

<b>MEETING DATE:</b> March 7, 2017	<b>ITEM #</b> <span style="font-size: 1.5em; font-weight: bold;">15</span>
<b>SUBJECT:</b> CITY MANAGER'S MID-YEAR REPORT AND BUDGET OUTLOOK FOR FISCAL YEAR 2017-18	
<b>INITIATED OR REQUESTED BY:</b> <input checked="" type="checkbox"/> Staff <input type="checkbox"/> Council <input type="checkbox"/> Other	<b>PRESENTED FOR:</b> <input checked="" type="checkbox"/> Action <input checked="" type="checkbox"/> Direction <input type="checkbox"/> Information
<b>FISCAL IMPACT:</b> <input type="checkbox"/> Yes \$ _____ <input type="checkbox"/> No <input checked="" type="checkbox"/> Unknown _____ <div style="text-align: center; font-size: small;">Adm Svcs Director</div>	<b>BUDGET AUTHORITY:</b> <input type="checkbox"/> Yes _____ <input checked="" type="checkbox"/> No <input type="checkbox"/> Not Applicable
<b>ORIGINATED:</b> Administrative Services Department	<b>ATTACHMENT:</b> <input checked="" type="checkbox"/> Yes 5 pages
<b>PREPARED BY:</b> Satwant S. Takhar	<b>CONCUR:</b> _____ City Manager

**RECOMMENDED ACTION**

Staff will make a presentation to the Council and request direction. Specific actions for Council consideration:

- A. Introduce Ordinance No. 1393 for first reading. An ordinance amending portions of Chapter 5.04 of the Marysville Municipal Code pertaining to business license administration.
- B. Approve a class specification for a new classification of Fire Prevention Specialist (\$3,264-\$3,967 monthly), and authorize one full-time Fire Prevention Specialist in the Fire Department effective immediately.
- C. Authorize the City Manager to seek proposals from qualified web developers to build a new City website, at a cost not to exceed \$30,000 from uncommitted General Fund balance

**BACKGROUND**

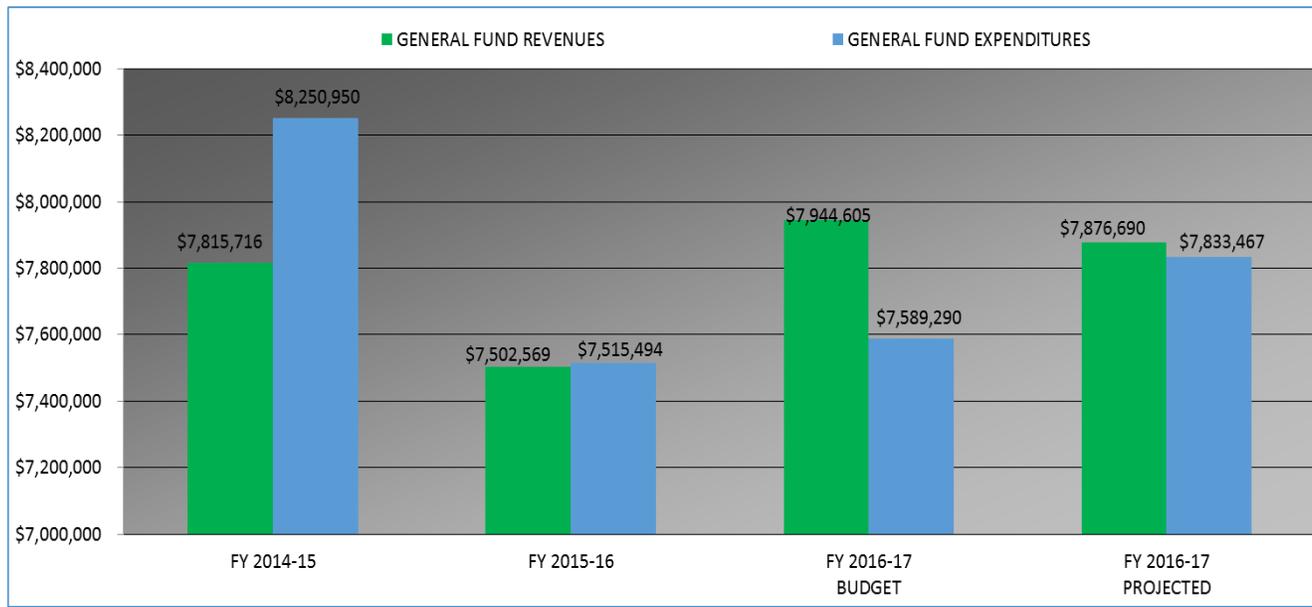
Key issues for FY 2016-17 have included: (a) rebuild depleted reserves and efforts to increase the cash balance on hand, the general fund cash balance as of January 31, 2017 was approximately a negative (\$723,000) but when you back out the debt service payment made at the end of September in the amount of \$401,000, the negative cash balance has improved considerably from historical projections of (\$900,000); (b) adopt a financial reserve and fund balance policy; (c) monitor existing sales tax projections for both existing sales tax and new measure c revenues; (d) gas price fluctuations and impact on gas tax fund as a going concern; (e) unfunded pension liability cost increases; (f) health insurance cost increases; (g) debt service obligations; (h) liability and workers' compensation costs; (i) assessed valuations of property and related tax revenues; (j) continue to manage credit ratings of the city – upgrade by Moody's and S&P, a step in the positive direction in eight years; and (k) administration of grant funds received and pursue additional grant funding for projects.

The purpose of this report is to prepare the groundwork for the Fiscal Year 2017-18 budget process by reviewing Fiscal Year 2016-17 finances as of January 31, 2017. Part of this process includes analyzing known expenditure increases and revenue decreases that will significantly impact the FY 2017-18 budget and looking at the most promising options to implement going forward.

**ANALYSIS**

**Fiscal Year 2016-17:** The general fund revenue stream has been gradual the first seven months of this fiscal year; as of January 31, 2017 general fund revenues received are approximately 39% of the budgeted amount (\$3,098,829 actual vs. \$7,944,605 budgeted). General fund expenditures, too, are below trend, but at a rate that

is slightly outpacing the rate of revenue collections, with approximately 55% of the budgeted amount (\$4,204,757 vs. \$7,589,290) spent. The projected revenues and expenditures for FY 2016-17 are as depicted in the chart that follows.



