City Council direction.
 - Belle Haven Multigenerational Community Center and Library (MGCCCL)
 - Education series on the development and environmental review processes
 - ConnectMenlo community amenities list update
 - Development incentives for housing in the El Camino Real/Downtown Specific Plan area
 - Secondary dwelling unit ordinance update
 - Affordable Housing and Sustainable Communities (AHSC) grant opportunity
 - 2022 Housing Element, zoning code update and related work (e.g., preparation of an Environmental Justice Element, Land Use Element amendments, rezoning, etc.)
 - Climate Action Plan 2.0
 - Community Electric Vehicle Infrastructure Master Plan
 - Consider a reusable food ware ordinance to reduce and divert waste from landfill

- Update the Solid Waste Ordinance (State mandates and Zero Waste Plan)
- Update the Construction and Demolition Ordinance (Zero Waste Plan)

Capital Improvement Plan (CIP) prioritization

As part of the goal-setting process, staff will present an updated listing of CIP project prioritization. The CIP is comprised of 73 funded projects as outlined in the adopted budget, Attachment E. Similar to last year, staff intends to use a three-tier prioritization methodology – 1, 2 and 3 – with 1 being the highest relative priority and 3 being the lowest relative priority. Along with available staff, a project priority tier considers the following additional criteria:

- Regulatory compliance
- Public safety
- Preservation of city assets
- Improved efficiencies
- Grant funding timelines
- First in, first out

If the City Council accepts the Facebook proposal and staff's recommendation for the BHCCL, the project will have the most immediate impact on the CIP team and the City Manager's Office. The project will be led by Deputy City Manager Justin Murphy. Mr. Murphy will coordinate building construction with Chris Lamm, Assistant Public Works Director-Engineering. Mr. Murphy will coordinate community engagement with Clay Curtin, Public Engagement Manager. Additionally, the project will require senior staff members in the Community Services, Library, and Community Development departments as well as engineers assigned to other capital projects.

In the preparation of the information attached, certain assumptions were necessary:

- The City of Menlo Park aspires to be an organization where staff, management, and the City Council maintain a productive working relationship built on respect and trust and encourages open and frank discussion about opportunities and challenges anticipated in the next 12 months and beyond.
- The BHCCL project is likely to be the City's sole priority for 2020.
- To meet the BHCCL milestones, the City Council shall strive to maintain their deliberations to policy considerations ("the what") and delegate implementation ("the how") to professional staff.
- The City Council prioritizes employee retention and provides management with the tools necessary to retain staff.
- Vacant positions as of January 7 cannot be filled in time to have a meaningful impact on the ability to complete projects in the first six months of 2020. Management will not request the addition of full-time equivalent personnel (FTEs) to create capacity.
- Few, if any, options are available to retain contract services to backfill vacant staff positions or staff reassigned to the BHCCL project.
- No significant emergencies or natural disasters occur that draw staff away from the BHCCL project.

Staff will transmit a draft of the PowerPoint presentation to the City Council on Monday, January 13.

Impact on City Resources

There is no impact on City resources.

Environmental Review

This action is not a project within the meaning of the California Environmental Quality Act (CEQA) Guidelines §§ 15378 and 15061(b)(3) as it will not result in any direct or indirect physical change in the environment.

Public Notice

Public notification was achieved by posting the agenda, with the agenda items being listed, at least 72 hours prior to the meeting.

Attachments

- A. Memo - Resource capacity by functional area
- B. Memo - Staff vacancies as of January 7
- C. Memo - Analysis of the State Controller's open data portal on employee compensation
- D. Memo - Challenges that are likely to impact existing and new projects in 2020

Report prepared by:
Nick Pegueros, Assistant City Manager



MEMORANDUM

Date: 1/9/2020
To: Starla Jerome-Robinson, City Manager
From: Nick Pegueros, Assistant City Manager
Re: Resource capacity by functional area

The purpose of this memorandum is to transmit a draft document of work compiled by the department heads regarding the various services provided to residents and how the City's workforce is allocated to those services.

