

DATE: December 16, 2014
TO: Mayor and City Council
FROM: City Manager
SUBJECT: Measure C Implementation and Funding Plans

RECOMMENDATION

No action required. Staff is requesting that the Council reviews and comments on this report.

BACKGROUND

During the June 3, 2014 municipal election, the voters of the City of Hayward passed a ballot measure (Measure C) to increase the City's Transaction and Use (sales) Tax by half a percent for twenty years. This half cent increase became effective October 1, 2014, bringing Hayward's Sales and Use Tax to 9.5%. This is a general tax that is considered discretionary in nature. Staff estimates that the new sales tax will generate approximately \$10 million annually in locally controlled revenue that can be allocated by the City Council and will remain in place for a period of twenty years.

The City Council, as well as the ballot language, established a number of spending priorities for these funds. Attachment I outlines the key funding priorities for the Measure C funds as identified when the Council voted to place the measure on the ballot in March 2014. These priorities include a mix of capital projects and funding allocations toward operating services. The Measure C revenues will be used to fund debt service for the new Library and Community Learning Center, fire station retrofits and improvements, and a new fire training center. Of the \$10 million in annual revenue, staff estimates that debt service payments will total approximately \$5.4 million annually. The remaining \$4.6 million is to be allocated among police services, maintenance services, and street repairs.

A staff team has been meeting monthly to develop specific, operational recommendations around Measure C implementation and how the funds for services should be utilized consistent with the pre-election priorities established by Council. In addition, there will be funds available during FY2015 prior to the issuance of debt for the capital projects, providing early resources that could be allocated during this fiscal year. The staff team has also been developing recommendations for the use of these early funds in FY2015, recognizing that they are not "extra", but rather may allow us to implement certain capital or operational elements earlier than FY2016. On November 17, 2014, staff presented this report to the Council Budget & Finance Committee for review and comment. Their perspectives and comments are discussed herein

DISCUSSION

This report outlines draft expenditure plans for the Measure C funds dedicated to Police Services, Maintenance Services, Street Repairs, and the FY2015 funds for consideration and comment by Council. As noted above, these recommendations differ slightly from those originally presented to the Council Budget & Finance Committee, and have incorporated input from that Committee.

Police Services: The spending priorities for Measure C funds identified \$2,000,000 in annual funds to be utilized for additional police services. The Chief and her Command staff developed a spending plan consistent with the \$2,000,000, which added sworn positions, was designed to free up time currently spent by sworn officers on administrative duties, and allowed for more officer time on the streets. In addition, the Chief proposed to add services to greatly enhance the public's customer service experience with the Police Department.

While the Committee generally agreed with the staff recommendations as outlined in this report, they expressed concerns about the number of non-sworn versus sworn positions being recommended for the Police Department. In addition, there was a suggestion that staff should also consider a plan to allow the Police Department overfills or over hires in the sworn ranks in order to compensate for the high average vacancies historically experienced in sworn positions. With these "extra" positions above and beyond the baseline sworn officer levels, the Department would be able to accommodate vacancies and disability leaves without falling below the official number of sworn officers authorized in the budget. After discussion with the Council Budget & Finance Committee, the Chief modified her recommendation as follows, which increases the amount of Measure C funds allocated to improving police services, including increasing the number of sworn positions; and reduces the amount available for contingencies:

Sworn Positions:

Officer Positions (4 Full-Time sworn positions): The recent 2014 Community Satisfaction Survey shows clearly that speeding and traffic calming is a high priority for our community. Consistent enforcement is a critical element of traffic control and safety for all users of the roadways. The addition of two new sworn positions to the Traffic Unit will improve the capacity of the current Traffic Unit and allow the Police Department to strengthen the proven and successful data-driven, hot spot traffic enforcement program. It will also allow flexibility to address areas of immediate concern to residents as traffic patterns naturally ebb and flow within the community.