General fund revenues are projected to be \$7,876,690 compared to the budgeted amount of \$7,944,605, resulting in a projected net under-collection of \$68,000 in the categories as follows:

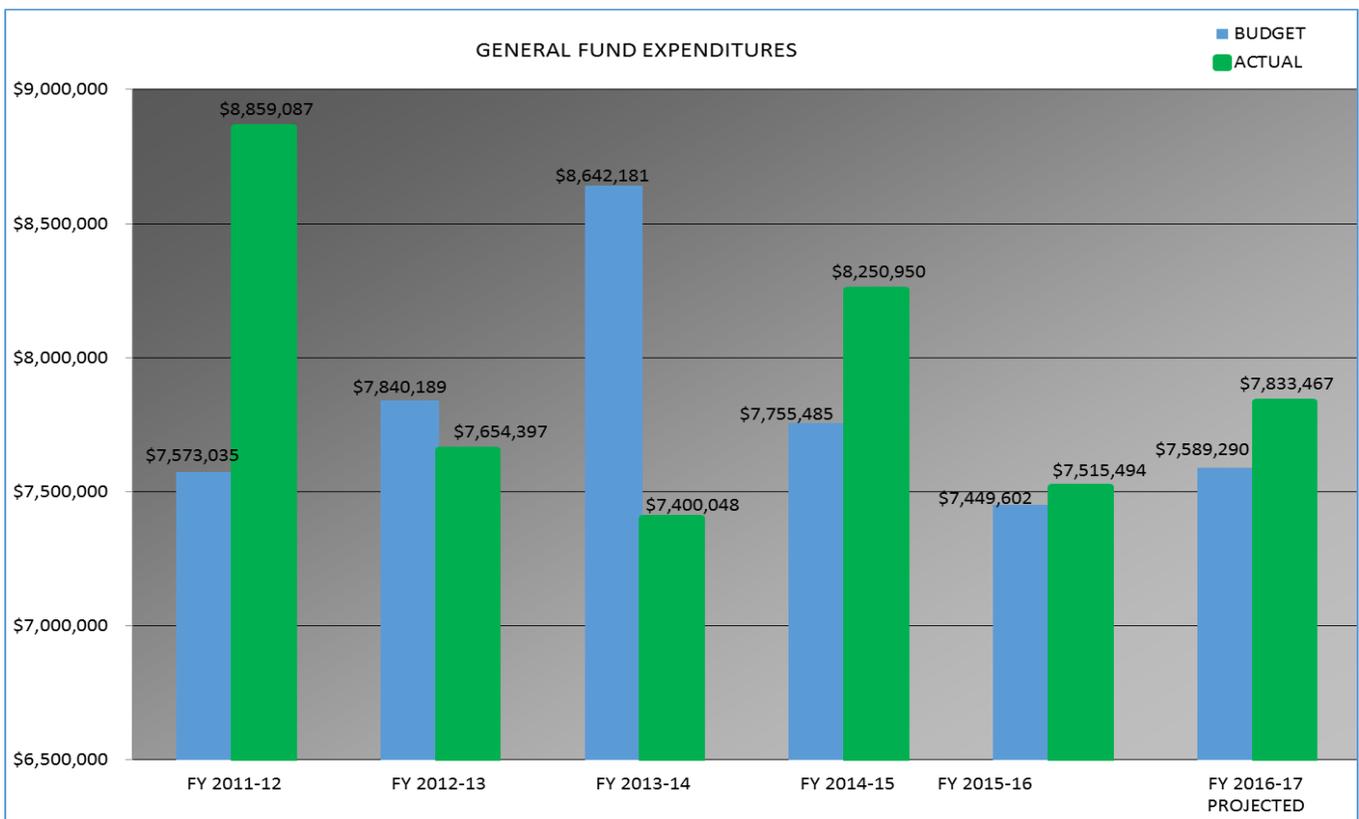
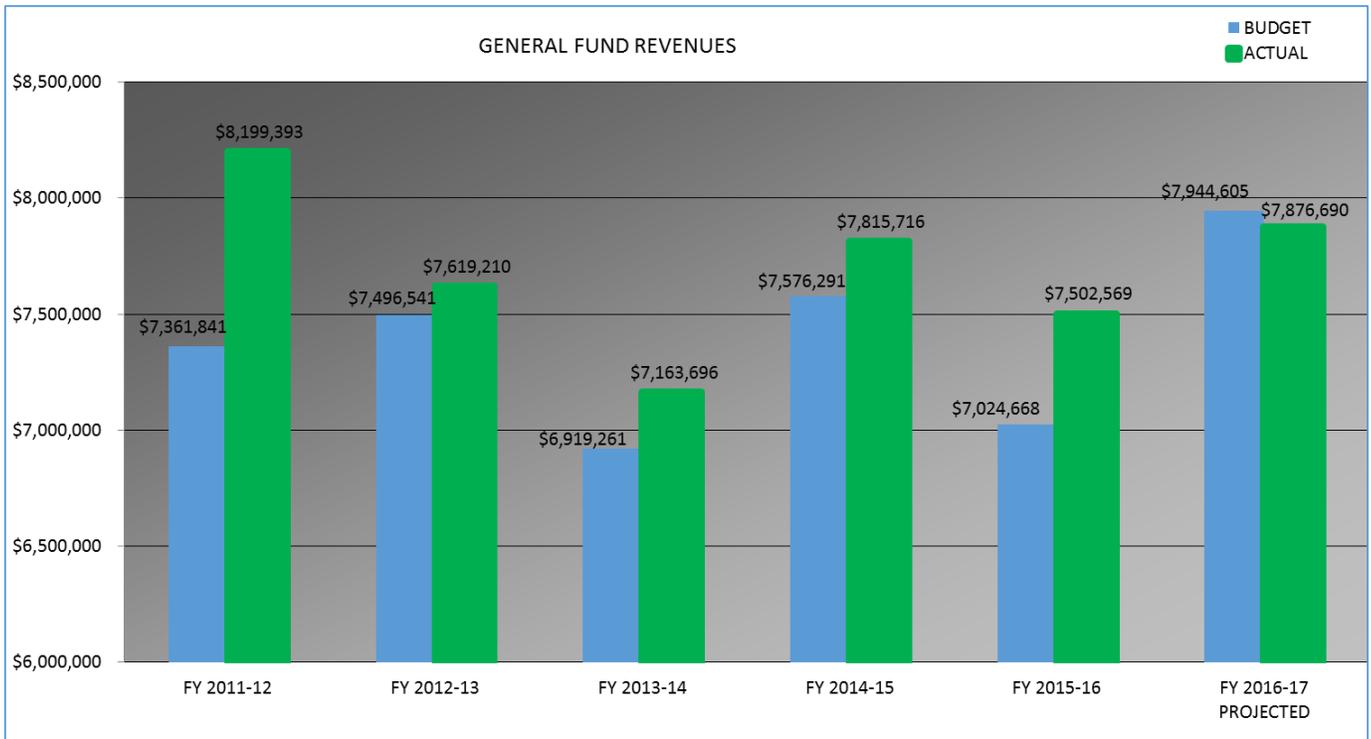
Taxes	(334,942)
Licenses & Permits	55,309
Fines & Penalties	4,107
Use of Money & Property	35,054
Intergovernmental Revenue	(42,337)
Charges for Services	124,306
Other Revenues	42,348
Intrafund Transfers	48,155
Projected Decrease in Revenue	<u>\$ (68,000)</u>

General fund expenditures are projected to be \$7,833,467, compared to the budgeted amount of \$7,589,290, resulting in additional costs of approximately \$244,000 from the following major programs and cost centers:

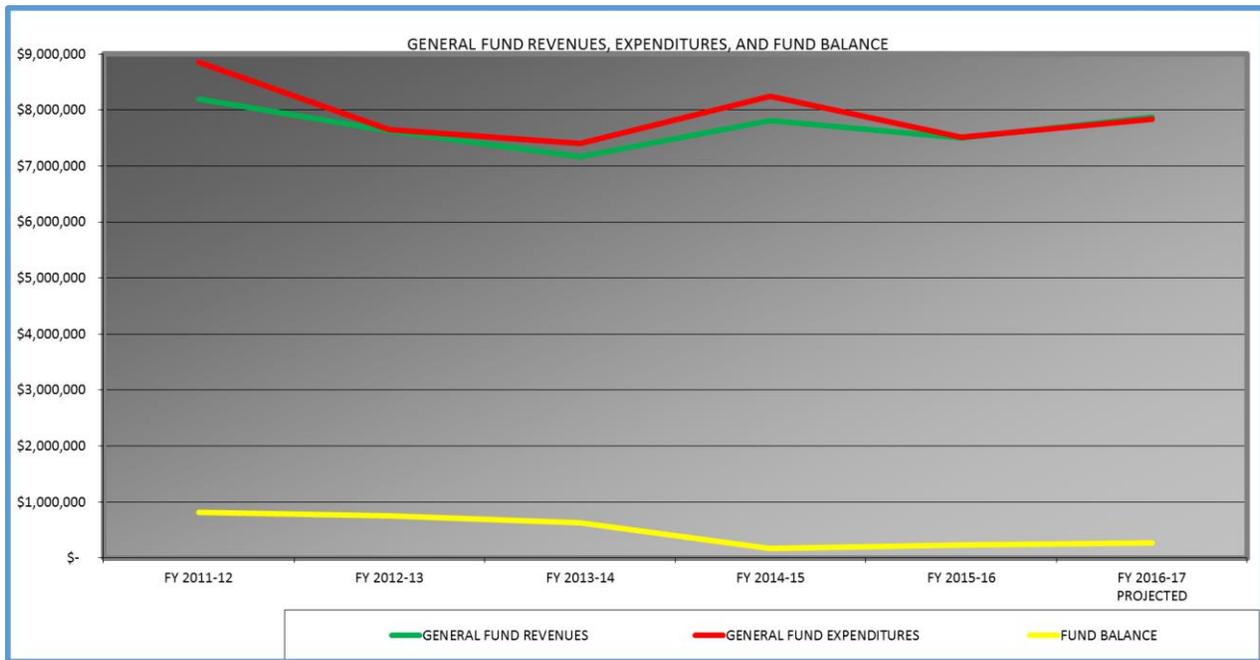
Salaries & Benefits	275,124
Services & Supplies	(20,837)
Debt Service & Other Charges	(7,787)
Interfund Transfers	(2,500)
Projected Increase in Expenditures	<u>\$244,000</u>

The FY 2016-17 projections are based on information available at this time and will continue to be revised as relevant information becomes available and as we continue budget development for FY 2017-18. Of particular significance, limited history to-date on which to forecast Measure C revenues into the coming months makes current sales tax revenue projections subject to revision as additional months of collection data become known.

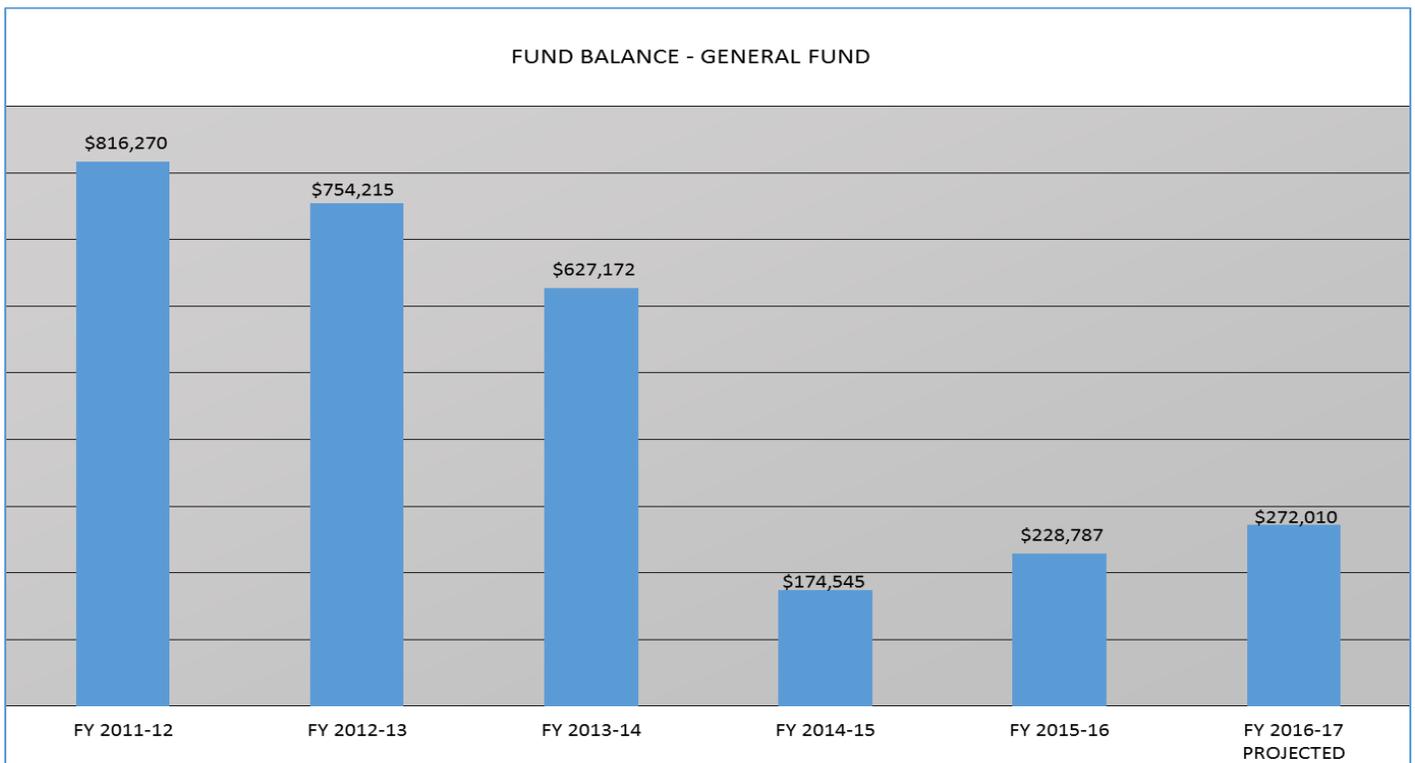
Over the period of the past five years, general fund revenues have ranged from a low of \$7.1 million to a high of \$8.2 million, averaging \$7.7 million a year. In that time, actual revenues have generally ended up exceeding budgeted revenues. The general fund expenditures have ranged from a low of \$7.4 million to a high of \$8.9 million, averaging \$7.9 million a year. These annual data are depicted in the following two charts.



Actual expenditures in the general fund exceeded revenues for the past four years until recently, when they hit a breakeven point last fiscal year; revenues this fiscal year are projected to exceed expenditures and, thus, to improve the fund balance as described below and depicted in the following two graphs.