Background

The City of Menlo Park, under the direction of the City Council, provides a level of service to the community that has evolved as the result of legal mandates and decisions to expand service levels to fill identified needs. More recently, the City has elected to tackle quality of life matters that are symptoms of policy decisions both locally and regionally. Examples include traffic congestion management, work to reduce the impacts of Caltrain electrification, and the provision of affordable housing. In addition, the City has taken a leadership role in the area of climate change with the implementation of local amendments to the building code (energy reach codes), zero waste efforts, and the preliminary discussion of a Climate Action Plan 2.0 that strives for net-zero by 2030. Finally, the City has taken action on matters typically regulated by the State or Federal governments with the adoption of a local minimum wage and a ban on e-cigarettes/flavored tobacco sales. Each of these areas results in new demands on staff capacity, either temporarily or long-term, that impact City staff's ability to complete mandated and baseline services or previously approved projects.

City organization

For a snapshot of the various services approved by the City Council over the past several decades, staff has compiled a preliminary view of capacity by functional area. The City provides services in 45 functional areas with 286.75 authorized FTEs and an annual personnel budget of \$53.2 million across all funds in fiscal year 2019-20. Functional areas reflect the department's effort to identify discrete business units that provide mandated, baseline, and flexible services (defined below). Each functional area has evolved over the past several decades to meet service level demands by community members and to fulfill the requirements of various federal, state, and local mandates. In the absence of an identified tradeoff, each new mandate or service level enhancement increases the demand for City staff capacity. In many cases, the City Council has supported the increased demand through the approval of new FTEs, most commonly during the annual budget cycle. Through the City Council's budget hearings for the fiscal year 2019-20, the City Council decided to defer action to increase the number of FTEs until more information became available regarding a variety of competing requests.

Resource capacity assessment methodology

Attachment 1 provides a summary of resource allocation by identified functional areas. To assist department heads in their compilation of this information, they

answered four questions:

- **How is your department functionally divided?**

As opposed to a hierarchical organizational chart, departments prepared a functional organizational chart that identified the department's discrete service areas. For example, four units comprise the public works department: administration, transportation, engineering, and maintenance. The public works maintenance unit is responsible for city-owned facilities, streets, trees, and water delivery in a portion of the City.

- **Approximately what percentage of staff capacity is dedicated to mandated services?**

Federal, state, or local laws impose a series of mandates on local government. An example of a federal mandate is the National Pollutant Discharge and Elimination System (NPDES) related to storm water. Cities must comply with NPDES mandates to control or eliminate pollution of waterways such as creeks and the San Francisco Bay or face daily fines by the regulating agency. NPDES mandates require the capacity of technical, maintenance, and administrative support staff. To create capacity, the City Council may take action to deprioritize compliance with a specific federal mandate upon consideration of the legal and financial risk exposure created by such action.

An example of a state mandate includes compliance with public contract code regulations regarding public works such as the street resurfacing project. Compliance with the public contract code requires administrative and technical staff capacity to manage the bidding process and confirmation of certified payrolls to ensure compliance with the prevailing wage mandates. Failure to comply with the public contract code requirements may result in increased costs to the taxpayer as well as project delays if there are legal challenges or a need to re-bid. To create capacity, the City Council may take action to deprioritize compliance with a specific state mandate upon consideration of the legal and financial risk exposure created by such action.

At the local level, the City's municipal code outlines local mandates that require maintenance, technical, and administrative staff support. The City Council retains control over aspects of the municipal code that are not directly mandated by the general laws of the State of California. One recent example of a local mandate is the energy reach codes local amendment to the State building code. To create capacity, the City Council may take action to temporarily suspend or eliminate sections of the municipal code that require maintenance, technical, or administrative support.

- **Approximately what percentage of staff capacity is dedicated to baseline services?**

Baseline services are those services not mandated by federal or state laws and have evolved to represent the City's level of service to the community. Baseline services have their origin in a desire to improve the quality of life for residents and are directly related to the increase in the number of FTEs. Examples of baseline services in Public Works – transportation are the shuttle program, neighborhood traffic management program, and coordination with regional transportation agencies such as CalTrain and SamTrans.

The City Council retains full discretion over baseline services. It may direct staff to identify functions to suspend or eliminate to create capacity for new projects in 2020. For example, if the City Council prefers to suspend the neighborhood traffic management program, the transportation engineer typically responsible for that work may be dedicated to another transportation priority. It is important to note, however, that all existing services have a constituency.