The addition of a third sworn officer will allow the Chief to make the Downtown "pilot" bicycle patrol program permanent with two assigned officers. The Downtown Policing position has been in effect for decades, dating back to the early 1970s. Throughout the 1980s and 1990s, the program was staffed by two full-time police officers, dedicated to the Downtown District. Due to economic restraints, and other Council priorities, these efforts were reduced to one full-time police officer.

Over the past year, the Downtown District has experienced significant growth with the addition of several restaurants and shops, resulting in both increased population and service demands. In an effort to address the increased service demands, over the past six

months, the Police Department temporarily assigned a full-time patrol officer to augment the existing Downtown police officer, creating a two-officer unit. This project has resulted in overwhelming success, and has received tremendous support from the Downtown community.

By adding the second sworn position, the two officers have become a self-sufficient bicycle unit, significantly reducing the need for patrol to provide assistance for investigations or officer safety-related matters in the Downtown. This pilot program has allowed the two officers to remain readily available to the patrons, business community, and residents that live and frequent the district. As a result, these officers have focused on existing chronic issues, such as, drug and alcohol related crimes, illegal gambling, street robberies, and a host of other public nuisances impacting the safety of the Downtown. Their added presence alone has provided a significant increase in the perception of safety in the Downtown District, which has been evident by the overwhelming feedback the Department has received from the community stakeholders since this pilot program was implemented.

Sergeant Position: Currently, all district and downtown policing officers lack a full time first-line supervisor. As a result, the officers rely on the on-duty patrol supervisors to provide daily supervision, administrative oversight, and support. These supervisors are often unfamiliar with the specific needs and challenges of district command and downtown policing. The creation of this new sergeant position will provide a necessary span of control for the district and downtown policing officers by putting in place a full time first line supervisor. This position will provide consistent supervision and oversight and ensure adequate staffing and attention is being maintained to accomplish necessary objectives.

According to recent estimates, Hayward has a population of approximately 100 chronically homeless individuals, supplemented by other near homeless or other individuals chronically on the street, particularly in the Downtown. The community has struggled with problematic behaviors and conditions related to the this population, including but not limited to aggressive panhandling, illegal camping, drunkenness, substance abuse, littering, assaults, theft, and general disorderly conduct. Making things more difficult is that a significant portion of this population also suffers from existing disabilities related to mental illness and/or substance abuse. Although both public and privately funded resources exist, the connection of individuals to appropriate services is not always made in the current environment.

This sergeant position will also provide the necessary coordination with assistance programs available to the homeless and related populations, coordinate clean-up activities related to personal property of street-dwelling individuals, ensuring that appropriate laws and procedures are followed, serve as a liaison to any collaborative effort aimed at housing and treating individuals throughout the City and County, and develop related training for Police Department personnel. Utilizing a supervisory position in this role, will allow the Police Department to develop more effective partnerships with the community and bridge the existing gap between the Police Department and related social programs aimed at reducing and managing homelessness, street-dwelling, and its negative impacts on the Hayward community.

Latent Fingerprint Examiner: Approximately fifteen years ago, the Department had an in-house Fingerprint Examiner, which greatly enhanced the efficiency and effectiveness of the Investigations Unit in carrying out its responsibilities. Since the elimination of that position, the Department has tried a variety of options to meet the service and investigative needs of the Department, including contracting with other agencies or retired personnel. The end result is a very significant backlog in fingerprints that have not been analyzed, which has caused delays for the Investigations Unit in being able to solve cases (both new and cold), and analyzing crime trends. In addition, the Department has been attempting for the past several years to acquire equipment that would allow for the processing of fingerprints in-house instead of having to travel to Oakland to wait in line to utilize a “general use” machine available there. The addition of the in-house examiner as well as the purchase of necessary equipment would significantly increase the efficiency and effectiveness of the Department in solving crimes and would allow officers to be more effective in carrying out their duties.

Crime Analyst Position: Adding this new civilian position frees up a fifth sworn position and alleviates “desk” and other “in-house” technical responsibilities from sworn patrol officers. With the addition of new technologies and data sources in the Police Department, the need for more analytical support capacity in the Department has significantly increased. Currently, the Department has one Crime Analyst. The addition of a new Crime Analyst position will provide more capacity for crime and intelligence analysis, allowing for smarter and more efficient Department resource use: many analytical responsibilities fall onto sworn officers, taking away time they could be spending on direct patrol responsibilities.

