



**City of Tracy
City Council Workshop
Held January 5, 12, and 14, 2021**

January 2021

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Workshop Series Overview

The City of Tracy held a series of three Council workshops on January 5, 12, and 14. Nancy Hetrick, Vice President with Management Partners, facilitated the workshops, assisted by Rod Gould, Partner; Steve Toler, Partner; and Claire Coleman, Senior Management Analyst.

All members of the City Council, City Manager Jenny Haruyama, and City Attorney Leticia Ramirez participated in all three workshops.

Workshop Preparation. In preparation for the workshop, Nancy held individual interviews with each Council member and conferred with the City Manager to discuss the workshop. An agenda, handouts, and slide deck were prepared for each workshop.

City Council



From Left to Right:

Council Member Mateo Bedolla, Mayor Pro Tem Veronica Vargas, Mayor Nancy Young, Council Member Dan Arriola, and Council Member Eleassia Davis.

January 5 Workshop

On January 5, Nancy Hetrick and Rod Gould facilitated the first of the three workshops with the City Council. The workshop focused on teambuilding and developing Council norms. The full slide deck from the workshop is available for review in Attachment A.

Workshop Overview

Objectives

- Teambuilding and understanding individual motivations and priorities
- Establishing Council norms for working together and with staff on behalf of the community
- Clarifying roles
- Setting the foundation for a positive working relationship and productive year

Workshop Ground Rules. At the start of the workshop, the facilitators suggested several ground rules to help the group have a successful workshop.

- Listen to understand
- Participate
- Stay focused
- Assume good intent
- Seek consensus
- Speak up if we need a course correction

Bike Rack. The facilitator explained that items that were raised but would not receive immediate attention would be recorded on a "bike rack."

Opening Comments

The workshop began with a call to order and a welcome by Mayor Young, who then opened the session for public comments.

Council Service and Teamwork

Council reflected on the following questions to get to know each other and understand more about each person's service to Tracy.

- What inspired you to serve on the City Council?
- Think of a time when you were on a high- performing team. What made it successful? How did it make you feel?
- How would you like the community to view this City Council?
- How would you like Tracy to be different four years from now as a result of this Council's service?

Effective Practices for Elected Officials

City of Tracy Code of Conduct Overview. City Manager Jenny Haruyama and City Attorney Leticia Ramirez reviewed highlights from the City's code of conduct.

- Council-Manager Form of Government
- Council Powers/Responsibilities
- Legal and Ethics Standards
- Code of Conduct Enforcement
- Council Communications
- Advisory Bodies/Norms and Values Statement

Next, Rod presented factors of good governance and attributes of high-performing councils.

Good Governance Is About...



Building relationships through:

- Effective leadership by the Mayor and Council
- Responsive management and leadership by the City Manager
- Meaningful communication that is honest, direct, respectful, proactive
- Understanding roles and fulfilling expectations
- Fostering mutual respect and building trust
- Ethics



Attributes of High-Performing Councils

- Commit to True Partnerships among Members, City Manager and Staff
- Exhibit Clarity and Respect for Roles and Responsibilities
- Demonstrate Civility and Respect for All
- Conduct Effective Meetings
- Hold Themselves and the City Manager Accountable
- Practice Continuous Learning



Rod presented a series of slides about communication, teamwork, and preparation. The full slides are available in Attachment A.

Teamwork. He noted key aspects of effective teamwork on Council and the importance of becoming an expert at small group decision making. Rod noted

the importance of patience, respect, and compromise as elements of teamwork, and to put the community first in all matters.

Communication. Rod highlighted that it is key for Council to focus on outcomes and separate people from the problem. He noted that Council members should aim to be focused, direct, clear, and brief in their comments.

Preparation. Rod discussed the importance of Council to doing their homework and be prepared, including reading agenda materials and asking questions in advance of the City Manager and City Attorney.

Discussion of Council Norms

Norms are a set of agreed upon behaviors established help the Council be most effective as a policy group and set the tone for City Councils.

Nancy reviewed the list of existing Tracy City Council norms as a starting point for discussion, then shared the results of the Council self-assessment survey including the following comments:

We do our best work as a Council when we...

- Focus on conducting the City's business
- Focus on the business at hand and not on each other
- Trust and believe that people are acting on best intentions

We could improve as a Council in the following area...

- Supporting the goals of the whole instead of inserting our own agendas
- Trust
- Collaborating and understanding each other, relationship building among Council members

Council members discussed the existing norms and what elements should continue, what could be improved, and which norms the Council can commit to. In the interest of time, the group agreed to revisit the set of norms during its third workshop. The final set of norms affirmed by Council are included on page 10 of this report.

Discussion of Roles

After a brief break, Rod reviewed the Council-Manager form of government and provided an overview of the basic roles of City Attorney, City Manager, Council, and Mayor.

Council – City Manager and Staff Partnership



Next Steps and Wrap Up

The workshop concluded with discussion of key take-aways, which included optimism about “Team Tracy,” a shared belief that all will perform their roles with good intent, and an appreciation for the shared learning and attention paid throughout the session.

January 12 Workshop

On January 12, Nancy Hetrick and Steve Toler facilitated the second of the three workshops with the City Council. The workshop focused on the City's financial forecast and established budget principles. The full slide deck from the workshop is available for review in Attachment B.

Workshop Overview

Objectives

- Develop shared understanding about the City's financial position
- Review potential budget principles and an approach to achieving financial sustainability

Agenda

- Opening Comments and Workshop Overview
- City's Financial Forecast and Model Demo
- Proposed Budget Principles
- Wrap Up and Next Steps

Workshop Ground Rules. At the start of the workshop, the facilitator reiterated the ground rules of the previous workshop.

Bike Rack. Nancy explained that items that were raised but would not receive immediate attention would be recorded on a "bike rack."

Opening Comments

The workshop began with a call to order and a welcome by Mayor Young, who then opened the session for public comments.

Review of the Tracy Financial Forecast and Fiscal Health

Members of the Council Ad Hoc Committee made opening comments about the fiscal model and the day's presentation.

Steve presented the fiscal model assumptions and results, including a demo of the model. He noted that the presentation was intended as a foundation and that more Council discussion would follow at later dates.

Steve began with the foundations of financial forecasting in local government and what elements make a forecast useful.

Financial Forecasting in Local Government

How They Are Used	What Makes Them Useful
<ul style="list-style-type: none"> • Fiscal management tool to inform and assist in decisionmaking <ul style="list-style-type: none"> • Government policies • Strategic goals • Provision of community services • Identifies future revenue and expenditure trends • Integral to annual budget process • Promotes sound fiscal discipline in service delivery 	<ul style="list-style-type: none"> • Credible <ul style="list-style-type: none"> • Transparency • Description of external forces • Within acceptable accuracy tolerances • Solid set of assumptions • Understandable <ul style="list-style-type: none"> • Clear, simple, reasoned • Relating assumptions to projections • Implications • Linked to sound fiscal practices <ul style="list-style-type: none"> • Reserve policies • Maintaining structural balance • Long-term fiscal planning



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He then explained how the model differentiates between the General Fund and other funds and reviewed each assumption on which the model is based.

FY 2020-21 Budget Forecast - Key Assumptions

Revenues	Expenditures/Transfers
<ul style="list-style-type: none"> • Property tax- 5% growth • Sales Tax – nominal recessionary impact after FY 2021; new sales tax generators in FY 2022 and 2025 • Other revenues – 2-3% growth • Solid waste franchise fees- \$2 million increase starting in FY 2021 • Measure V sales tax- earmarked for capital expenditures • CARES Act – One-time federal aid of \$1.2 million 	<ul style="list-style-type: none"> • Salaries – 2% growth, plus 1.7% growth for step increases (recent base salary increases has been 4%) • CalPERS retirement costs- growth of 20% through FY 2027 <ul style="list-style-type: none"> • Actual return FY 2020 – 4.7% • Discount rate projected to be reduced from 7% to 6.5% by FY 2026 • Other costs- 2% growth • Measure V transfers- repayment of short term reduction of transfer in FY 2021 over three year period by FY 2024 • No anticipated increases in General Fund operating costs related to Measure Vfunded capital projects
Reserves	
<ul style="list-style-type: none"> • Target reserve level – 10% of annual operating expenditures • Emergency/contingency reserves- 20% of annual operating expenditures 	

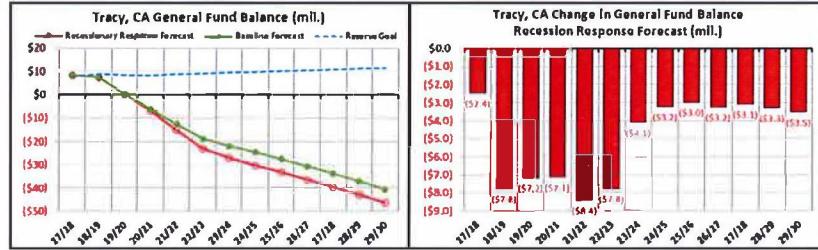


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He reviewed a list of budget strategies that were incorporated into the FY 2020-21 budget as a result of the impacts of COVID-19 and then presented Tracy's recessionary outlook and noted the need for swift action in order to avoid depleting reserves entirely.

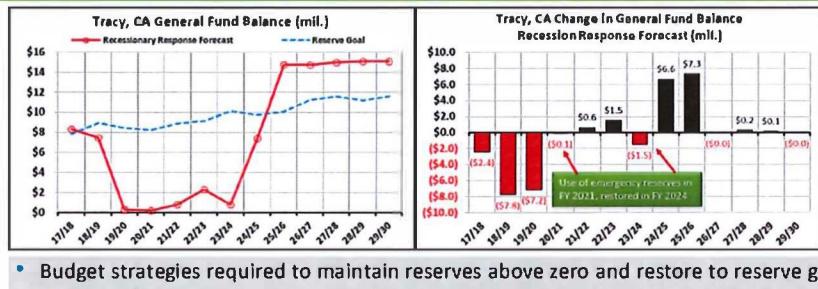
Tracy's Recessionary Outlook



- Structural deficit climbs to \$8.4 million in FY 2022, with long-term gap of nearly \$3.5 million by FY 2030
- Unassigned and budget stabilization reserves depleted below zero in FY 2021, would not be restored without corrective action
- Requires use of emergency/contingency reserves or other measures in FY 2021, and \$9 million in budget solutions in FY 2022, with restoration of \$7 million starting in FY 2025



Budget Strategies of \$9 Million Required to Restore General Fund Reserves



- Budget strategies required to maintain reserves above zero and restore to reserve goal
 - Total of \$7 million in use of emergency/contingency reserves in FY 2021, to be restored in FY 2024
 - Ongoing budget strategies totaling \$9 million (10% of annual General Fund expenditures) in FY 2022
 - Restoration of services totaling \$7.5 million possible starting in FY 2027 (or in FY 2026 phased in ratably over 2 years) after reserves are restored at or above reserve goal



Steve showed the utility of the dynamic dashboard to evaluate different policy decisions, such as a business license update or staffing changes. He noted that the model is a tool for decision making and budgeting as much as it is a way to understand the City's fiscal outlook.

Review of Budget Principles

Nancy led a discussion of budget principles and how cities use budget principles to guide fiscal decisions. The Ad Hoc Committee prepared a series of proposed budget principles in advance for Council to comment on. The budget principles are included as Attachment C.

Councilmembers praised the Ad Hoc Committee's work on the budget principles and agreed they are an important tool for holding themselves and staff accountable.

January 14 Workshop

On January 14, Nancy Hetrick facilitated the final of the three workshops with the City Council. The workshop focused on confirming Council norms and setting priorities. The full slide deck from the workshop is available for review in Attachment D.

Following the workshop, Council received Brown Act and Parliamentary training.

Workshop Overview

Objectives

- Public Comment
- Who inspires us?
- Affirm Council Norms
- City Manager's Update: Strategic Priorities Updates and Achievements
- Discuss Priorities
- Wrap up and next steps

Agenda

- Get agreement on Council Norms
- Set priorities for the next year
- Learn about the Brown Act and parliamentary process

Workshop Ground Rules. At the start of the workshop, the facilitator reiterated the ground rules of the previous two workshops.

Bike Rack. Nancy explained that items that were raised but would not receive immediate attention would be recorded on a “bike rack.”



Opening Comments

The workshop began with a call to order and a welcome by Mayor Young, who then opened the session for public comments.

Getting to Know Each Other Better

The Council members participated in an icebreaker exercise to learn something new about each other as they begin to govern together and to create common ground. Each Council member shared something about a person who influenced them early in life.