- **Approximately what percentage of staff capacity is flexible to perform nice-to-have services?**

Flexible services are those that are not mission-critical to the organization; however, they are responsive to the City Council's work plan and management initiatives to improve processes or procedures. In concept, flexible capacity is most available for new projects. Unfortunately, there are more requests than available capacity, so the addition of something new to a function area requires the reprioritization of something underway. An excellent example of a project that currently relies on flexible capacity is improvements to Geographic Information Systems (GIS.), which helps with visualizing data.

Attachments

1. City of Menlo Park Staff Capacity Summary DRAFT – January 9

City of Menlo Park Staff Capacity Summary

DRAFT - January 9

Ref #	City Manager's Office	0	10	20	30	40	50	60	70	80	90	100	Total FTEs	
		% of available hours											10.00	
1	City Council support												3.25	
2	Special projects												2.00	
3	Public records												0.75	
4	Communication												1.00	
5	Public engagement												1.00	
6	Sustainability												2.00	
		% of available hours											23.00	
7	Finance												9.40	
8	Human resources												6.30	
9	Information technology												7.30	
		% of available hours											31.00	
10	Planning												13.90	
11	Building - inspections												6.30	
12	Building - plan checks												1.30	
13	Building - permitting												6.30	
14	Housing												2.15	
15	Economic development												1.05	
		% of available hours											52.25	
16	Gymnastics												7.95	
17	Menlo Children's Center												11.60	
18	Onetta Harris Community Center												3.05	
19	Seniors												3.10	
20	Belle Haven Children's Development Center												16.20	
21	Arrillaga Recreation Center												4.40	
22	Youth and adult sports												3.50	
23	Special events												2.45	
		% of available hours											18.50	
24	Main library - youth services												4.75	
25	Main library - information services												5.00	
26	Main library - access services												5.00	
27	Branch library												3.75	
		% of available hours											76.50	
28	Patrol - beats 1, 2, and 3												32.60	
29	Patrol - traffic												10.95	
30	Patrol - community response team												6.25	
31	Special operations - investigations unit												4.30	
32	Special operations - detective unit												5.35	
33	Special operations - administration												3.30	
34	Special operations - communications												8.95	
35	Special operations - records												4.80	
		% of available hours											69.50	
36	Transportation												10.10	
37	Engineering - capital projects												8.80	
38	Engineering - land development												9.95	
39	Engineering - utilities												4.35	
40	Maintenance - facilities												7.00	
41	Maintenance - fleet												2.45	
42	Maintenance - parks												9.25	
43	Maintenance - streets												5.90	
44	Maintenance - trees												4.70	
45	Maintenance - water												7.00	
		% of available hours											280.75	
	Mandated by fed, state, local law												City Council	5.00
	Baseline services												City Attorney	1.00
	Flexible - project oriented												Total FTEs	286.75



MEMORANDUM

Date: 1/9/2020
To: Starla Jerome-Robinson, City Manager
From: Nick Pegueros, Assistant City Manager
Re: Vacancies as of January 7

As of January 7, of the City's 286.75 authorized FTEs across all departments, 28.5 FTEs or 9.9 percent are vacant. Vacancy rates are accurate only on the day compiled and may change by the goal-setting session.

The excellent news is that our HR team, working closely with departments, has managed to achieve a vacancy rate that is far below the experience in recent years. That said, creating an environment that promotes employee retention is a daily task and the organization must continue their good work that has resulted in relatively low turnover.

While a 9.9 percent vacancy rate is low in comparison to recent years, the following table outlines the vacancy rates by department. As demonstrated in Table 1, the City Manager's Office and Community Development are most impacted by vacancies. Drilling down to the division level, I've noted that the transportation team's vacancy rate is the highest.