The Police Department expert on cell phone forensics and search warrants specific to cell phones is a dedicated sworn police officer position within the Vice Unit, which has a personnel rotation every three to five years. The addition of a civilian Crime and Intelligence Analyst position would provide a permanent, technical and analytical function to supplant the current police officer position, allowing this officer to return to more direct Vice Unit duties. It would be more cost effective to train and maintain the technical skills and knowledge of a civilian permanent position and allow the sworn officer assigned to the Vice Unit to focus on that unit’s primary responsibilities of Homeland Security, Human Trafficking, massage parlor regulation, and illegal gambling.

The Vice Unit consists of a Sergeant and two officers. Freeing up the time of one of those officers would have a significant impact on the Unit’s ability to address vice-related issues. Additionally, the Crime and Intelligence Analyst position would enhance the current Crime Analysis Unit and work to bridge the intelligence gap between the Criminal Investigations Division and the other divisions of the Police Department, enhancing the Intelligence-Led Policing model currently utilized by the Department.

Dispatch and Call-Taking Staffing: In 2013, the Department hired a consultant to evaluate call volumes and staffing levels in the 911 Dispatch Center. This evaluation also included an assessment of data from other like-sized agencies. During the 2013 calendar year, 6,775 hours of overtime were needed in the Dispatch Center to cover required shifts. This resulted in an approximate cost to the City of \$336,000. In calendar year

2012, the Center handled approximately 260,000 incoming calls with a total staffing level of twenty-four employees. For comparative purposes, the City of Roseville has the same authorized staffing level, but handled only 156,000 incoming calls. This equates to 13,700 annual calls per dispatcher in Hayward and 7,800 calls per dispatcher in Roseville.

In the staffing study, the consultant indicated concerns about the adequacy of Dispatch Center staffing following the review and comparison of Hayward's data with other agencies. There are obviously many nuances when comparing Dispatch Center data, but the recent study clearly demonstrated a staffing need and customer service impact given the current call volumes. The complexity of Hayward's dispatch efforts is also a factor, being one of the few centers that handles both fire and police dispatch from the same center.

In addition, the Dispatch Center is the first contact many community members have with the Hayward Police and Fire Departments and is a critical element in the effective allocation of police and fire resources throughout the city. The resource monitoring function of dispatchers is also a critical element in officer safety. In recent community meetings, there have been concerns about excessive wait times when members of the public have called 911 or the Police non-emergency line; and many complaints when customers reach the automated system rather than a live person.

The Dispatch Center staffing study, at the low end, recommended the addition of eleven new dispatcher positions and one supervisor position to the existing twenty-four. In reviewing this recommendation, HPD evaluated the option of creating a call-taker position, which would still provide much needed assistance in handling incoming call volumes, but at a much reduced cost. It would also create a career training pipeline for the dispatcher position. The City's dispatch personnel are crossed trained as call-takers as well as dispatchers.

The Police Chief assessed the recommendations from the study and determined that adding nine more positions (one supervisor and eight Dispatchers/Call Takers), rather than the recommended twelve will allow the appropriate relief to the existing Dispatchers, drastically reduce overtime, and free up dispatchers to handle the more critical roles (dispatching police and fire personnel, staffing the police back up channel, and monitoring the fire command channel during structure fires). With the addition of the eight positions and one supervisor, the Department will be able to add two call-takers to each of the four shifts per week, it will also free up any need for sworn personnel to be off the street, and, will allow the department to minimize the use of the automated answering equipment except in the case of extremely high call volume.

Summary: This staffing recommendation leaves room for growth in the salary/benefit costs of these positions and may allow for additional equipment/capital investments in the early years of Measure C implementation. The numbers are rough estimates at this point and will be further refined as staff finalizes job descriptions, quantities, and salary ranges for the various positions. The net result of these changes in essence adds at least five full-time officers back into patrol, either through the direct addition of a position or by freeing up officer time currently spent on administrative or other duties. The changes proposed at

the Dispatch Center will also significantly enhance customer service provided to the Hayward community, increase officer safety, improve dispatch effectiveness for both fire and police, and foster a healthier and more effective workplace for our employees.