Councilmembers shared about grandparents, siblings, and other individuals who inspired them in their work ethic and commitment to service.

Consensus on Norms for Working Together

The council affirmed a set of norms for how they will work together. Councilmembers clarified some of the norms for conducting Council business and discussed some word choices.

Norms the Council intends to practice are listed below.

Working together we will:

- Assume positive intentions,
- Not take ourselves too seriously,
- Disagree agreeably,
- Support continual learning,
- Avoid personal attacks,
- Come prepared (do our homework),
- Stay objective and focus on the issue (use data to balance emotion),
- Be clear and consistent on time limits and public input,

We will utilize the expertise of staff by:

- Maintaining the practice of City Council/City Manager briefings,
- Asking questions of the City Manager early on,
- Soliciting City Attorney guidance early on,
- Making staff requests through the City Manager.

Setting the Context to Discuss Priorities

The Council then spent the balance of the morning discussing and establishing top priorities. This process began by reviewing accomplishments and progress on implementing Council priorities.

Accomplishments

The City Manager reviewed accomplishments related to the Council's four strategic goal areas. She noted that 90% of the City's budget is committed to day-to-day operations, with about 5% of the budget available to address Council key priorities. She thanked Council and staff for their hard work and accomplishments in a very difficult year.

Council's Strategic Goals

- Economic Development
 - ✓ To enhance the competitiveness of the City while further developing a strong and diverse economic base.
- Governance
 - ✓ To enhance fiscal stability, retain and attract new talent, improve the use of technology, and enhance transparency for the betterment of the Tracy community.
- Public Safety
 - ✓ To enhance community safety by promoting a responsive public safety system that includes civic engagement and partnerships, community involvement, public education, and prevention, intervention, and suppression services that meet the needs of Tracy residents.
- Quality of Life
 - ✓ To provide an outstanding quality of life by enhancing the City's amenities, business mix and services, and cultivating connections to promote positive change and progress in our community.

Priorities Framework

The priority-setting discussion was grounded in the idea that it is important to keep the long-term view in focus while establishing what can be reasonably accomplished in the short term. We began the discussion by defining short-term and multi-year priorities.

Short-term priorities are defined as:

- Initiatives that are expected to be completed within the next 12-18 months and have been identified as a top priority.

Multi-year priorities are defined as:

- Major initiative that will require ongoing attention and action but that are not likely to be complete with 12-18 months.

As a starting point, potential priorities were organized into the same four categories used previously and reflected a combination of "continuing items" and new items generated from input received prior to the workshop.

The table below presents the multi-year goals affirmed by Council during the workshop together with short-term priorities that will receive time and attention over the next 12 to 18 months. The short-term priorities that are included below are a combination of continuing efforts and new priorities discussed during workshop.

Governance

To enhance fiscal stability, retain and attract new talent, improve the use of technology, and enhance transparency for the betterment of the Tracy community.

Multi-Year Priorities	Short-Term Priorities
Model good governance, teamwork, and transparency.	<ol style="list-style-type: none">1. Evaluate City advisory bodies' scope and policy framework and provide recommendations to Council.2. Conduct Advisory Bodies Code of Conduct Training.3. Identify Council public service announcement opportunities within available budget.
Ensure short and long-term fiscal health.	<ol style="list-style-type: none">1. Develop and provide policy recommendations to balance the City's budget.2. Adopt Council Budget Principles.3. Develop a Financial Sustainability Plan to address long-term fiscal challenges.4. Update City Purchasing Policy.5. Develop City Grant Policy.6. Complete Fee Studies: Solid Waste, Wastewater, Citywide, Core Fees, Master Impact Fees.7. Initiate Cost Allocation Study; create replacement schedules for Vehicle and Equipment; building maintenance.8. Develop long-term funding options for City Services, including but not limited to road and park maintenance and replacement (City, LMD, and CFD).9. Develop funding plan for fire station construction.
Increase Public Awareness around City finances and other civic matters.	<ol style="list-style-type: none">1. Conduct informational, virtual Council/Community Workshops.2. Partner with local community organizations to showcase City services.3. Develop and implement public service announcements via the City's social media platforms.

Multi-Year Priorities	Short-Term Priorities
Enhance community engagement through technology.	<ol style="list-style-type: none"> 1. Conduct National Citizen Survey to better assess community priorities. 2. Implement new City website content management system (CMS).

Public Safety

To enhance community safety by promoting a responsive public safety system that includes civic engagement and partnerships, community involvement, public education, and prevention, intervention, and suppression services that meet the needs of Tracy residents.

Multi-Year Priorities	Short-Term Priorities
Implement the adopted Homelessness Strategic Plan.	<ol style="list-style-type: none"> 1. Secure capital funding to construct a Temporary Emergency Housing Facility (Arbor Rd Project). 2. Secure ongoing funding to operate the facility. 3. Partner and contract with shelter service providers to operate the facility. 4. Coordinate/facilitate regular meeting with local homeless service providers to better deliver homeless/social services to the community. 5. Identify local, state, and federal funding opportunities to continue to address homeless support services during COVID-19 pandemic.
Strengthen Citywide emergency operations preparedness.	<ol style="list-style-type: none"> 1. Develop a Citywide Emergency Operations Plan, including Council and staff training and a local pandemic response plan.
Continue to strengthen community safety through crime prevention reduction activities.	<ol style="list-style-type: none"> 1. Continue to enhance and implement the use of technology (such as social media, stationary cameras, drones, and crime analytics) to generate evidence-based intelligence to enhance enforcement efforts.
Partner with the South San Joaquin County Fire Authority (SSJCFA) to complete Phase 2 of the Personnel Transition Plan.	<ol style="list-style-type: none"> 1. Complete and Present Fiscal Analysis of the SSJCFA Personnel Transition Plan (Phase 2) to Council. 2. Coordinate with SSJCFA to present the Personnel Transition Plan (Phase 2) to Council.
Implement Equity and Empowerment Strategies/Initiatives.	<ol style="list-style-type: none"> 1. Continue supporting policies and best practices that prevent police violence, as referenced in the approved Tracy Equity and Empowerment Initiative. 2. Continue to participate in training opportunities focused on fairness in policing, de-escalation strategies, implicit bias, cultural competency, and officer wellness. 3. Present use of force data to Council through the Tracy Police Department Annual Report and publish online for public viewing.

Multi-Year Priorities	Short-Term Priorities
Support COVID-19 public health recovery.	<ol style="list-style-type: none"> Coordinate with the San Joaquin County Public Health Department and Office of Emergency Services to facilitate the development and implementation of a Vaccination Plan in Tracy.

Economic Development

To enhance the competitiveness of the City while further developing a strong and diverse economic base.

Multi-Year Priorities	Short-Term Priorities
Continue to Support Valley Link.	<ol style="list-style-type: none"> Respond and provide feedback on the Valley Link Environmental Impact Report (EIR). Maintain quarterly contact with Valley Link Executive Director. Rezone industrial land on 3rd Street near the downtown bowtie area for residential development. Continue lobbying efforts at the State and Federal level in support of funding for Valley Link. Participate in Valley Link board meetings.
Continue to advance Transient Oriented Development (TOD) opportunities.	<ol style="list-style-type: none"> Approve Scope of Work to begin Transit Oriented Development (TOD) Plan. Conduct TOD Stakeholder and community outreach meetings. Draft land use conceptual plans and alternatives. Conduct market and fiscal analyses. Draft TOD Specific Plan. Prepare Administrative Draft Environmental Impact Report.
Attract businesses and jobs that meet the needs and desires of the community.	<ol style="list-style-type: none"> Conduct Council workshop on the City's Economic Development efforts and strategies. Develop FY 21-23 Economic Development Strategic Plan. Update the City's retail and industrial business attraction list based on community interest and feedback. Develop and implement a marketing campaign to attract specific businesses and industries. Promote the City at trade shows and industry events (post pandemic).
Support local businesses impacted by COVID.	<ol style="list-style-type: none"> Support local businesses and streamline the process for businesses to reopen in accordance with public health regulations.

Multi-Year Priorities	Short-Term Priorities
	<ol style="list-style-type: none"> <li data-bbox="672 313 1393 403">2. Coordinate with the Tracy Chamber of Commerce and Tracy City Center Association (TCCA) to develop and implement a "Shop Local" marketing and outreach campaign. <li data-bbox="672 418 1393 488">3. Administer remaining funds for the Small Business Relief Grant Program and other small business loans. <li data-bbox="672 503 1393 566">4. Coordinate a roundtable discussion and response to industry needs.
Develop policies to target new jobs in innovative industries (e.g., cannabis; green industry).	<ol style="list-style-type: none"> <li data-bbox="672 594 1393 626">1. Complete issuance of cannabis business permits. <li data-bbox="672 640 1393 710">2. Complete Conditional Use Permit processes for cannabis Business Permit holders. <li data-bbox="672 725 1393 757">3. Initiate second round of Cannabis Business Permits. <li data-bbox="672 771 1393 841">4. Identify and market industrial properties attractive to Electric Vehicle (EV) testing and development. <li data-bbox="672 856 1393 926">5. Initiate marketing for enhancement of the green economy cluster and develop strategies for business growth and attraction. <li data-bbox="672 941 1393 1004">6. Rezone and complete environmental review for the Chrisman Road property to attract innovation industry tenants.
Pursue Smart Growth strategies for balanced growth in the City of Tracy.	<ol style="list-style-type: none"> <li data-bbox="672 1017 1393 1049">1. Conduct Council workshop on residential growth management. <li data-bbox="672 1063 1393 1133">2. Conduct Council workshop on General Plan Land Use and Circulation Elements, and the Transportation Master Plan. <li data-bbox="672 1148 1393 1239">3. Rezone Tracy Gateway property for mix of land uses to attract businesses, future hospital, range of residential, and various types of assisted and independent/senior housing. <li data-bbox="672 1254 1393 1317">4. Pursue zoning ordinance amendments to increase residential densities.

Quality of Life

To provide an outstanding quality of life by enhancing the City's amenities, business mix and services, and cultivating connections to promote positive change and progress in our community.

Multi-Year Priorities	Short-Term Priorities
Advance green and roadway infrastructure projects that improve connectivity, including bike lanes.	<ol style="list-style-type: none"> <li data-bbox="672 1588 1393 1620">1. Complete PCI Road Condition study. <li data-bbox="672 1634 1393 1704">2. Continue Corral Hollow Road Widening Project between Park Side Drive and Linne Road. <li data-bbox="672 1719 1393 1751">3. Complete Phase 2B Wastewater Treatment Plant Expansion. <li data-bbox="672 1766 1393 1797">4. Adopt new Citywide Infrastructure Master Plans. <li data-bbox="672 1812 1393 1876">5. Include green technologies in infrastructure solutions (e.g. roundabouts, dual use of storm drain facilities).

Multi-Year Priorities	Short-Term Priorities
Facilitate the completion of Measure V amenities.	1. Advance Measure V amenities planning (e.g., aquatics center, multi-generational gymnasium, legacy fields)
Implement affordable housing initiatives.	<ol style="list-style-type: none"> 1. Facilitate the development of affordable housing via affordable housing-focused policies and initiatives. 2. Pursue, encourage, and incentivize non-profit affordable housing developers to build in Tracy. 3. Approve Scope of Work to begin Council identified workforce/affordable housing policy changes. 4. Streamline multi-family permit process by removing requirements for Conditional Use Permits. 5. Amend Accessory Dwelling Unit (ADU) ordinance and develop "off-the shelf" ADU example designs. 6. Amend parking requirements for multi-family developments. 7. Amend zoning ordinance development standards. 8. Evaluate amendments to the Growth Management Ordinance (GMO).

Takeaways from the Workshop

Council members shared their takeaways from the workshop and prioritization session. They shared the following insights:

- It was a healthy discussion. Tracy has a high-performing Council that works together well
- They are optimistic about the interconnectivity of these issues
- There is optimism about how the Council is looking to guide the City forward cooperatively
- Council is excited to partner with staff to move ahead
- They like the holistic approach and clear vision for the City

Next Steps and Wrap Up

The next steps described at the end were:

- Preparation of this workshop report.
- Confirmation of priorities as part of budget processes and other Council discussions.
- Operationalizing the priorities by the City Manager.



"Think Inside the 'Triangle'"

City of Tracy

City Council Workshop – Team Building and Norms

January 5, 2021
9:00 a.m. to 12:30 p.m.