Table 1: Vacancies by department				
Department	Authorized FTEs	Filled FTEs	Vacant FTEs	Vacancy rate
City Council	5.00	5.00	-	0.0%
City Attorney	1.00	1.00	-	0.0%
City Manager's Office	10.00	8.00	2.00	20.0%
Administrative Services	22.75	21.00	1.75	7.7%
Community Development ¹	31.00	25.50	5.50	17.7%
Community Services	52.75	49.75	3.00	5.7%
Library ²	18.25	18.75	(0.50)	-2.7%
Police	76.50	68.00	8.50	11.1%
Public Works ³	69.50	61.25	8.25	11.9%
Total	286.75	258.25	28.50	9.9%
¹ The vacancy rate in Community Development's planning and building teams is 23%				
² The negative vacant FTE results from backfill staffing for an extended leave				
³ The vacancy rate in Public Works' transportation team is 30%				



MEMORANDUM

Date: 1/9/2020
To: Starla Jerome-Robinson, City Manager
From: Nick Pegueros, Assistant City Manager
John Passmann, Management Analyst II – Economic Development
Re: Analysis of the State Controller's open data portal on employee compensation

A question periodically raised by community members is whether Menlo Park has more staff than other cities its size. The answer may be yes if we use data collected by the State Controller's Office (SCO) for all public agencies and published on the [Government Compensation in California](#) open data portal. While the SCO's data portal for 2018 reports that the City of Menlo Park paid more employees than any other city in the 9 Bay Area counties with a population between 25,000 and 45,000, the data point lacks context.

The number of employees a city pays depends on the services provided by the city. Menlo Park is not a full-service city. It does not provide fire protection or full water and wastewater utilities to all residents, as is customary for a full-service city. On the other hand, Menlo Park provides services not traditionally offered by cities such as gymnastics and childcare programming. The City's 286.75 FTEs are the direct result of decisions of past City Councils, and each FTE corresponds to service levels.

How does the SCO count employees?

The State Controller's Office requires that cities report all individuals receiving an IRS form W-2 for wages paid. The City issues W-2s to full-time, part-time, and temporary workers. Whether an individual worked one hour or 2,080 hours, the City must issue a W-2 for their hours worked. The SCO counts each W-2 as one paid employee. The City also issues a W-2 to beneficiaries of the retiree medical benefit to report their premium reimbursement as income to taxing agencies. It is also possible to have two or more W-2s issued for a single position. In 2018, the City issued a W-2 to both the former City Manager and his successor. A Bay Area city of similar size, as shown in Table 1, the City of Campbell, reports a total of 171 FTEs in their fiscal year 2019-20 budget and issued 501 W-2s in 2018.

How do we compare to other cities?

An analysis of open portal data allows some comparison of Menlo Park to the other 101 incorporated cities in the nine Bay Area counties. Of the 101 Bay Area cities, Menlo Park ranks 48th largest in the nine Bay Area counties with a population of 35,790. Menlo Park ranks 21st highest in total wages and benefit costs paid in 2018 per capita, \$1,091.52. With regard to the number of residents per employee paid in 2018, Menlo Park ranks 19th lowest in the number of residents per employee, 67 residents per paid employee in 2018.

Table 1 provides a comparison of employees paid in the 22 Bay Area cities with populations between 25,000 and 45,000, as reported to the SCO.

Table 1: Cities in 9 Bay Area Counties with Populations of 25,000 - 45,000						
City	Population	# of Employees Paid	# of residents per employee	Total Wages, Retirement and Health Contributions	Total Wages and Benefits Per Capita	
Belmont	27,174	222	122	\$ 21,733,490	\$ 799.79	
Benicia	27,570	461	60	\$ 27,488,799	\$ 997.05	
Burlingame	30,317	435	70	\$ 29,449,451	\$ 971.38	
Campbell	43,250	501	86	\$ 28,171,088	\$ 651.35	
East Palo Alto	30,499	132	231	\$ 12,662,537	\$ 415.18	
El Cerrito	25,459	384	66	\$ 25,871,651	\$ 1,016.21	
Foster City	33,693	334	101	\$ 31,017,195	\$ 920.58	
Hercules	26,224	172	152	\$ 8,337,559	\$ 317.94	
Lafayette	26,327	125	211	\$ 6,216,325	\$ 236.12	
Los Altos	31,190	232	134	\$ 19,532,234	\$ 626.23	
Los Gatos	30,988	233	133	\$ 21,352,628	\$ 689.06	
Martinez	38,490	273	141	\$ 17,418,543	\$ 452.55	
Menlo Park	35,790	531	67	\$ 39,065,326	\$ 1,091.52	
Oakley	41,759	129	324	\$ 11,226,038	\$ 268.83	
Pacifica	38,674	331	117	\$ 23,210,835	\$ 600.17	
Pleasant Hill	35,055	143	245	\$ 15,404,622	\$ 439.44	
Rohnert Park	43,339	417	104	\$ 23,449,962	\$ 541.08	
San Carlos	29,864	140	213	\$ 10,281,731	\$ 344.29	
San Pablo	31,817	254	125	\$ 19,751,568	\$ 620.79	
Saratoga	31,407	97	324	\$ 8,295,462	\$ 264.13	
Suisun City	29,447	167	176	\$ 8,962,756	\$ 304.37	
Windsor	28,565	225	127	\$ 12,076,559	\$ 422.77	