The proposed annual spending plan includes the following:

• Addition of three sworn officer positions	\$640,000
• Addition of one sworn sergeant position	\$250,000
• Certified Latent Fingerprint examiner and equipment	\$150,000 (staff position) \$100,000 (equipment)
• Addition of Crime Analyst position	\$166,000
• Dispatch Center: addition of 8 dispatcher/call takers And 1 supervisor	<u>\$1,000,000 - \$1,250,000</u>
Total	\$2,306,000 - \$2,600,000

Maintenance Services: The spending priorities for Measure C funds identified \$500,000 in annual funds to be utilized for restoring Maintenance workers. The Measure C Maintenance Services Team will include five staff members who will proactively address trash, debris, and graffiti problems in and around historic “hot spot areas” and throughout the City. These teams will focus their efforts on main thoroughfares, in the downtown, and other areas identified by neighborhood groups, KHCG, and City staff as areas that exhibit a high concentration of trash, debris, or graffiti or require concentrated cleaning efforts. First and foremost, these crews will proactively and systematically clean the City, while also responding to Access Hayward requests.

A total of three Maintenance Workers will be restored and will be added to the Streets Division. Two members will proactively abate graffiti, while a third member will proactively abate and enforce Illegal Dumping through the Community Preservation and Improvement Ordinance and referrals through Access Hayward.

Two staff members will be added to the Landscape Division as well. This team will proactively remove litter from landscaped medians, planter areas, and other high traffic/litter areas.

Street Repairs: The City has 655 lane miles of street that we are responsible for maintaining in adequate condition. The overall City Pavement Condition Index is 66. The Council target PCI is 80. In order to reach the target goal, the City would have to spend approximately \$90 million to achieve that goal over two years and then \$14 million annually to maintain that level. Currently, the City spends approximately \$4 million annually on roadway repairs (pavement reconstruction and slurry seals) and this allows City staff to repair approximately 20 lane miles annually. These funds come from gas tax and Measure B and are woefully inadequate in achieving the City’s pavement condition goals.

The Measure C spending priorities identify \$1 million annually that would go towards street repairs. There are two options for the use of these funds. The first is to add this \$1 million to the annual allocation and repair an additional five lane miles annually. While these added funds would be beneficial, the community would not see a significant improvement in the quality of the City’s roads. This option does not raise the overall City PCI; it only slows the deterioration of City streets. The second option would be to issue debt in the first year of the Measure C program, fund a much larger roadway improvement program, and then use the \$1 million to cover the

annual debt service. This would allow the City to spend \$12 million in FY2016 & FY 2017 towards street improvements, bringing the City's PCI to approximately 68. Both the Council Budget & Finance Committee and staff recommend this second option and recommend allocating \$3 million of these funds to industrial streets and \$9 million to residential streets.

Use of FY 2015 Funds: The City will begin receiving allocations of the new Measure C revenues in January 2015 and estimates receiving between \$4-5 million for FY2015. Given the timing of the design of the capital projects and the timeline to hire new staff, staff does not anticipate needing to utilize all of these funds toward the identified priorities in FY2015. The full allocation towards the priorities will likely begin in FY 2016. As part of the report to the Council Budget & Finance Committee, staff developed a list of recommendations for how these first year funds might be utilized as follows:

• Repay Fire Station 7 Loan from Water Fund	\$3,200,000
• Early hire five Maintenance Workers (six months of staff costs) and Buy Vehicles	\$500,000
• Allocate one-time Social Services capital funding for FY2016 funding process	\$200,000
• Capital/Technology Needs	\$500,000
• Economic Development Opportunity Fund	<u>\$500,000</u>
Total	\$4,900,000

The Council Budget & Finance Committee expressed a concern that using the FY2014 funds to repay the water loan for the Fire Station 7 project may not be the best approach for using these funds at this time, but no consensus was reached or recommendation made. The Committee supported the intent of the \$500,000 contribution to the Economic Development Opportunity Fund, but expressed serious concern that this particular use was not consistent with the intended or promised use of Measure C funds. Members strongly endorsed both the early hire of the Maintenance staff and the Capital/Technology needs.