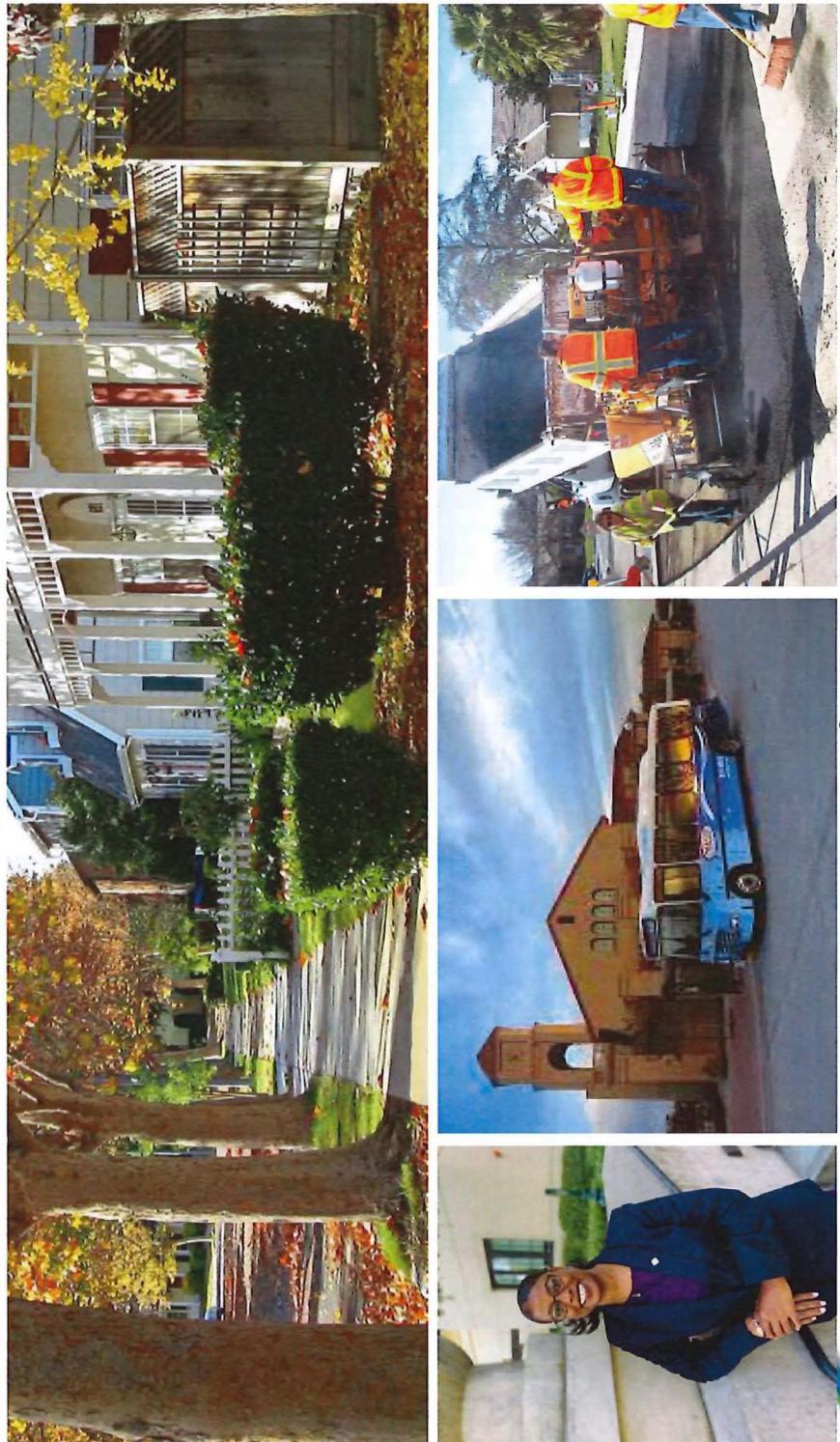
Grand Theater, Small Studio

Rod Gould, Senior Partner
Nancy Hetrick, Vice President



Mayor's Welcome

ATTACHMENT A



2

Management
Partners

ATTACHMENT A

To Comment Remotely on:

Items from the Audience

(Public comment period limited to 15 minutes maximum)

- Call: (209) 831-6010
- Comment by visiting the following link:
<https://cityoftracyevents.webex.com> and using the following:
 - Event Number: 126 037 7106
 - Event Password: TracyCC
 - Raise your hand to speak by clicking on the Hand icon  on the Participants panel

Management
Partners



ATTACHMENT A

Today's Agenda

- Opening Comments and Workshop Overview
- Effective Teams Warm-Up
- Council Norms for Working Together
- Clarification of Governance Roles
- Wrap Up and Next Steps



Today's Objectives

- Teambuilding and understanding individual motivations and priorities
- Establishing Council norms for working together and with staff on behalf of the community
- Clarifying roles
- Setting the foundation for a positive working relationship and productive year



To Comment Remotely on: ATTACHMENT Item 4

- Call: (209) 831-6010
- Comment by visiting the following link:
<https://cityoftracyevents.webex.com> and using the following:
 - Event Number: 126 037 7106
 - Event Password: TracyCC
 - Raise your hand to speak by clicking on the Hand icon  on the Participants panel



Ground Rules

- Listen to understand
- Participate
- Stay focused
- Assume good intent
- Seek consensus
- Speak up if we need a course correction



Bike Rack

- Things to discuss at another time will be tracked separately
- Time management tool

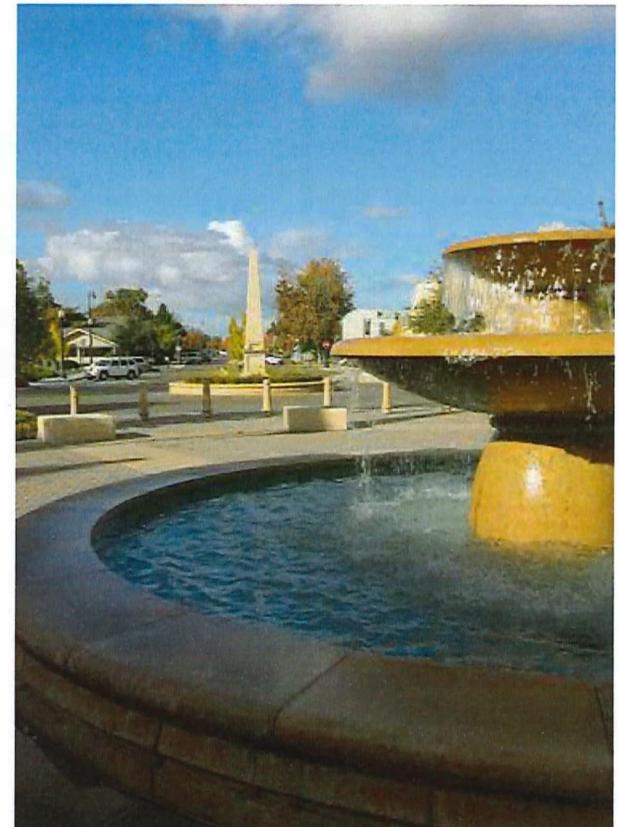
ATTACHMENT A

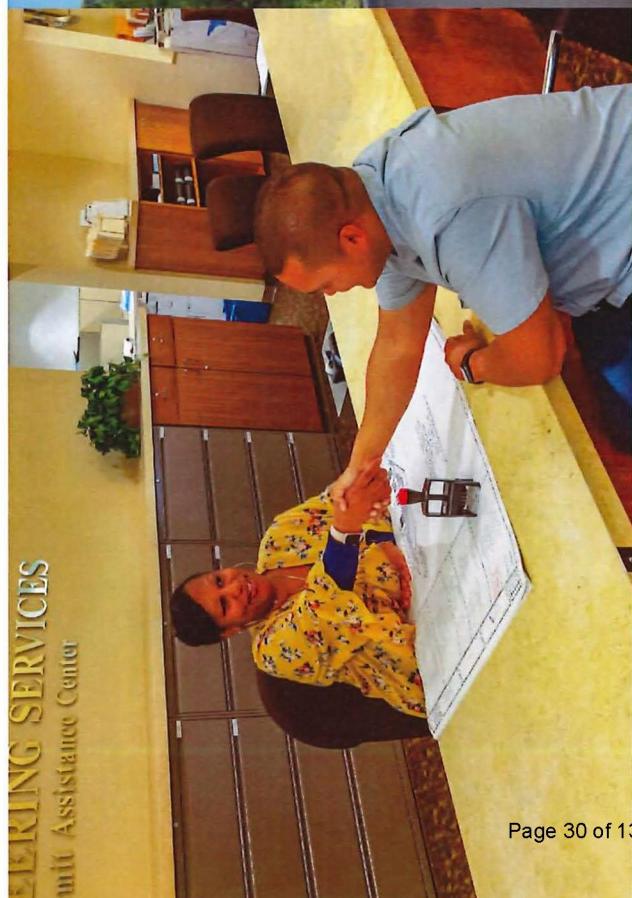


Service and Teamwork

ATTACHMENT A

- What **inspired** you to serve on the City Council?
- Think of a time when you were on a **high-performing** team. What made it successful? How did it make you feel?
- How would you like the community to **view** this City Council?
- How would you like Tracy to be different **four years from now** as a result of this Council's service?





Effective Practices for Elected Officials



City of Tracy

ATTACHMENT A

Code of Conduct Overview

- Council-Manager Form of Government
- Council Powers/Responsibilities
- Legal and Ethics Standards
- Code of Conduct Enforcement
- Council Communications
- Advisory Bodies/Norms and Values Statement



ATTACHMENT A

Good Governance Is About...

ATTACHMENT A



Building relationships through:

- Effective leadership by the Mayor and Council
- Responsive management and leadership by the City Manager
- Meaningful communication that is honest, direct, respectful, proactive
- Understanding roles and fulfilling expectations
- Fostering mutual respect and building trust
- Ethics



ATTACHMENT A

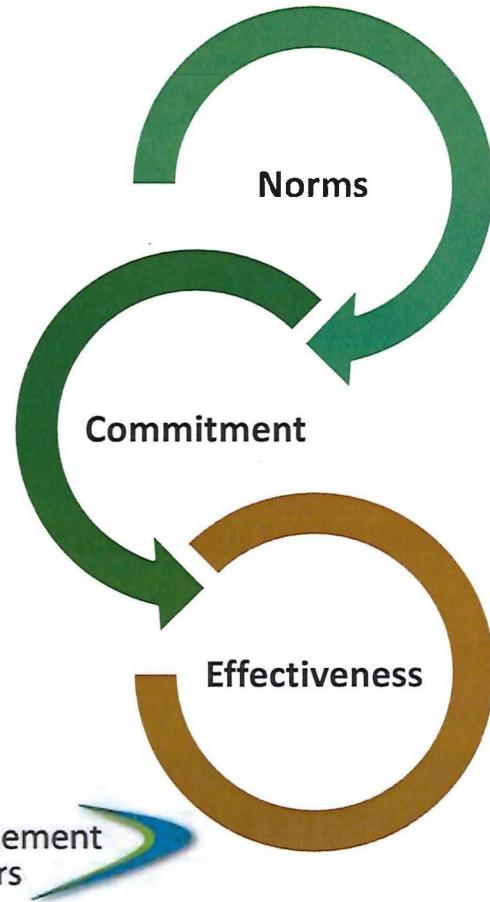
Attributes of High-Performing Councils

- Commit to True Partnerships among Members, City Manager and Staff
- Exhibit Clarity and Respect for Roles and Responsibilities
- Demonstrate Civility and Respect for All
- Conduct Effective Meetings
- Hold Themselves and the City Manager Accountable
- Practice Continuous Learning



Effective Practices for Elected Officials

ATTACHMENT A



- *What are common elements and norms of high performing councils?*
- *Which of them could Tracy incorporate into its governance culture?*

Management
Partners



TEAMWORK

ATTACHMENT A



- Getting things done for the community as a team makes us all look good
- Accomplishments build relationships... which lead to other successes

Teamwork – How to Get There

- Play nice, be fair, be patient, be kind
- No surprises
- Avoid squabbling and personal attacks
- Maintain formal decorum and be respectful
- Refer to colleagues by their titles



ATTACHMENT A

No One Can Do It Alone

- Become an expert at small group decision making
- Understand and appreciate each others' style, strengths and expertise
- Respect each other and your specific roles



ATTACHMENT A

No One Can Do It Alone

- Be rock solid on laws and rules regarding ethics
- Learn to count to 10!
- Compromise – take the long view
- Think strategically
- Remember your values and why you ran for office
- Put the community first in all matters



ATTACHMENT A

Lean Toward Success



- Get the lay of the land
- Build relationships with your colleagues
- Be transparent and share your policy interests with one another
- Look for connections and intersections
- Work together to build a support system (*Brown Act caution!*)

Civility is key



Disagree in a Way That Maintains the Team

ATTACHMENT A

What if I disagree with a colleague on an issue?