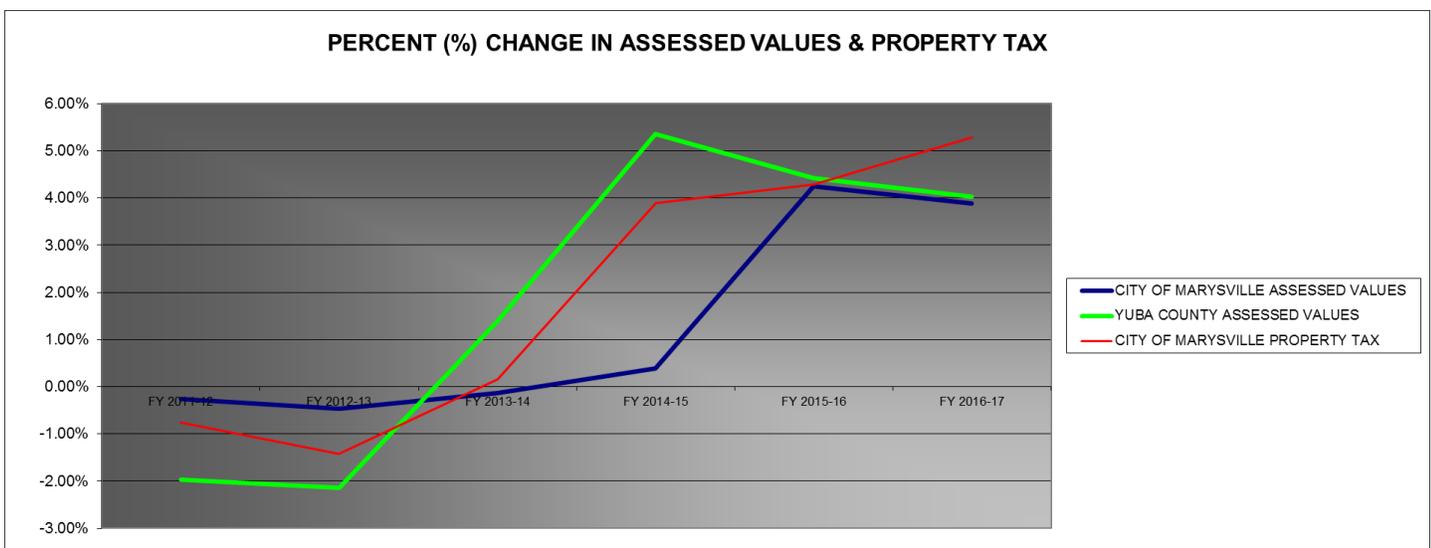
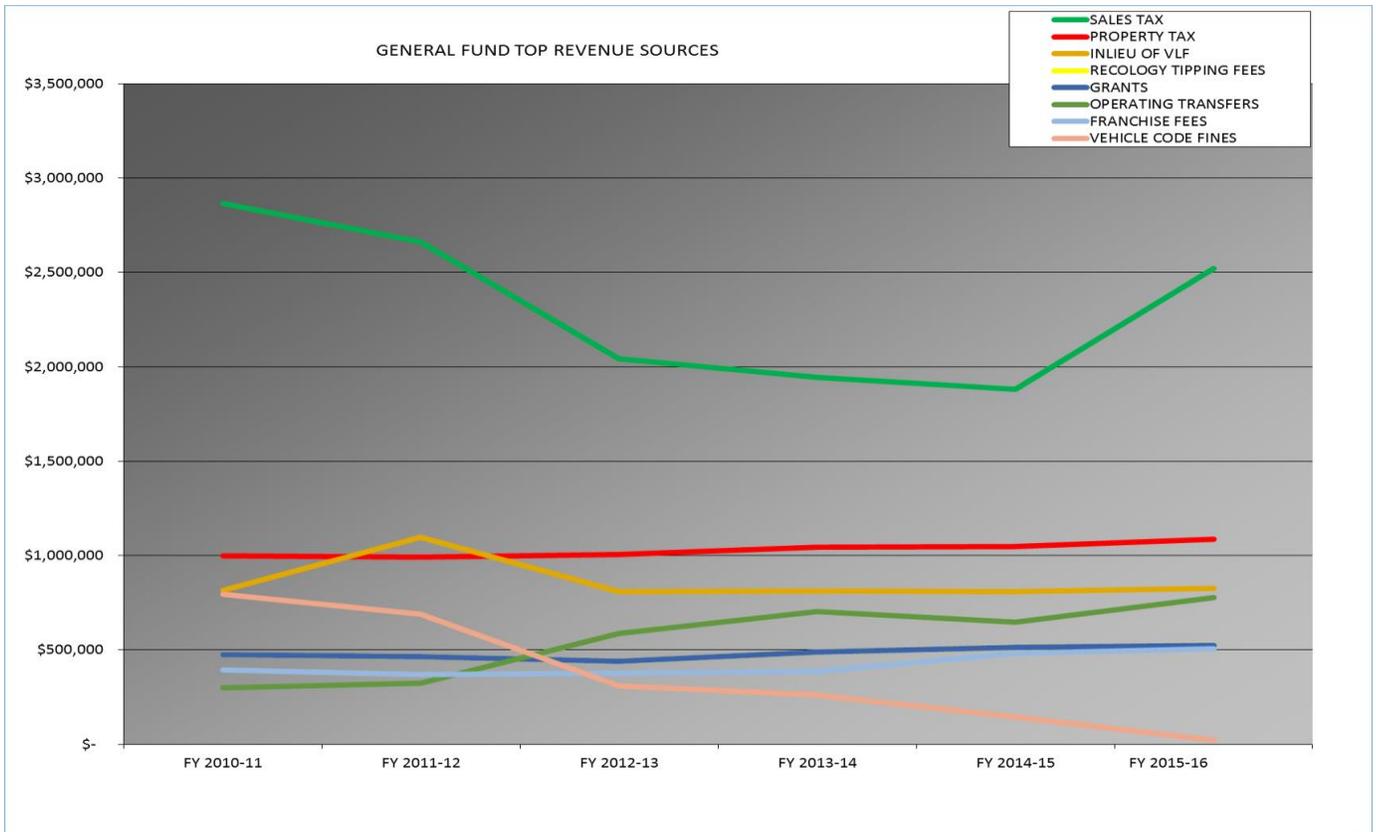


The audited fund balance of the general fund as of June 30, 2016, going into FY 2016-17, was \$228,787. Based upon the revenue and expenditure projections for FY 2016-17, the general fund is projected to have a positive fund balance of approximately \$272,010 as of June 30, 2017, as displayed in the graph below:



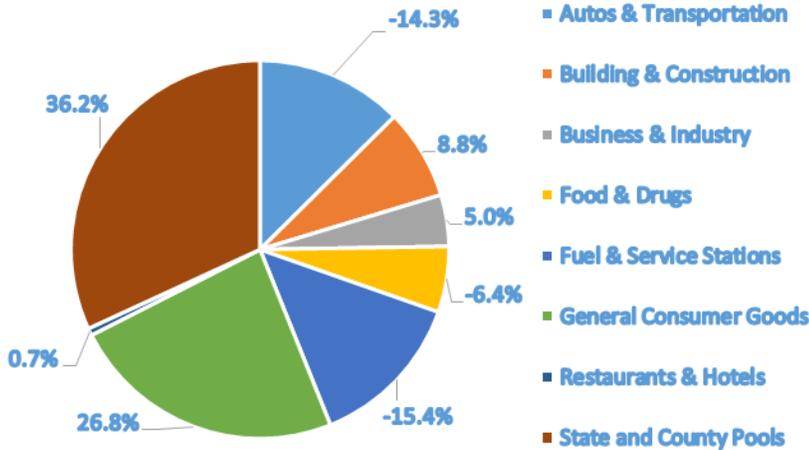
Property assessed values had been expected to increase in FY 2016-17 by approximately 3.8% from the preceding year, and that appears to be holding true. The first allocation of property taxes received in December was as projected; this should result in a slight increase in property tax revenues when all taxes have been received later this year. The graph at the bottom of the page tracks both assessed values and tax collections.