FISCAL IMPACT

The ½ cent District Tax is estimated to generate about \$10 million per year. While this will likely grow relative to growth in the overall Sales Tax revenues, staff is basing its expenditure plan on a flat \$10 million/year to account for future economic downturn and to build contingency funds for projects. The City anticipates receiving the first allocations from the Board of Equalization in January 2015 – and is estimating prorated FY 2015 revenues of about \$4 -5 million. Expenditures and revenues for Measure C are not yet reflected in the FY 2015 budget or the Ten-year Plan since the Measure was passed after the budget was compiled. Staff intends to bring revenue and expenditure adjustments for FY 2015 to Council during the FY 2015 Mid-year Review.

The large infrastructure projects will require financing, with Measure C funding the related debt service. Staff anticipates initiating financing sometime in early 2015, beginning with the paving projects. Increasing the allocation for Police Services by \$300,000 to \$600,000 will reduce the annual available contingency by a like amount.

NEXT STEPS

Based on feedback from the Council, staff will move forward to implement the Measure C funding plans as part of the Council's FY 2015 mid-year budget review and the FY 2016 & FY2017 budget process.

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Attachments:

Attachment I: Original Measure C Funding Priorities

**Table 1 - Possible Funding Priorities for Sales Tax Measure
(based on \$10M in annual revenue)**

Capital Projects/Restoration of Services	Annual Debt Service Payment¹ or Annual Cost
Additional Police Services (Cost per officer: \$200,000/year)	\$2,000,000 (annual cost)
Library & Community Learning Center (Total unfunded cost: \$50,000,000)	\$3,990,000 (annual debt service)
Other Fire Station Retrofits/ Improvements (Total cost: \$10,000,000)	\$798,000 (annual debt service)
New Fire Station #6 Training Center (Total cost: \$8,200,000)	\$654,400 (annual debt service)
Street Repairs ² (2 miles of overlay and 4 miles of slurry seal)	\$1,000,000 ³ (TBD)
Restoring 5 Maintenance Workers (Cost per worker: \$100,000/year)	\$500,000 (annual cost)
Total Annual Cost	\$8,942,400
Contingency	\$1,057,600
Total Committed Annual Revenue	\$10,000,000

^[1] Annual debt service payment based on 20-year amortization of bond funding

^[2] Current annual gas tax/Measure B funding for overlay/slurry seal = \$4 million

^[3] There may be efficiencies to be gained by issuing debt to allow for a larger number of streets to be repaired in the first few years after the revenue measure passes. Staff will evaluate these options if the measure is approved by the voters.

**Original Funding Priorities for Sales Tax Measure
(based on \$10M in annual revenue)**

Capital Projects/Restoration of Services	Annual Debt Service Payment¹ or Annual Cost
Additional Police Services	\$2,000,000 (annual cost)
Library & Community Learning Center	\$3,990,000 (annual debt service)
Other Fire Station Retrofits/ Improvements	\$798,000 (annual debt service)
New Fire Station #6 Training Center	\$654,400 (annual debt service)
Street Repairs ² (2 miles of overlay and 4 miles of slurry seal)	\$1,000,000 ³ (TBD)
Restoring 5 Maintenance Workers	\$500,000 (annual cost)
Total Annual Projected Expenditure	\$8,942,400
Contingency	\$1,057,600
Total Committed Annual Revenue	\$10,000,000

^[1] Annual debt service payment based on 20-year amortization of bond funding

^[2] Current annual gas tax/Measure B funding for overlay/slurry seal = \$4 million

^[3] There may be efficiencies to be gained by issuing debt to allow for a larger number of streets to be repaired in the first few years after the revenue measure passes. Staff will evaluate these options if the measure is approved by the voters.