- That's fine! Just do it with...



Dignity



Support



Respect



Inclusiveness





HOW MUCH SHOULD I TALK AS A COUNCILMEMBER?

- Be focused, direct, clear, and brief
- Questions and comments can lead to an action/motion
- Democracy simply moves slowly

More About Communication

ATTACHMENT A

Focus on Outcomes

- Be attentive
- Ask clarifying questions

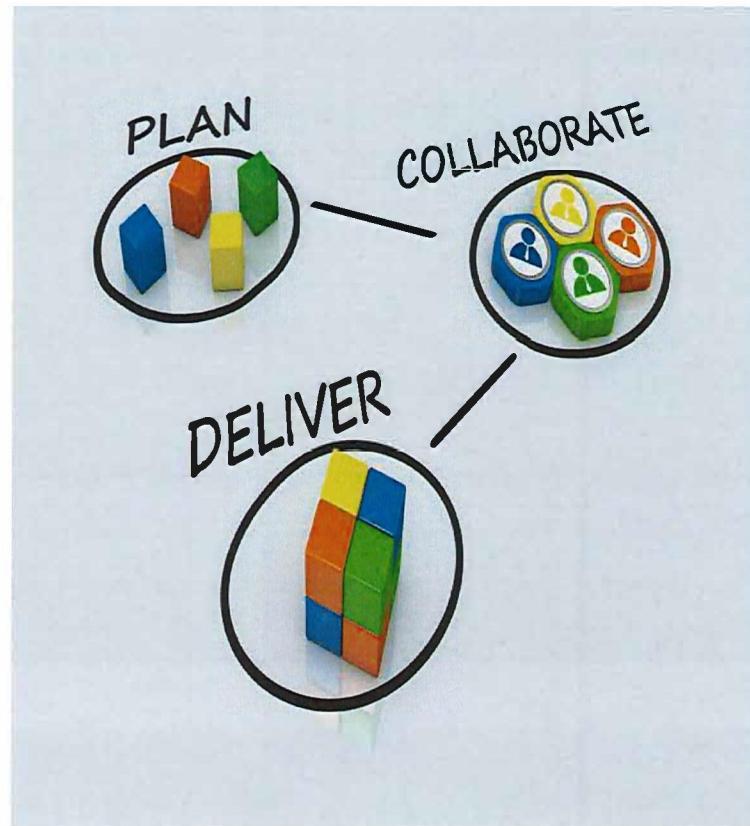
Separate people from the problem

- Focus on interests, not positions
- Invent options for mutual gain
- Insist on using objective criteria



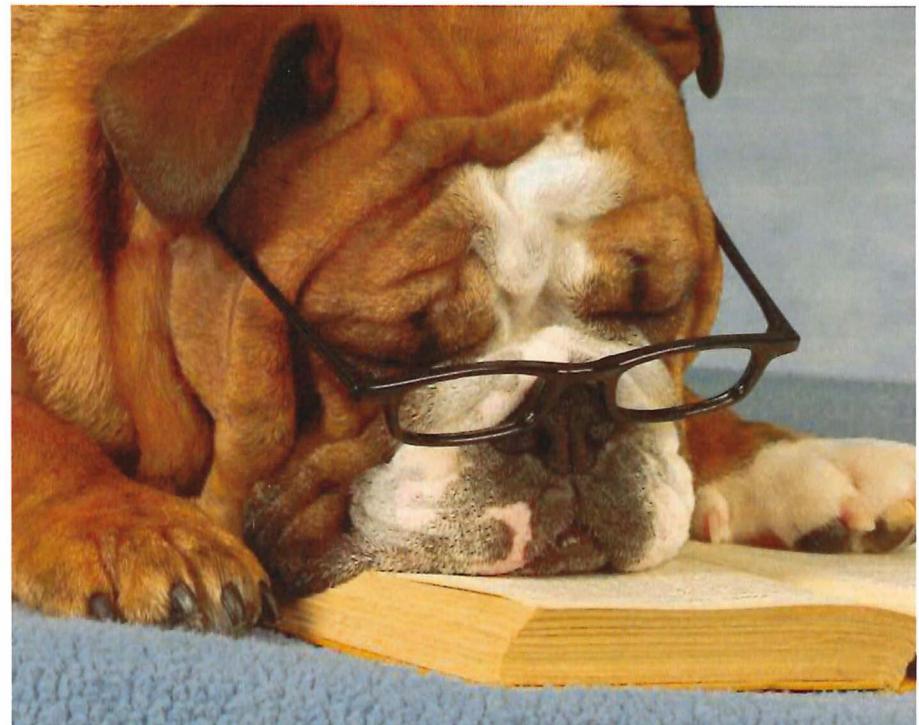
Do Your Homework and Be Prepared

- Read agenda materials
- Ask questions in advance
- Analyze alternatives
- Set clear rules, policies and procedures for Council meetings
- City Manager shares information with all Councilmembers



Do Your Homework and Be Prepared

- Involve the City Attorney early
- Ask how to achieve policy goals under the law rather than whether a course of action is legal
- Pay careful attention to Brown Act laws and regulations regarding ethics



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ATTACHMENT A

Have Fun!



Celebrate
successes



See the humor in
your spectacular
failures



Enjoy your
experiences—you
worked hard to get here!



Existing Council Norms

- Do not take ourselves so seriously
- Assume positive intentions
- Disagree agreeably
- Support continual learning
- No personal attacks
- Stay objective and focus on the issue (use data to balance emotion)
- Ask questions of the City Manager early on



ATTACHMENT A

Existing Council Norms

- Be clear and consistent on time limits and public input
 - Clarify and hold to time limits
 - Must be on the agenda for public comment
 - Exercise finesse regarding public personal attacks; request respect and focus on the issue/topic
- Maintain practice of City Council/City Manager briefings
- Staff requests go through the City Manager
- Solicit City Attorney guidance early



Council Self-Assessment Survey Results

ATTACHMENT A

Teamwork, respect, and professionalism

- Agreement that Council develops a partnership with the City Manager to govern
- Some disagreement that Councilmembers act with civility and a high level of professional decorum

Clear roles and priorities

- Agreement that Council creates policy while the City Manager is responsible for operations
- Some disagreement that the Council establishes clear goals and priorities



Council Self-Assessment Survey Results

ATTACHMENT A

Effective meetings and preparation

- Agreement that meetings are conducted effectively
- Some disagreement that Councilmembers are always prepared for meetings
- Some disagreement that Councilmembers ask questions on agenda items in advance so that staff can be prepared to respond



Council Self-Assessment Survey Results

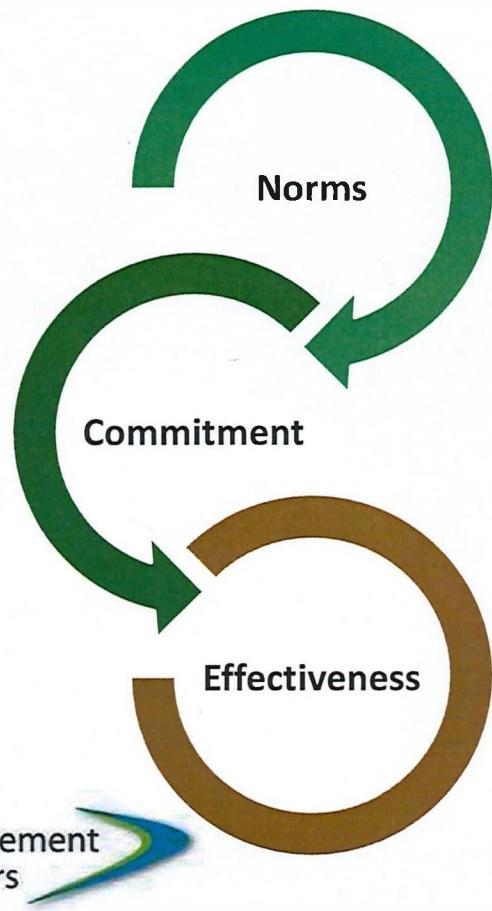
ATTACHMENT A

- **We do our best work as a Council when we...**
 - Focus on conducting the City's business
 - Focus on the business at hand and not on each other
 - Trust and believe that people are acting on best intentions
- **We could improve as a Council in the following area...**
 - Supporting the goals of the whole instead of inserting our own agendas
 - Trust
 - Collaborating and understanding each other, relationship building among Councilmembers



Discussion of Council Norms

ATTACHMENT A



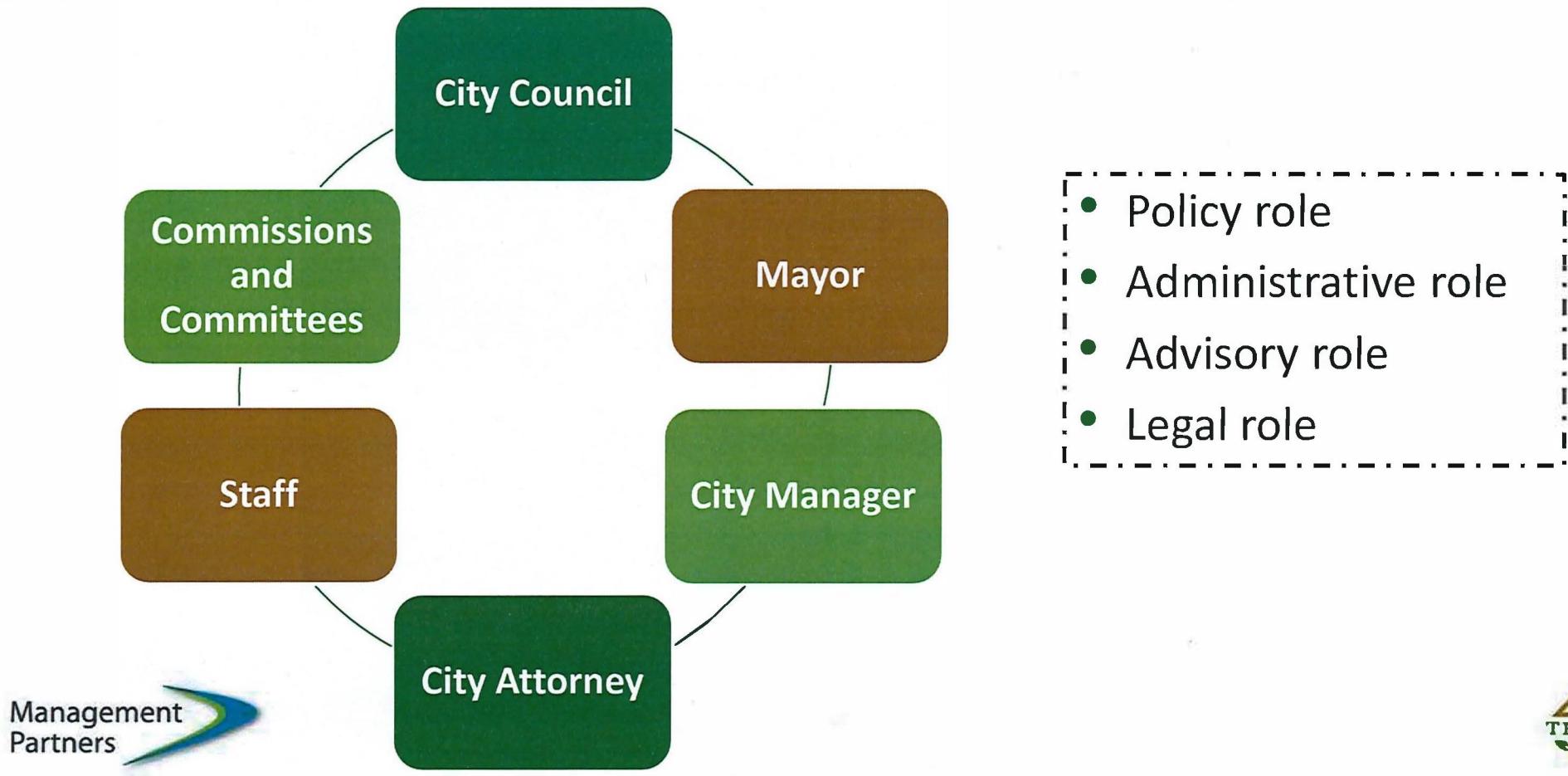
- *What do we want to see continue?*
- *What can be improved?*
- *What can we commit to?*





ATTACHMENT A

Discussion of Roles



Council – City Manager and Staff Partnership

^ATTACHMENT A



City Council – City Manager Relationships

- ✓ Sets policy and overall direction
- ✓ Keeps in touch with community concerns
- ✓ Implements Council policy
- ✓ Handles day-to-day operations
- ✓ Offers policy advice
- ✓ Manages staff



City Council – City Manager Relationships

- ✓ Best if the Council is not involved in staff and administrative matters; and
- ✓ Best for the City Manager to not dominate public discussions.