Because of lower gasoline prices, the general sales tax revenue is expected to fall short of budget by \$83,000. Measure C tax revenue is also lower than expected, but this is based on only the first two months' allocations received, and that is less data than required to make good projections. Industry leaders believe the fuel prices have bottomed out, but the longer the trend of lower motor fuel prices, the greater its adverse effect on overall sales tax revenues, including Measure C tax receipts. The major general fund revenue categories are as follows:



Sales tax projections noted in the table and pie chart below reflect a combination of increases and decreases in the eight industry groups whose performance we regularly track, with the largest decrease in fuel/service stations. The state and county pools—in which the city shares 37% of the pool—have been increasing significantly. However, projections for FY 2016-17 have a more positive outlook with a projected overall increase of approximately 1.8% compared to a decrease of 4.7% in the previous year for the general sales tax. The data below for these industry groups do not include the Measure C sales tax revenues.

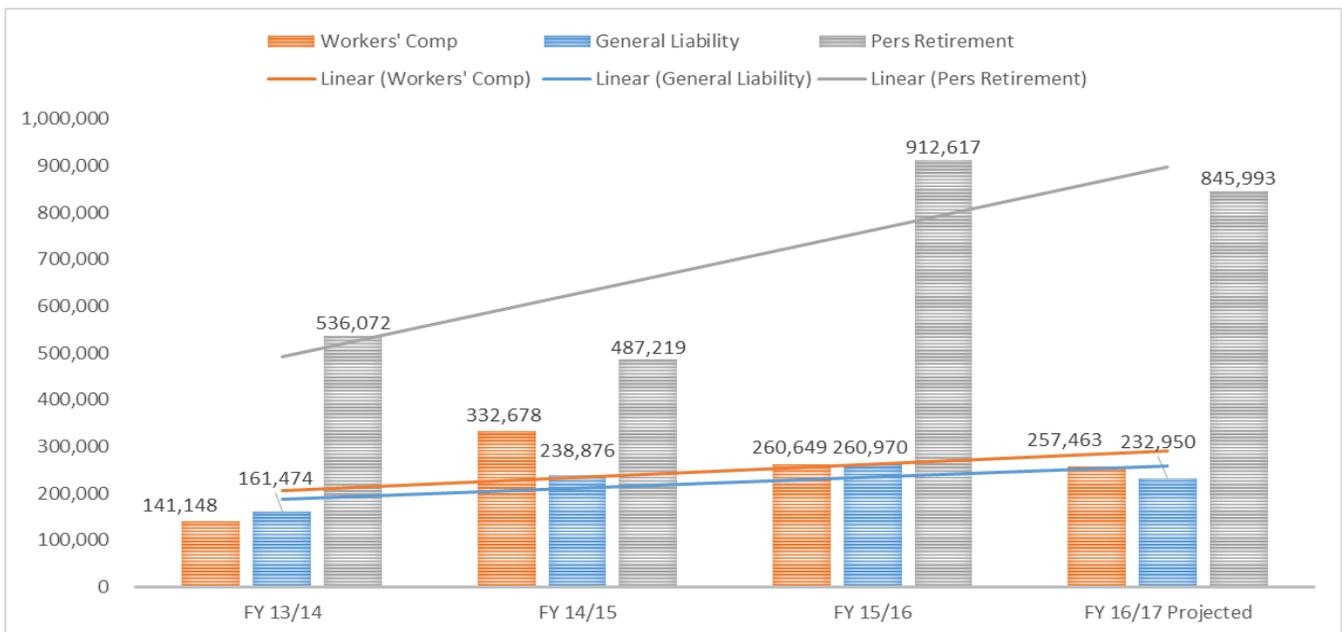
Sales Tax Industry Groups

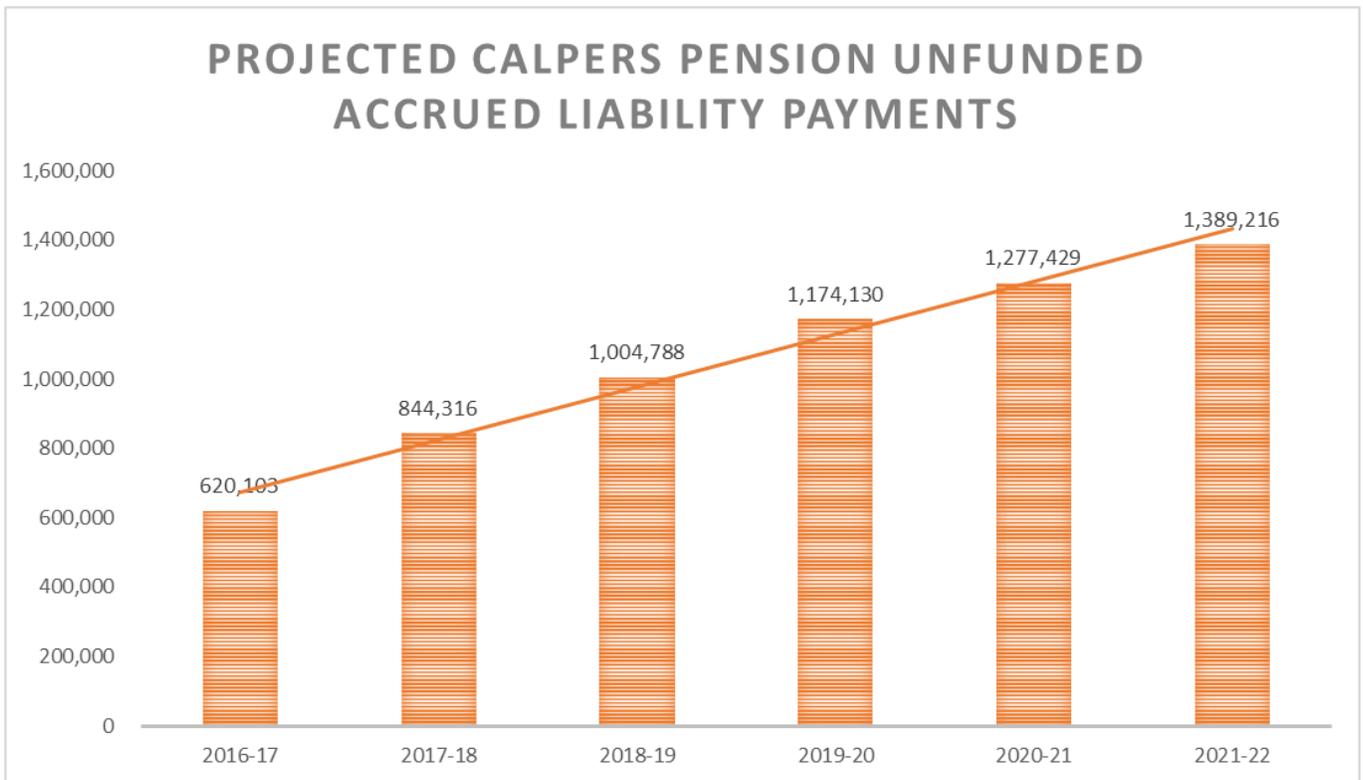


PROJECTED SALES TAX CHANGE	
Sales Tax Industry Group	FY 2017
Autos & Transportation	(14.3%)
Building & Construction	8.8%
Business & Industry	5.0%
Food & Drugs	(6.4%)
Fuel & Service Stations	(15.4%)
General Consumer Goods	26.8%
Restaurants & Hotels	0.7%
State & County Pools	36.2%
<b>Total Overall</b>	<b>1.8%</b>

Actual workers' compensation costs decreased by \$3,000 in FY 2016-17 from the previous fiscal year. There was also a decrease of \$72,000 in FY 2015-16

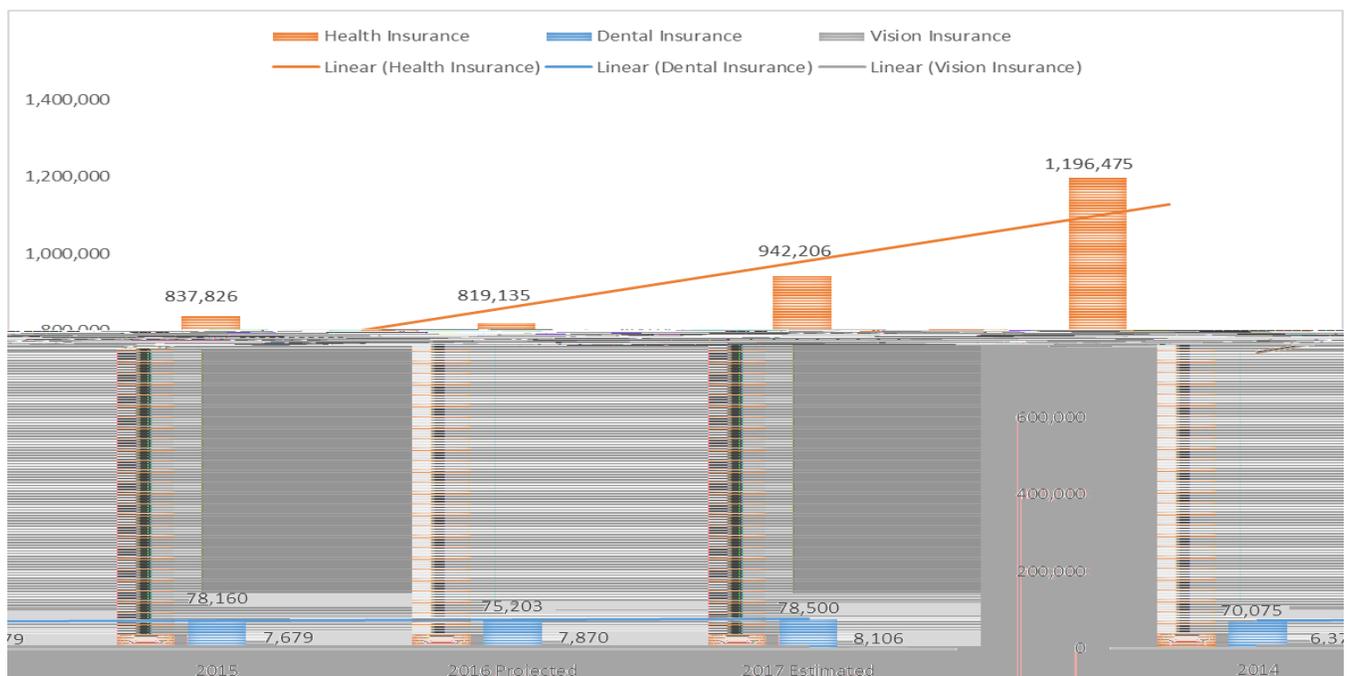