Source: California State Controller's Office: Government Compensation in California data portal

How can we use the SCO's data to benchmark Menlo Park's staffing levels?

The initial calculations of per capita wages and benefit costs or the number of residents per employee are interesting, however, neither provide a meaningful answer to queries attempting to assess whether Menlo Park has an appropriate amount of staff. Every city offers the services demanded by their constituents within the resources available. For example, Menlo Park does not have a fire department, but it does have gymnastics and childcare services. Rather than dive into a time-

consuming multi-agency analysis, staff looked at the Bay Area city with the lowest per capita wages and benefits paid in 2018, the City of Dublin.

With a population of 64,577 and 511 paid employees in 2018, the City of Dublin, California, reported a per capita total wage and benefit costs of \$217.54. Dublin is not entirely comparable to Menlo Park. It is a relatively young city in comparison, incorporated in 1982 compared to 1927 for Menlo Park. Dublin's infrastructure is also younger, given that it experienced its development boom long past World War II. Table 2 compares personnel differences between Menlo Park and Dublin by department with minor adjustments to Dublin's data to provide for an accurate comparison between the cities.

Table 2: Comparison of 2019-20 authorized FTEs			
Department	City of Menlo Park	City of Dublin ¹	Difference in FTEs
City Council ²	5.00		5.00
City Attorney ²	1.00		1.00
City Manager's Office ³	10.00	11.20	(1.20)
Administrative Services ⁴	22.75	15.60	7.15
Community Development ⁵	31.00	20.65	10.35
Community Services ⁵	52.75	23.10	29.65
Library ⁵	18.25	-	18.25
Police ⁶	76.50	5.00	71.50
Public Works ⁷	69.50	18.45	51.05
Total	286.75	94.00	192.75
¹ Source: City of Dublin FY 2019-20 Position Allocation Plan Summary by Department			
² Information not presented in the source document for City of Dublin			
³ Dublin's NonDept and EcDev FTEs reallocated			
⁴ Dublin's ratio of ASD FTEs to total FTEs = 16.6/100 FTEs; MP is 7.9/100 FTEs			
⁵ More analysis required to understand difference in service levels that drive FTE count			
⁶ City of Dublin contracts with Alameda Co for police services +63 FTEs			
⁷ City of Dublin contracts maintenance functions +39.54 FTEs			

The comparison to Dublin is relevant insofar as it allows for some amount of analysis if we assume that salary and wages paid per capita is an efficiency indicator. Dublin contracts or is not responsible for the following services:

- Police
- Fire
- Library
- Water
- Public works maintenance

It is worthwhile to note that contracting services do not release the employer from

unfunded pension liabilities. In a situation where a city elects to contract fire services with another agency, the city continues to pay its unfunded pension liability until extinguished. Further, the agency providing the contract fire services passes on its unfunded pension liabilities incurred for those individuals providing services under the contract. Additionally, the city loses control over pay rates for the firefighters, which is one of three variables used to calculate pension benefits for retirees.

Another consideration in the comparison between Dublin and Menlo Park is the demand on services by both residents and businesses. Dublin's largest employer is the United States Government & Federal Correction Institute with 2,100 employees followed by Dublin Unified School District with 975 employees, according to the Dublin's June 30, 2019, CAFR. Menlo Park's largest employers are Facebook, Inc., with 15,407 employees followed by SRI International with 1,418 employees.