Council Member Role



Mayor's Role



City Manager's Role



Nurture a Strong Council- Manager Partnership



City Attorney's Role



Commissions and Committees



The Importance of Developing Successful City Council and City Manager Relations

ATTACHMENT A

- Organizational Effectiveness
- Mutual Success and Fulfillment
- Positive Staff Morale
- Heightened accountability
- Enhanced Community Confidence
- Community Success and Outcome



What Makes for a Successful City Council and City Manager Relationship?

- Mayor, Councilmembers and City Manager develop a sense of team, working together to further their common purpose
- Individual team members work collaboratively with a high degree of respect, trust and openness
- The team values diversity in style and perspective



What Makes for a Successful City Council and City Manager Relationship?

- Clear understanding of each other's roles, responsibilities, and stated expectations
- Effective communication between the chief executive and the governing board
- Trust



Challenges to Effective Communication and Building Positive Working Relationships

ATTACHMENT A

- Can't control who gets elected or who may have been appointed City Manager prior to your election
- Don't fully appreciate what is expected of each other's respective roles
- Underdeveloped interpersonal skills...or someone else's
- Not putting in the time to work on the relationships
- Not fully understanding the perspectives of City Council, City Manager and the staff
- "Outlier" members of the governing body
- Lack of trust



Strategies and Best Practices to Foster Communication and Build Relationships

- Implement robust new Councilmember orientation program
- Make sure all Councilmembers receive the same information as quickly as possible and at the same time
- Create processes/protocols before things become an issue
- City Manager should meet regularly with all Councilmembers and with Mayor – special briefings with staff on specific topics as warranted



ATTACHMENT A

Questions You're Ready to Ask???



Wrap Up and Next Steps

ATTACHMENT A

*Reflection: What was
one takeaway from
today's workshop?*

*Finance
Workshop January 12*

*Priorities and
Training Workshop
January 14*





City of Tracy

Council Workshop – Team building and Norms

Thank you!

Rod Gould, Senior Partner
rgould@managementpartners.com

Nancy Hetrick, Vice President
nhetrick@managementpartners.com



City of Tracy

City Council Workshop – Financial Sustainability

City Council Workshop
January 12, 2021

*Nancy Hetrick, Vice-President
Steve Toler, Partner*



Mayor's Welcome

ATTACHMENT A





Public Comment

3

ATTACHMENT A

Today's Agenda

- Opening Comments and Workshop Overview
- Ice-breaker
- City's Financial Forecast and Model Demo
- Proposed Budget Principles
- Wrap Up and Next Steps



Today's Objectives

- Develop shared understanding about the City's financial position
- Review potential budget principles and an approach to achieving financial sustainability

Ground Rules

- Listen to understand
- Participate
- Stay focused
- Assume good intent
- Seek consensus
- Speak up if we need a course correction

Bike Rack

- Things to discuss at another time will be tracked separately
- Time management tool



ATTACHMENT A

Today's Discussion

Financial Forecasting

Briefly review the purpose and scope of the financial forecast prepared for the City

Tracy's Financial Forecast

Review assumptions used to create the updated Fiscal Model, the results of the forecast, and gain a shared understanding of the City's budget outlook

Budget Principles and Framework for Fiscal Sustainability

Discuss how cities use budget principles to guide fiscal decisions, and review budget principles developed with the Ad Hoc Council Committee. Introduce a framework for achieving fiscal sustainability

Icebreaker



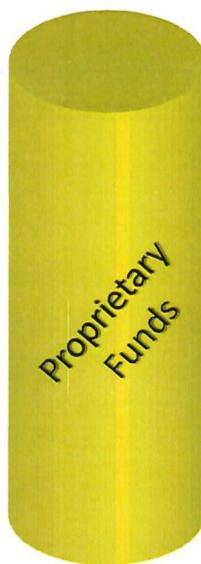
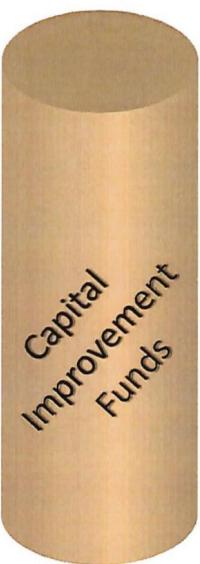
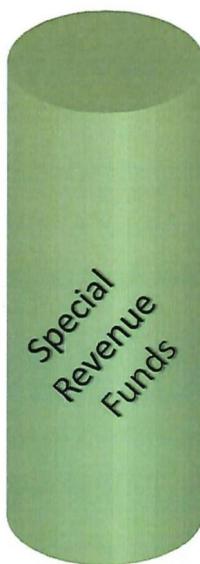
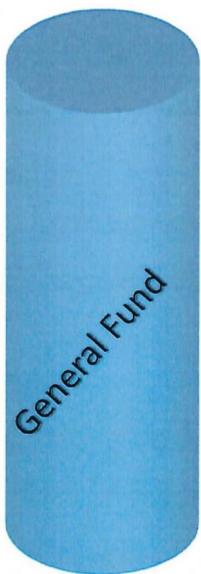
- Write a headline you would like to read in the paper five years from today.
- The headline will celebrate a major accomplishment for the city.

City's Financial Forecast



Overview of City's Primary Funds

- General operations of the city
- Largest revenue sources
 - Property tax
 - Sales tax
 - Hotel tax
 - Fees and charges
- Largest expenditures
 - Public safety
 - Public works
 - Parks
 - Recreation
 - Admin



Restricted or designated for specific uses

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Financial Forecasting in Local Government

How They Are Used

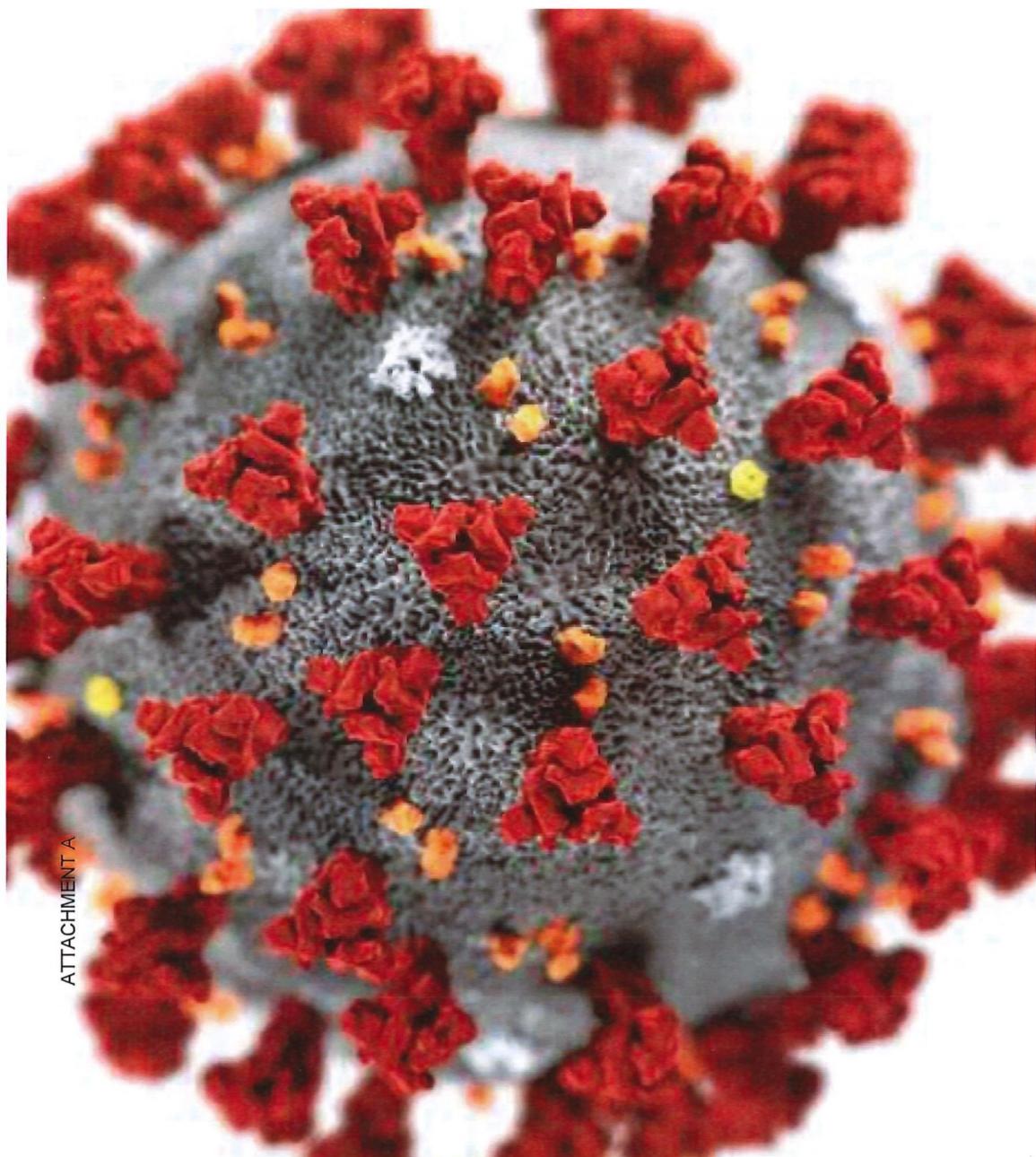
- Fiscal management tool to inform and assist in decision-making
 - Government policies
 - Strategic goals
 - Provision of community services
- Identifies future revenue and expenditure trends
- Integral to annual budget process
- Promotes sound fiscal discipline in service delivery

What Makes Them Useful

- Credible
 - Transparency
 - Descriptive of external forces
 - Within acceptable accuracy tolerances
 - Solid set of assumptions
- Understandable
 - Clear, simple, reasoned
 - Relating assumptions to projections
 - Implications
- Linked to sound fiscal practices
 - Reserve policies
 - Maintaining structural balance
 - Long-term fiscal planning

Key Drivers to Any Fiscal Model





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Recessionary Impacts and Actions Taken

FY 2020-21 Budget Forecast - Key Assumptions

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Revenues

- Property tax – 5% growth
- Sales Tax – nominal recessionary impact after FY 2021; new sales tax generators in FY 2022 and 2025
- Other revenues – 2-3% growth
- Solid waste franchise fees – \$2 million increase starting in FY 2021
- Measure V sales tax – earmarked for capital expenditures
- CARES Act – One-time federal aid of \$1.2 million

Reserves

- Target reserve level – 10% of annual operating expenditures
- Emergency/contingency reserves – 20% of annual operating expenditures

Expenditures/Transfers

- Salaries – 2% growth, plus 1.7% growth for step increases (recent base salary increases has been 4%)
- CalPERS retirement costs – growth of 20% through FY 2027
 - Actual return FY 2020 – 4.7%
 - Discount rate projected to be reduced from 7% to 6.5% by FY 2026
- Other costs – 2% growth
- Measure V transfers – repayment of short-term reduction of transfer in FY 2021 over three year period by FY 2024
- No anticipated increases in General Fund operating costs related to Measure V-funded capital projects