from FY 2014-15. It appears the cost trends may be leveling out after three years of significant increases. Even so, caution is urged since this is not necessarily a trend the city can rely on in coming years and could be adversely affected if there is an increase in the number or severity of claims in the future. Liability and property insurance costs decreased by \$28,000 due to decreases in liability claims. Ongoing pension contribution costs are projected to be lower by \$66,000 in FY 2016-17 from the previous year due to vacant positions. However, required payments for paying down the accrued unfunded pension liability are budgeted at \$620,000 for FY 2016-17, with steep increases foreseen in the five years ahead. The following charts depict the relevant data.





Source: CalPERS Actuarial Valuation Report 6/30/2015 dated 8/2016

Similar to cost increases the City faced in the areas of general liability and workers’ compensation insurance a few years ago that have now stabilized, costs of health insurance are increasing at an accelerated rate. In 2017, the health insurance premiums increased an average of 26% and this trend is expected to continue into 2018. The graph below traces the recent history of group health insurance coverage costs. The City’s healthcare coverage with the current provider terminates on December 31, 2018. Already, the City has begun to explore alternatives for healthcare coverage to determine if there are more affordable—and, importantly, more price stable—options available that would reduce costs for both the City and employees as well.



These cost categories are based on available information at this time and will continue to be refined as we work through the budget process and updated information becomes available. However, as these trendlines indicate, serious efforts will continue to be made to manage pension costs and healthcare cost increases.