A full understanding of significant differences between Dublin and Menlo Park requires additional analysis and may provide policy insight regarding the number of Menlo Park staff. Absent such analysis; there is no defensible approach to benchmark Menlo Park's FTEs to any other agency.



MEMORANDUM

Date: 1/9/2020
To: Starla Jerome-Robinson, City Manager
From: Nick Pegueros, Assistant City Manager
Re: Challenges that are likely to impact existing and new projects in 2020

In preparation for the 2020 goal-setting session, this memo identifies several challenges we expect to encounter in 2020 that will impact our ability to deliver on City Council priorities and projects. I have also identified several options that may manage the impact of those identified challenges.

In my public service career, I have consistently experienced goal-setting processes that attempt to do more than is reasonably possible. While stretch goals are more than appropriate under certain circumstances, if unchecked, stretch goals can lead to costly delays or errors and both employee burnout and turnover. Under normal circumstances, Menlo Park's goal-setting session is challenging due to the multitude of ideas generated by advisory bodies and engaged residents. Over the past several years, the absence of staff capacity due to vacancies has severely hampered the ability to add new projects.

Challenge #1 – Too many or unclear priorities.

In 2020, the City has a unique opportunity to partner with Facebook on the construction of the Belle Haven Community Center & Library (BHCCL). In their proposal to the City, Facebook requested that the City make the BHCCL a high priority project to ensure that the project has the resources necessary to achieve the ambitious entitlement, permitting and construction timeline. More than ever, the organization must exercise discipline in how resources are utilized to ensure that the BHCCL timeline is met. The following options may help to address the challenge:

- **Adopt the BHCCL as the sole citywide priority for staff and advisory bodies in 2020.**
If the goal is to partner with Facebook on the BHCCL, all city resources must be at management's discretion to meet the ambitious timeline. The only way to make this possible is if the City Council clearly states that the BHCCL is the sole citywide priority. Absent this statement, members of the public, advisory body members, and potentially the City Council are likely to add projects "here and there." The 2019-20 adopted priorities and work plan, as well as the adopted CIP, comprise more than enough work to occupy any capacity remaining after the BHCCL project needs are fulfilled.
- **Accept staff's recommendation for a limited work plan in each functional area.**
The City Council's goal-setting session typically engages only a portion of the organization due to a focus on special projects and not baseline services. With more detailed information on functional areas provided to the City Council this year, the City Council can engage the full organization by accepting

recommendations for priority effort by functional area. For the goal-setting session, staff will provide the City Council with a recommended list of priorities, by functional area, for 2020. The City Council may then determine whether the recommended priorities are consistent with the City Council's majority view of city services.

- Reboot the 5-year Capital Improvement Plan (CIP).**
The CIP budget includes 73 distinct projects with existing funding either from the current or previous fiscal years. For the goal-setting session, staff can prepare a recommendation to effectively reboot the CIP. The effect would be to eliminate projects that are unlikely to receive attention in 2020, 2021, or 2022. As projects such as the BHCCL release capacity, the capacity can then focus on building a new 5-year CIP.
- Authorize the City Manager to impact public service levels, if necessary.**
Outside of matters threatening the life/safety of the public or staff, the City Manager's ability to move resources as needed will increase the success rate of the BHCCL project.

Challenge # 2 - Lack of transparency in ad hoc requests submitted to staff.

Public agencies struggle with triage of ad hoc requests generated by members of the City Council, Commissions, and Committees, and members of the public. Ad hoc requests are inconsistently prioritized based on several criteria by the recipient 1) threat to public safety, 2) the requestor's rank, e.g., City Councilmember or member of the public, and 3) the perceived or demonstrated influence of the requestor over City Council actions. The City Council Email Log (CCIN), Public Records Act requests, and ACT Menlo Park are three tools available to the public but are insufficient to manage more complex requests. Councilmembers, Commissioners, Committee members, and active members of the public are more likely to know the service/project manager's name or can easily identify the responsible individuals and go directly to that person either in person, by phone, or by email. Quick requests can quickly add up and result in staff diverting attention away from work prioritized by their manager. To get our arms around the magnitude of this challenge, I recommend:

- A pilot ad hoc request management system.**
Utilizing software already available to staff and sharable with individuals outside of the organization, ad hoc requests can be centralized to collect data, manage requests and provide accessibility to requestors regarding the status of their request. While the pilot project will have impacts on turnaround time, the pilot project will gather data necessary to identify operational efficiencies and or improvements in a proactive manner.