Budget Strategies Incorporated into FY 2020-21 Adopted Budget



Hiring freeze for non-essential positions



Defer purchase of new vehicles and equipment



Delay allocation of Mayor's Community Youth Support Network grant program



Reduce professional services contracts and supplies



Use remaining balance of Budget Stabilization Reserve

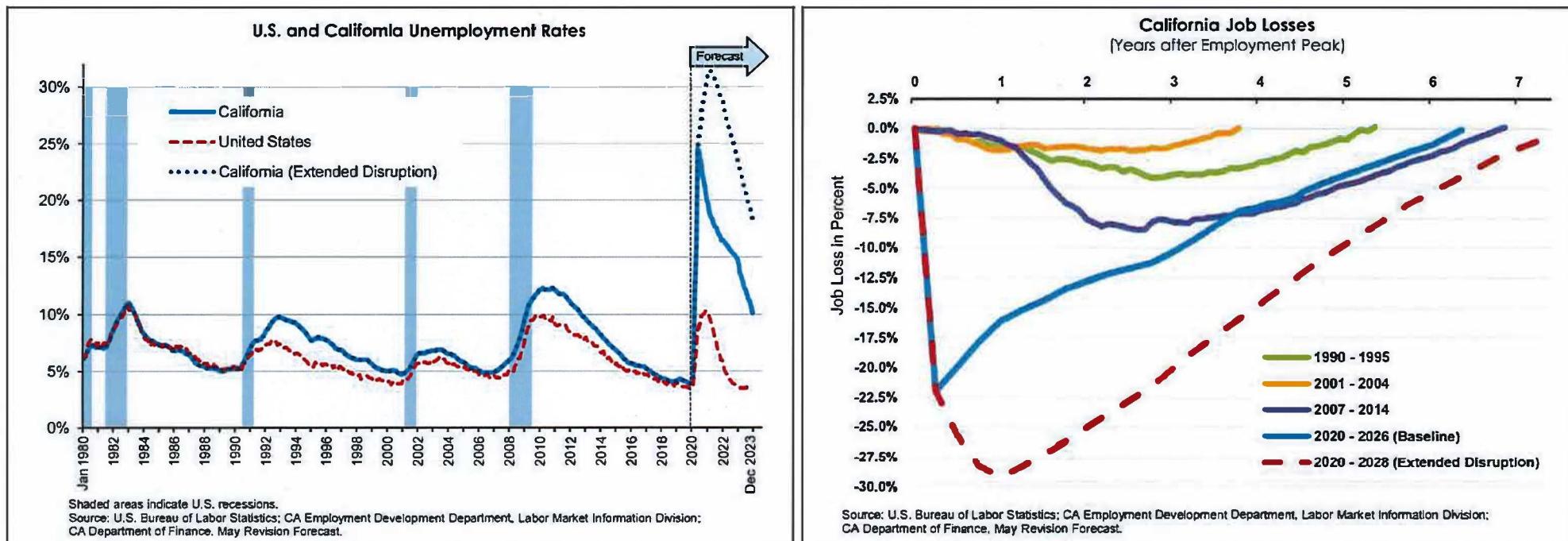


Temporary borrowing of Measure V sales tax revenues in FY 2021

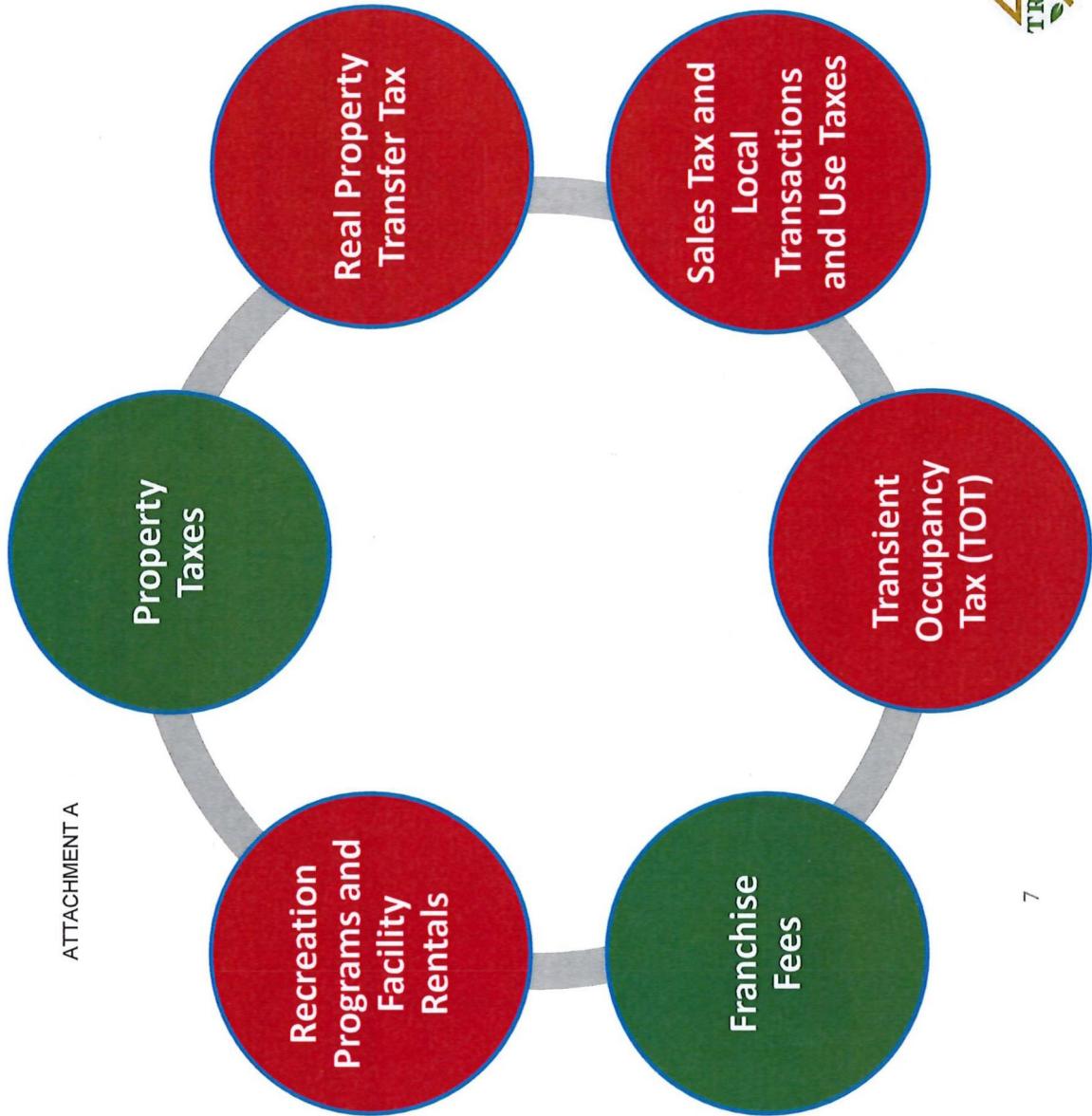
CA Department of Finance

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Anticipating Long Recession



- Severe recession anticipated even under the “best-case scenario”
- Extended recession would have long-lasting impacts



7

Impacts to Local Government Revenues

Impacts from Prolonged Recession

ATTACHMENT A

- **Shelter-in-place and/or significant business restrictions probable** with current virus resurgence
- Severity of the shutdown's impact on unemployment will have a **prolonged impact into the next several years**
- Impacts from this **third wave of the virus** in winter may lead to additional restrictions including shelter-in-place orders
- **Economic recovery** will likely take 3 to 4 years
- **Widely available vaccination** will be critical to long-term economic recovery



Decline in **sales tax** revenues



Franchise fee revenues
expected to remain stable



Potential decline in **property taxes** due to Prop 8 reassessments



Decline in **transient occupancy tax**



Decline in **recreation revenues**

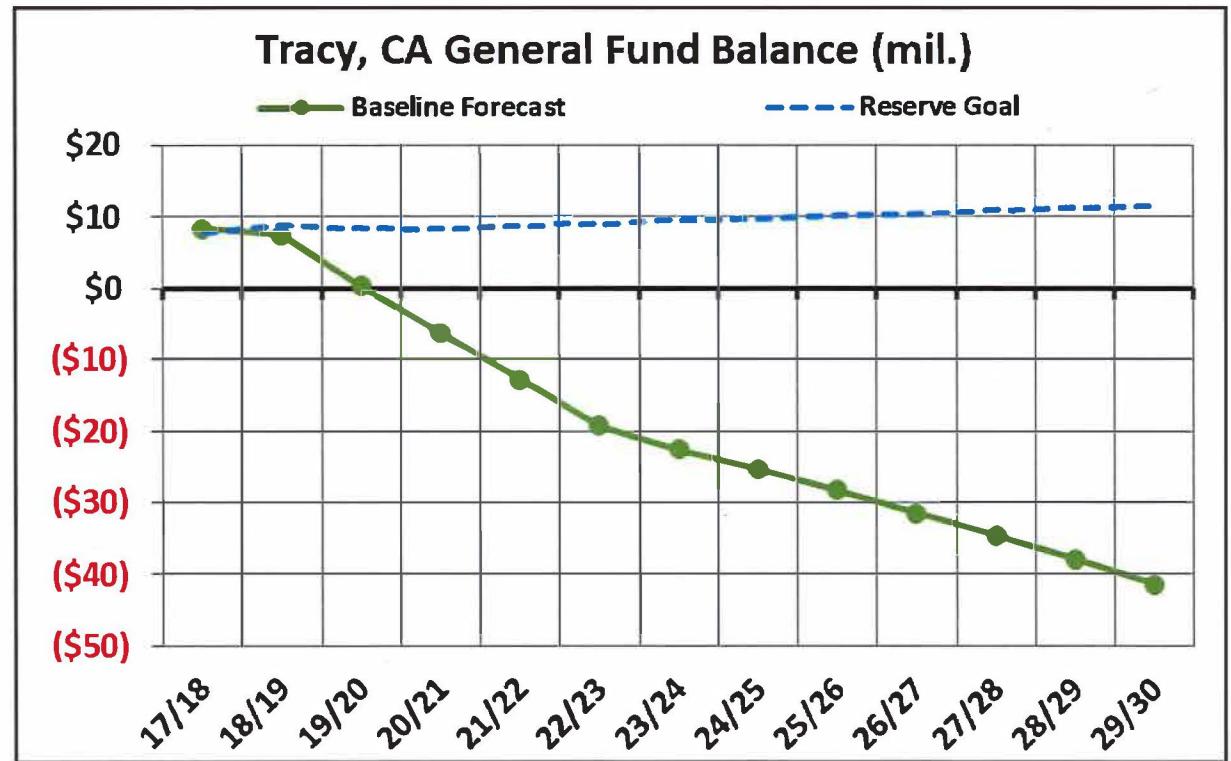


Decline in **property transfer tax** revenues with potential slowdown in home sales

FY 2020-21 Budget Forecast

Tracy's Fiscal Situation as Recession Began

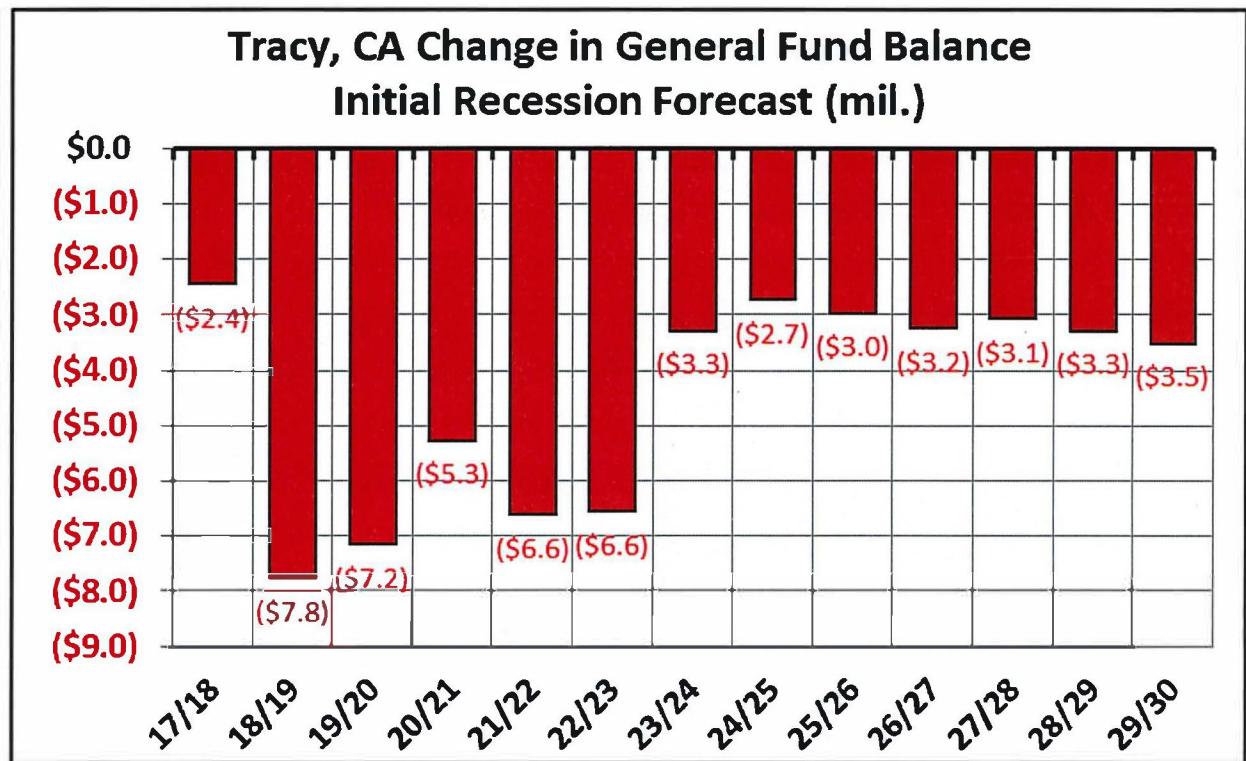
- Significant fiscal deficit starting at \$6.5 million in FY 2021
- City ended FY 2020 with General Fund reserves above zero
- Action is required in FY 2021 to maintain available reserves above zero