**Fiscal Year 2017-18 Outlook**

The following assumptions are key issues as we begin the FY 2017-18 budget process:

- Positive Reserves & Projected Fund Balance of Approximately \$272,000
- Managing Credit Downgrade and Impact on Finances. Emphasis on additional credit upgrades
- Improving Infrastructure by rebuilding roads, improving parks and public facilities
- Community Development (reaching out to potential developers, investors, business owners)

**Revenue Drivers:**

- Sales Tax Projections +1.8% (will be affected if gas prices remain lower than anticipated)
- Measure C Projections +35% (based on full year of collections)
- Measure F Projections unknown at this time
- Property Tax Increases +3.8% (based on assessed valuations)
- In lieu MVL Tax +4.0%
- Franchise Fees Increase (recology franchise fees)
- Refuse Tipping Fee Increases
- Gold Sox agreement new revenue
- Loss of SAFER grant funding for three fire apparatus engineer positions
- D10/Hallwood Community Services District fire service contract renewal

**Expenditure Drivers:**

- Pension Cost Increases +40% (unfunded liability payments \$845,000 in addition to annual contributions)
- Health Insurance Increases +26% in 2017, unknown for 2018
- Debt Service Obligations \$645,000
- Personnel Costs +3%-5% (increases in health insurance and related benefit costs)
- General Fund contributions to Gas Tax Fund to partially cover street maintenance costs

In summary, fiscal year 2016-17 revenues are projected to exceed expenditures, causing a favorable increase to reserve and fund balance amounts, in contrast to the past several years in which general fund revenues were inadequate to cover general fund expenditures. Future Measure F revenue streams are unknown and cannot be quantified at this time and should not be relied on to balance the budget on a recurring basis. Inasmuch as Measure F tax is tied to an emerging industry with a relatively unfamiliar business model, that revenue stream may be volatile and so should be looked upon as better suited for use in building financial reserves or on specific one-time projects, local match for leveraging grant funding, or applied to servicing debt on borrowed funds.

Based on information available at this time, the comprehensive fiscal outlook for the City is promising, although fiscal discipline is called for in allocating available resources to high priority service needs, as it was when we reviewed this with the City Council last October.



**Mid-Year Initiatives and Supplemental Budget Recommendations**

Looking ahead, several initiatives are proposed for Council consideration and concurrence. Most of these initiatives grew out of priorities identified by the Council at its recent day-long goal-setting workshop last October. City management has now refined those earlier concept discussions into specific proposals on which the Council can give direction or take action.

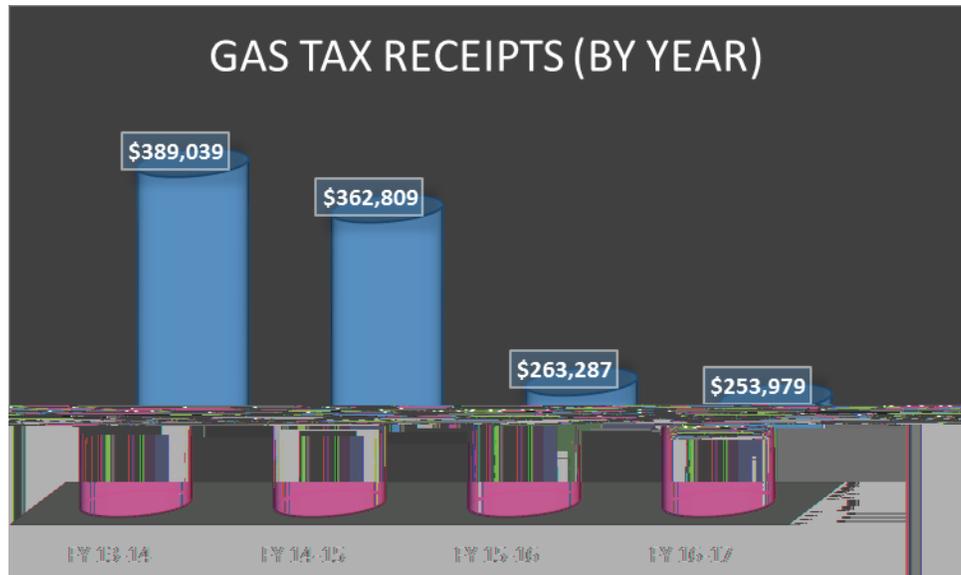
Specifically, three priorities from last October are (1) an accelerated capital investment in improving City streets; (2) a systematic analysis of, and plan for, City parks and open space; and (3) a focus on community development.

A fourth proposal is also presented that will give the Marysville Fire Department the tools it needs to carry out an ongoing fire inspection and prevention program. A fifth proposal is a supplemental budget request to replace the City’s internet website, down since it was the victim of a hacking attack, and cannot be restored as is.

**Proposal No. 1: Investing in City Street Improvements**

Much has been written and discussed about the inadequacy of current funding arrangements for streets and roads in California. For a variety of reasons, the motor vehicle fuel tax, introduced in California nearly 100 years ago, is increasingly a poor means of supporting the needs of a massive highway and local streets and roads network throughout the state. In Marysville, as elsewhere, our streets are deteriorating faster than they can be adequately preserved, and that represents a drag on our future economic recovery. The City-maintained street system consists of

approximately 60 miles of surface streets and alleyways. To put the matter into perspective, the City now relies solely on its gas tax revenue for maintenance and upkeep of those 60 miles of streets. But, as the chart at right shows, that source of funding has steadily declined over recent years. In part, this is the result of more fuel efficient internal combustion engines and the rise in use of electric hybrid technology. And it is due to state legislative actions that have swapped



some gas tax revenues to help balance state budgets. What was already an inadequate level of funding at \$6,484 per mile (or \$463 per city block) just three years ago, is now down to \$4,233 per mile (\$302 per city block) in the current year. This funding must go toward both labor costs and materials and supplies needed for street and sidewalk repairs. At the current rate, the gas tax can no longer be counted on for more than patch repairs; paving projects are well beyond our present means. This has the practical effect of simply deferring the maintenance backlog more with each passing year.

An upcoming pavement management study to be completed this year will give a detailed picture of current conditions of City streets according to a national system of ratings of pavement surface condition. But even without an updated engineering study, motorists know from observation that many City streets need more attention. Waiting for a funding solution from the state Legislature seems increasingly in vain.

At its regular semi-annual goal-setting workshop last October, Council agreed that this is a significant enough issue for Council/citizens that it is time to craft a local solution to our local street needs. If the state sends cities more transportation money in the future, that’s wonderful, but the condition of our streets gets progressively worse, with no solution in place. At an average estimated cost of \$80,000 per city block, repaving City streets will require funding strategies that go far beyond our annual gas tax allocations, and call for sustainable funding arrangements for at least 20 years or more into the future.

The strategy we are recommending has two parts. First, updating an outdated pavement management study over the next 4-5 months will give the City a current review of the condition of every one of the City’s streets. That will allow the Council to determine the priority street segments for rehabilitation and/or repaving. Funding

for the study has already been secured from SACOG, and awaits only a memorandum of agreement with that organization to allow contracting with an appropriate traffic engineering firm to proceed.

Second, based upon the criteria the Council establishes for selecting priority street segments, a correctly-sized financing program would be put together and construction bids awarded. Even in a compact city like Marysville with only about 60 miles of streets, the cost of repairing streets from years of deferred maintenance quickly becomes very large. Asphalt overlay or full depth replacement of public streets throughout the City, as needed, is conservatively estimated in excess of \$65 million. This is where an updated engineering survey of street conditions becomes important to deciding how to narrow the scope of our rebuilding program to a cost that’s manageable.

Preliminarily, setting a target of the worst 5% of street segments for an initial phase of the 2017 Infrastructure Renewal and Economic Recovery Program (IRERP) would rehab 40 city blocks at a cost of \$4 million over the life of an infrastructure bond with a 15-year maturity schedule. Annual debt service would run approximately \$260,000 at current interest rates. Consistent with the recommendation made earlier in connection with Measure F, the new Cannabis Business Tax would be well suited to support the IRERP. Because there is presently no history of Measure F collections to base a conclusive decision on, once the first step of conducting the new updated pavement management study is completed later this summer or fall, we should have some amount of empirical tax data to work with by then. The IRERP Bond would likely be a private placement lease revenue bond relying on the Cannabis Business Tax, but the tax could probably not constitute a specific pledge against the bonds, as that was not included in the Measure F ballot language.