Challenge #3 - Inconsistent expectations of advisory body roles.

Over the past year, a great deal of frustration has been expressed directly to the City Council and management over the role of advisory bodies in the City's various workflows ranging from the production of staff reports and public information to the development of infrastructure improvements. Staff have reported that some commissioners and committee members attempt to influence staff's work behind the scenes or direct staff to carry out work that is out of alignment with adopted City

Council priorities. On several occasions, staff members report that the advisory body members cited one-on-one conversations with individual City Council members signaling that the advisory body member has City Council authority to direct staff's work. For goal setting, the City Council may consider the following:

- **Clearly outline the role of each commission and committee on the BHCCL project.**

With time constraints, staff envisions that only the Planning Commission will have a role in the project's design. The Library and Parks and Recreation commissions will play a role in programming but not design or construction. Complete Streets, Environmental Quality, and Finance and Audit will not have a role in programming, design, or construction.

- **Reaffirm that all advisory bodies perform work directed by a majority of the City Council.**

Advisory bodies serve the full City Council and should refrain from taking direction from individual councilmembers.

Challenge # 4 - Employee retention

The City contracted with the Institute for Public Sector Employee Engagement (Institute) in 2017 to conduct an employee engagement survey. According to the Institute, "Engaged employees have pride in their organization and its mission and are deeply committed to its success. As a result, engaged employees provide 'discretionary effort,' going above basic job requirements to help the organization achieve its mission. Engaged employees find their work meaningful and rewarding and, in turn, they deliver for the organization, its leaders, their coworkers and the public."

In 2017, 163 employees from across the organization participated in an employee engagement survey conducted by the Institute. At that time, only 29 percent of the survey respondents were "fully engaged," a full 15 percentage points below the local government benchmark supplied by the Institute. Also, in that survey, 49 percent of the respondents were categorized as somewhat engaged, significantly higher than the local government benchmark. The workplace drivers with an impact on engagement scores were: 1) Leadership and managing change - citywide, 2) My work, and 3) My organization's mission. In response to the survey results, the organization launched an employee engagement program. The Institute surveyed employees again in November 2019. Management expects to provide the results to staff and the City Council in February 2020.

In 2019, the 21 regular employees left their employment with the City. Approximately 50 percent, 11, left Menlo Park to take a job with another public agency and 33 percent, 7, retired. The balance of departures assumed roles in the private sector or resigned for personal reasons. The most common reasons cited in exit interviews were shorter commutes and professional development opportunities (promotion or career path available in the new organization). While the turnover rate is relatively low, turnover has impacted the functional areas with the most significant project load from the City Council adopted priorities and work plan: Public Works Transportation and Community Development.

Exit interview feedback received in 2019, cited career opportunities and work-life balance as the most common reasons employee left the City. Career opportunities are entirely within the City's control. Over the past several years, management has worked to identify career paths for employees. The general proposition is, "If you come to work in Menlo Park and you demonstrate an interest and capacity in learning, we will do everything possible to offer increasingly challenging opportunities for you to grow your skills and serve the community." The current recruitment for Management Analysts to fill vacancies in several departments demonstrates the strategy to attract talent and build that talent internally to meet the needs of the community.

Work-life balance can be addressed in two ways. First, the organization's leaders can take affirmative measures to understand the challenges employee face that are within the City's control. Examples include setting realistic expectations and workloads, clarify priorities, and soliciting suggestions for efficiency. Action on several of the previously mentioned challenges are likely to help employees better achieve their desired level of work-life balance.

Second, the City can explore why certain positions are difficult to recruit. There may be justification to study compensation adjustments for hard-to-fill positions and to prevent staff turnover in those areas. Additionally, the City might explore benefit changes that encourage employees to live along the Caltrain corridor, thereby reducing commute times and greenhouse gas emissions. Of course, any matter regarding compensation requires direction from City Council.

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