FY 2020-2021 Budget Forecast

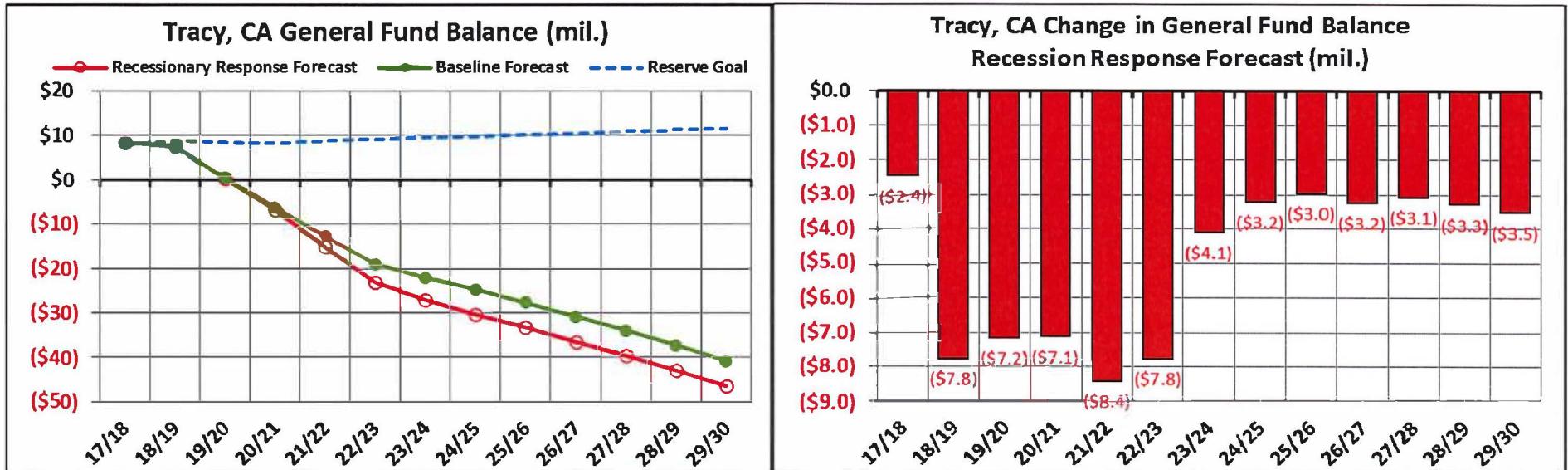
General Fund Structural Deficit

- Tracy faces a long-range deficit that would level out to \$3.5 million annually
- This reflects known revenue impacts to FY 2021 only (i.e. a modified “V”-shaped recession)



Tracy's Recessionary Outlook

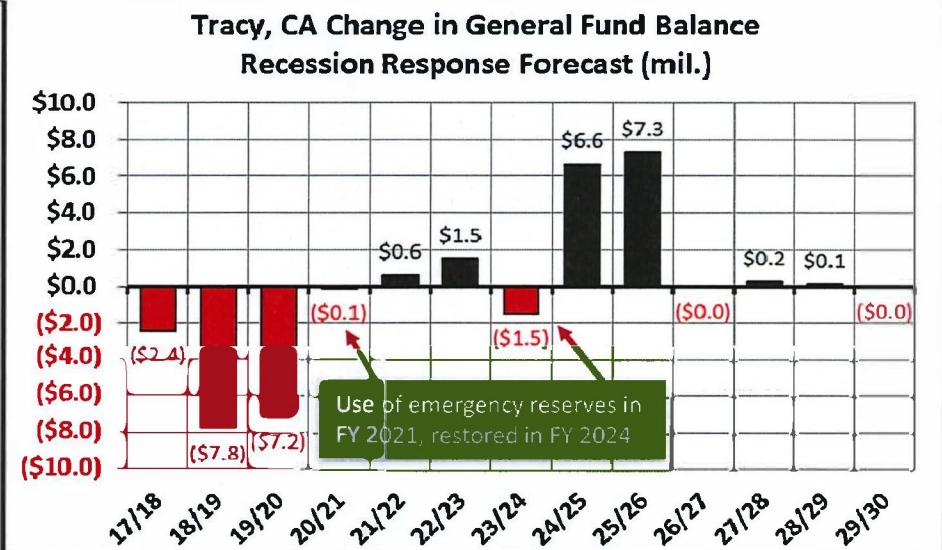
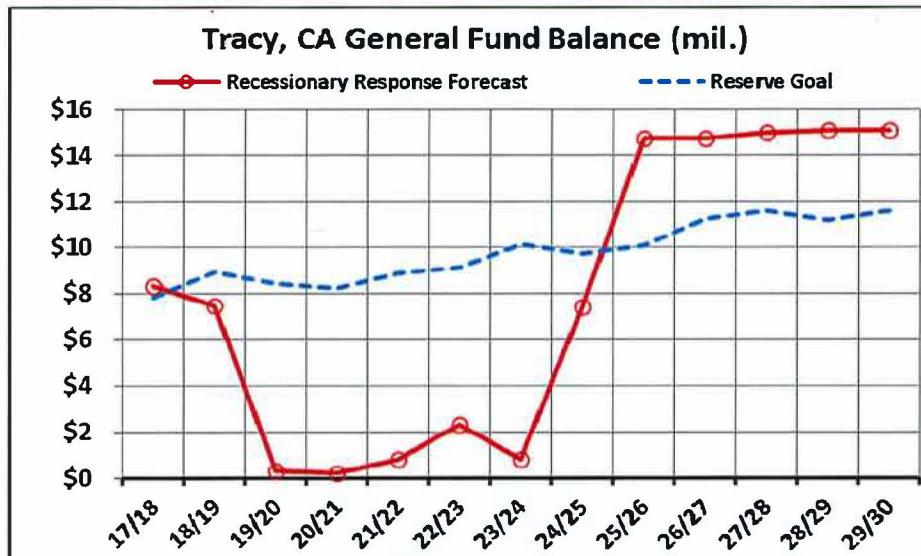
ATTACHMENT A



- Structural deficit climbs to \$8.4 million in FY 2022, with long-term gap of nearly \$3.5 million by FY 2030
- Unassigned and budget stabilization reserves depleted below zero in FY 2021, would not be restored without corrective action
- Requires use of emergency/contingency reserves or other measures in FY 2021, and \$9 million in budget solutions in FY 2022, with restoration of \$7 million starting in FY 2025

Budget Strategies of \$9 Million Required to Restore General Fund Reserves

ATTACHMENT 2



- Budget strategies required to maintain reserves above zero and restore to reserve goal
 - Total of \$7 million in use of emergency/contingency reserves in FY 2021, to be restored in FY 2024
 - Ongoing budget strategies totaling \$9 million (10% of annual General Fund expenditures) in FY 2022
 - Restoration of services totaling \$7.5 million possible starting in FY 2027 (or in FY 2026 phased in ratably over 2 years) after reserves are restored at or above reserve goal



Tracy's Fiscal Model



Fiscal Sustainability Planning



Long Term Budget Strategies

Fiscal Sustainability Planning

- Comprehensive set of fiscal policies and action steps to provide services in the long term without threat of solvency or default of promised expenditures or liabilities
- In-depth analysis of fiscal strategies
 - Fiscal impact
 - Feasibility
- Implementation Action Plan



ATTACHMENT A

Sample Budget Strategies – Cost Efficiencies

Expenditure Controls/Cost Shifts



School resource officer



Ballfields and parks lease costs



Cost allocation plan

Service Delivery Alternatives



Parks maintenance costs



City organizational structure



Jail provider alternatives



Fleet maintenance alternatives



Parks capital improvements plans

Sample Budget Strategies – Revenue Enhancements

ATTACHMENT A

City Council Approval (Councilmanic)



Solid waste
franchise fees



Photo traffic
enforcement



New residential
development areas



Fees for special
events



Business
registration fees



Development
services fees

Voter Approval



Business license
tax



Local sales tax



Parks assessment
district



Utility users' tax

Sample Budget Strategies – Reductions and Total Impact

Service Level Reductions



Street pavement standards



Travel, meetings and consulting contracts



Recreation coordination activities



Other General Fund service reductions

Total Fiscal Impact of All Solutions

Category	Total Annual Fiscal Impact
Expenditure controls/cost shifts	\$XXX,000
Service delivery changes	\$XXX,000
Revenue enhancements	\$X.X million to \$Y.Y million
Service level reductions	\$X.X million
Total	\$X.X million to \$X.X million
Goal	\$X.X million

Selecting the Right Strategies

The right mix of budget strategies

- Community priorities
- Organizational priorities
- Budget principles
- Short-term measures
- Long-term sustainability

Budget Principles



Proposed Budget Principles

ATTACHMENT A



Ongoing expenditures = revenues



One-time revenue \neq ongoing use



Structural gap fixed within 10 years



Minimum reserves (17% + 13%)



Operational impacts of capital projects



Enterprise funds self-reliant



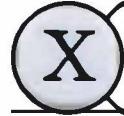
Full cost recovery



No subsidies for private development



No earmarking discretionary funds



Long-term fiscal model



Budget amendments require funding source



Service level reductions last resort

Wrap Up and Next Steps

ATTACHMENT A

*Reflection: What was one
takeaway from today's
workshop?*

*Priorities and Training
Workshop January 14*



Thank you!

Contact Information



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Steve Toler | (650) 918-7017 | SToler@managementpartners.com

City of Tracy City Council Workshop – Priority-Setting

City Council Workshop
January 14, 2021

*Nancy Hetrick, Vice-President
Claire Coleman, Senior Management Analyst*





Public Comment – Non-Agenda Items

City Manager's Comments

ATTACHMENT A



To Comment Remotely on: Items from the Audience

(Public comment period limited to 15 minutes maximum)

- Call: (209) 831-6010
- Comment by visiting the following link:
<https://cityoftracyevents.webex.com> and using the following:
 - Event Number: 126 580 7652
 - Event Password: TracyCC
 - Raise your hand to speak by clicking on the Hand icon  on the Participants panel

ATTACHMENT A

Today's Agenda

Morning

- Public Comment
- Who inspires us?
- Affirm Council Norms
- City Manager's Update:
Strategic Priorities Updates and
Achievements
- Discuss Priorities
- Wrap up and next steps

Afternoon

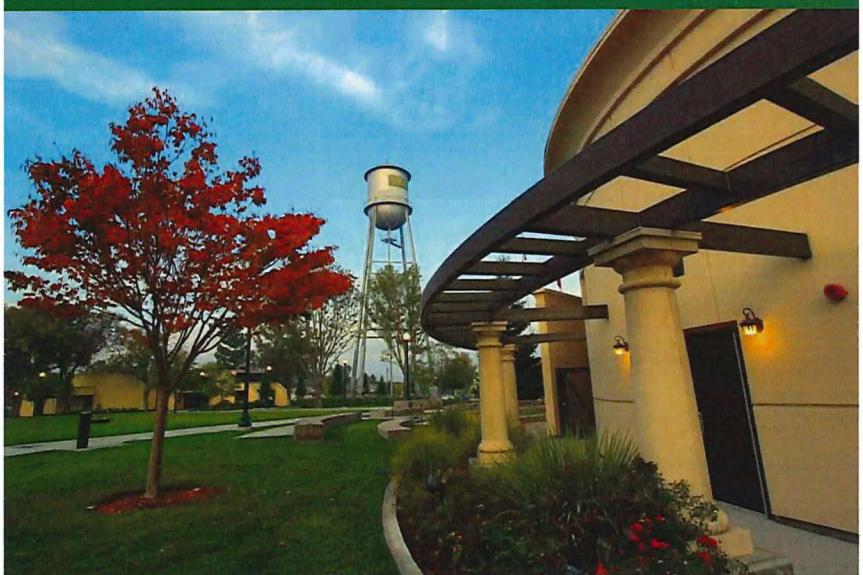
- Brown Act
- Parliamentary Training

Today's Objectives

- Get agreement on Council Norms
- Set priorities for the next year
- Learn about the Brown Act and parliamentary process



Ground Rules



- Listen to understand
- Participate
- Stay focused
- Assume good intent
- Seek consensus
- Speak up if we need a course correction



Bike Rack

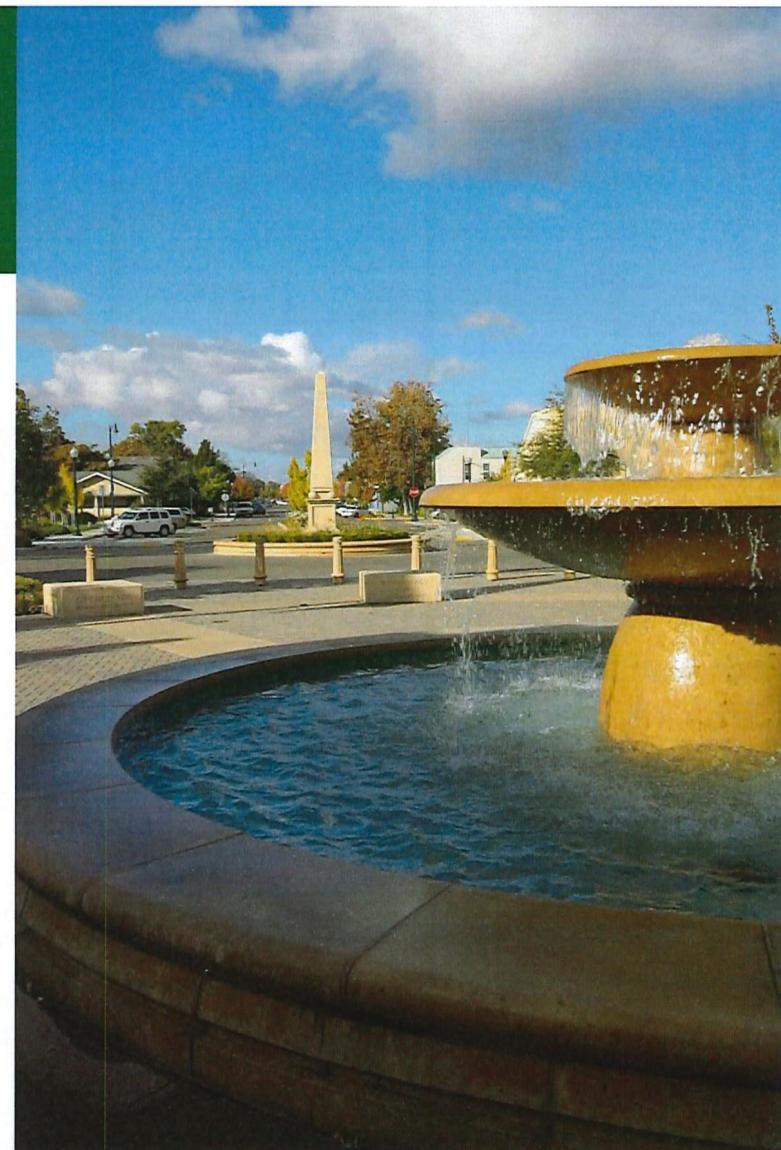
- Things to discuss at another time will be tracked separately
- Time management tool



ATTACHMENT A

Icebreaker

Who is one person
that inspired you
early in life?



Affirm Council Norms

- Ask questions of the City Manager early on
- Solicit City Attorney guidance early on
- Make staff requests through the City Manager

What do these look like in practice?

Are there any desired changes?

City Manager's Update

Strategic Priorities – Updates and Achievements



Strategic Priorities

ATTACHMENT A

- **Economic Development**

- To enhance the competitiveness of the City while further developing a strong and diverse economic base.

- **Governance**

- To enhance fiscal stability, retain and attract new talent, improve the use of technology, and enhance transparency for the betterment of the Tracy community.

Strategic Priorities

ATTACHMENT A

- **Public Safety**

- To enhance community safety by promoting a responsive public safety system that includes civic engagement and partnerships, community involvement, public education, and prevention, intervention, and suppression services that meet the needs of Tracy residents.

- **Quality of Life**

- To provide an outstanding quality of life by enhancing the City's amenities, business mix and services, and cultivating connections to promote positive change and progress in our community.

ATTACHMENT A

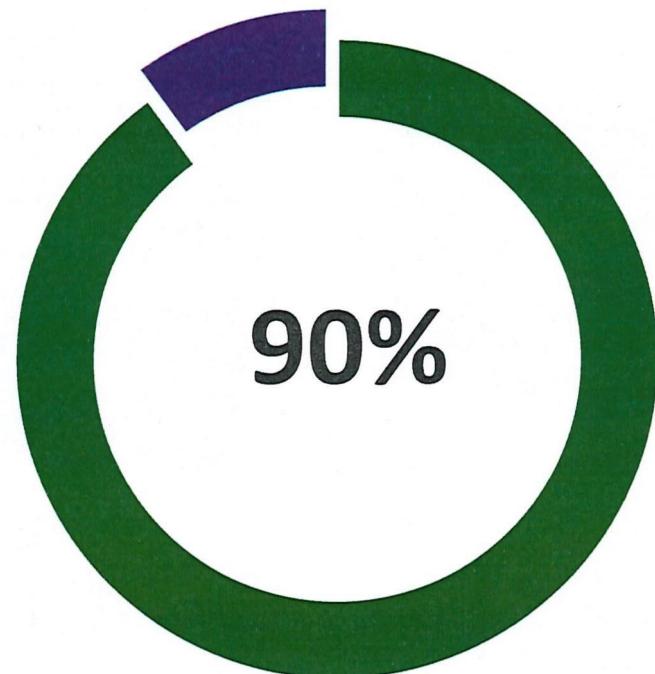
Accomplishments



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ATTACHMENT A

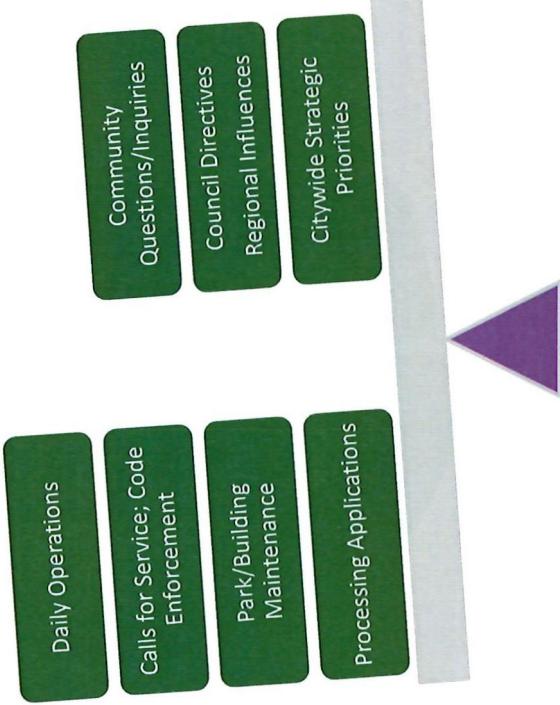
Citywide Efforts



Citywide Efforts



90%
10%



ATTACHMENT A
Short Break



Establishing Short-term and Multi-year Priorities

- Short-term priorities are defined as:
 - Initiatives that are expected to be completed within the next 12-18 months and have been identified as a top priority.
- Multi-year priorities are defined as:
 - Major initiative that will require ongoing attention and action but that are not likely to be complete with 12-18 months.

Strategic Priority – Economic Development

ATTACHMENT A

Identified Priorities

- Continue to Support Valley Link
- Continue to Advance Transient Oriented Development (TOD) opportunities
- Attract businesses and jobs that meet the needs and desires of the community
- Support local businesses impacted by COVID

Are these the right areas of focus? Is anything missing?

What can be accomplished in the next 12-18 months?

Strategic Priority – Governance

ATTACHMENT A

Identified Priorities

- Model good governance, teamwork and transparency
- Ensure short and long-term fiscal health
 - **Develop a Financial Sustainability Plan**
- Increase Public Awareness around City finances and other civic matters

Are these the right areas of focus? Is anything missing?

What can be accomplished in the next 12-18 months?

Strategic Priority – Public Safety

ATTACHMENT A

Identified Priorities

- Continue to address Homelessness (open Emergency Shelter)
- Complete Citywide Emergency Operations Plan & Training
- Continue to strengthen community safety through crime prevention reduction activities
- Complete Fiscal Analysis and SSJCFA Personnel Transition Plan

Are these the right areas of focus? Is anything missing?

What can be accomplished in the next 12-18 months?

Strategic Priority – Quality of Life

ATTACHMENT A

Identified Priorities

- Advance green and roadway infrastructure projects that improve connectivity, including bike lanes
- Advance Measure V amenities planning
- Implement Equity and Empowerment Initiative
- Implement affordable housing initiatives
- Enhance community engagement through technology

Are these the right areas of focus? Is anything missing?

What can be accomplished in the next 12-18 months?

Affirming Short-Term Priorities

Priorities

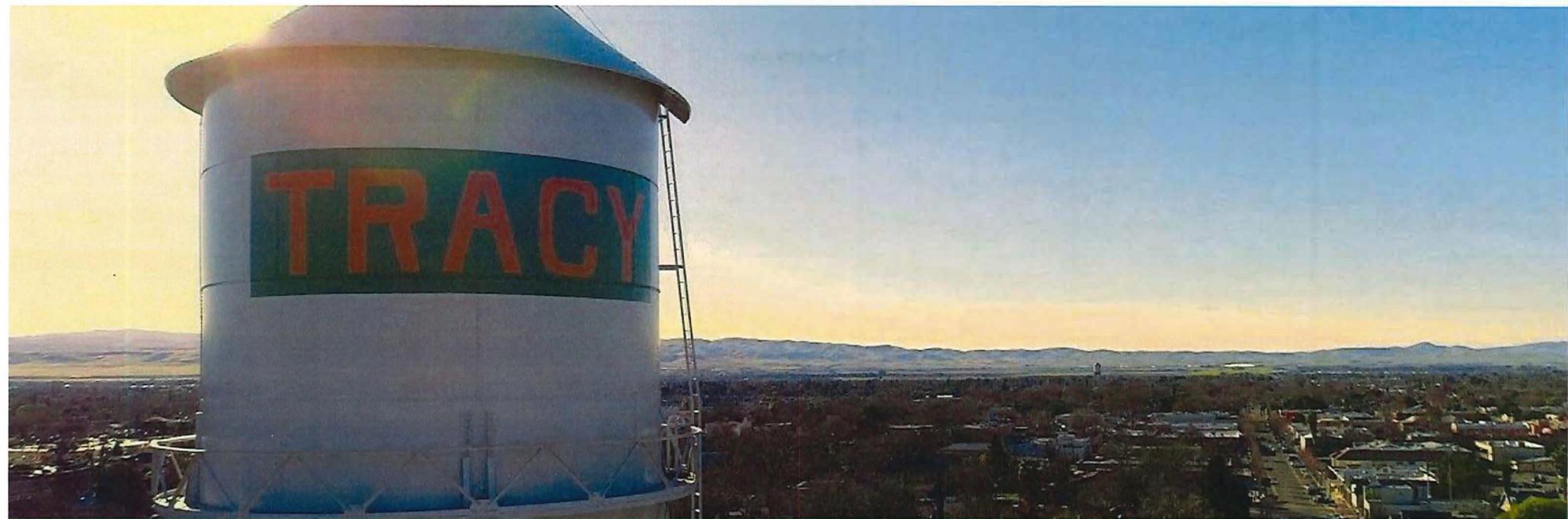
Wrap Up and Next Steps

ATTACHMENT A

*What was one useful
takeaway from
today's workshop?*

*Management
Partners will prepare
a workshop report*

*Please complete
the workshop
evaluation form*



Thank you!

Contact Information



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