**Next Steps**—Shortly, City staff will conclude the required memorandum of agreement with SACOG to free up grant funding for the proposed pavement management study (PMS). A request for proposals will be circulated to qualified engineering firms and a contract for engineering services brought to Council for authorization to proceed with the study.

Concurrently, the City is already in discussions with the Yuba-Sutter Economic Development Corporation to prepare a grant application for funding from the U.S. Department of Commerce, Economic Development Administration, in an amount up to \$6 million to supplement our own bond financing to expand the IRERP to as much as \$10 million. That funding is an approved part of the City’s 2016 Comprehensive Economic Development Strategy (CEDS) report adopted by Council last May as CEDS project M16.

\* \* \*

**Proposal No. 2: Master Planning City Parks and Open Space**

City parks represent both an expensive asset belonging to the taxpayers of the City and a significant community amenity for recreational and economic benefit to the public. Collectively, our parks are another worthwhile infrastructure target for long-range goals that allow the City to pursue a coherent strategy for rebuilding and/or upgrading the City’s existing 15 parks with limited resources. Does the park system presently meet Council/citizen expectations for the long-range needs of the community? If not, in which ways is it inadequate? Should the City park system be predominantly “passive” and serve neighborhoods, or should the parks also provide for organized, team activities under programming conducted by the City or other sponsors? Would it be desirable to have some form of meeting/recreation hall, such as a community center, in conjunction with a City park? To what extent should the City’s proposed bicycle & pedestrian trail system take advantage of existing parks? If regional parks make sense in Marysville, what public or private partners should be involved in its funding and operation?

In concept, the City Council has previously expressed support for the development of a comprehensive Parks and Open Space Master Plan. A Master Plan would assess existing facilities, parks, open space, river corridors and recreation programs in relation to the community’s current needs, and guide the City in enhancement of existing facilities and planning and development of new parks, open space and recreation programs as the community grows in the future. Through an active community engagement process conducted by professional park planners, the public’s wishes and ideas would be collected and made part of a coherent plan. All of the

questions posed above would be pursued to help the Council understand what opportunities are available that best meet the public's expressed vision of how parks and open space fit into the life of the community. Finally, the master plan would address the financial obligations associated with the ongoing maintenance and upkeep of the park system to ensure that our parks always meet their intended purpose and are maintained to a quality level.

**Next Steps**—It is recommended that Council direct the City Manager to seek proposals from qualified firms to undertake the work, to be funded from Measure C proceeds.

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### **Proposal No. 3: Focus on Community Development**

For far too long, we have not had the necessary resources to devote to community development, and the evidence is all around us that it's high time to once again focus attention on short- and long-range planning activities that are vital to keeping a community always progressing. It is no exaggeration to say that most of the outcomes the City urgently needs for a more secure future—creating employment, building a rising standard of living for residents, providing attractive, secure opportunities for investors, and diversifying the tax base—are all related in important ways to sound, enlightened use and re-use of our limited lands inside the city limits. The City's General Plan is old and cannot be expected to accurately reflect contemporary market trends that were unknown in the 1970s and 80s. That fact alone can retard new private investment in the community and frustrate our goal of economic resurgence. For this reason, it's high time we focus on community development.

**Focusing on Community Development**—Broadly speaking, community development is the practice of civic leaders, involved citizens and planning professionals to improve various aspects of communities, typically aiming to build stronger and more resilient local communities through sustainable development and expanded economic opportunity. Often, these efforts begin by aligning effective land-use planning with active economic revitalization.

The long-term contraction of Marysville's local economy over the past decades is the best real-world evidence that Community Development has not been given the prominence and priority that is required to keep a community progressing and building a rising standard of living for its residents and attractive, secure opportunities for investment. For years now, the City has devoted virtually no resources to professional land-use planning. Out of fiscal necessity, systematic spending on community development strategies and actions dwindled to a trickle years ago. Now, as the City's financial health improves, we urgently need to align our organizational capabilities with our economic improvement aspirations.

The Medical Arts District, with its scaled-back development regulations, is poised for new growth and economic revitalization. The new Fifth Street Bridge will increase commute traffic through the District. The City's planned rebuilding of Fifth Street is intended to accommodate both higher traffic flows and increased commercial growth around the hospital. Getting ahead of that curve requires devoted, sustained attention to ensuring that development regulations facilitate—rather than retard—that growth. Council has already agreed in principle (and in adopted policy) to incorporate Form-Based Codes and relieve some of the Design Review requirements in the Medical Arts District, as two of several actions taken to reduce development requirements there. Realizing that goal is dependent on a focus on Community Development within City Hall.

Our path to renewed prosperity needs to capitalize more fully on the community's assets—its history, culture and local arts; its rivers, riverfronts and lake—and turn those things into competitive advantages. A path that celebrates our status as "Main Street, America." A community that advertises itself as a center of historical significance must be more attuned to its historic character and how the built environment supports the historic image, where that's appropriate. For this reason, it's high time we focus on community development.

Small business merchants have long been the cornerstone of Marysville's economy. Over the years, they have withstood the challenges of recessions and changing consumer shopping habits to continue to serve our community very well. But a more diversified tax base would be better able to withstand downturns in the business cycle, and better able to keep employment, family incomes and tax rolls higher during recessionary

times. Aligning our land-use policies with our economic growth objectives is key to promoting business diversification by encouraging new forms of commerce, industry, research and development. And business diversification is an important source of new employment and expanded tax rolls. For this reason, it's high time we focus on community development.

The Medical Arts District has the potential to become a significant center for commerce and innovation in our City. That's why it was so important that it be separately designated in the Bounce Back Initiative. We continue to devote as much attention as possible to growth opportunities that promote the district as a regional life sciences hub. In a bold move, the Council has already adopted dramatically scaled-back regulations for development in the Medical Arts District, but the preparation of needed Form-Based Codes to fill the void awaits the time, attention and resources required to get the job done. Like the updating of the General Plan, preparation of Form-Based Codes needs a community development focus. Similarly, the Lake District is poised to be the catalyst for the redevelopment of that entire area of Central Marysville as a prime recreation/entertainment/residential district. The anchor for that entire district lies in imaginative strategies that connect a vibrant, mixed-use development on the City's "B" Street property with access to an improved Ellis Lake and a refurbished Bryant Field baseball park and outdoor entertainment venue. We should not let up in our determination to see both the Lake District and the Medical Arts District become highly visible symbols of the new Marysville. For that reason, it's high time we focus on community development.

A rising standard of living for Marysville residents should be a goal everyone can agree on. The conditions that foster economic growth and prosperity are well known: steady, good paying jobs; a diverse housing stock; functioning infrastructure with capacity to handle new growth; a safe environment with strong, reliable public protection services; quality community amenities that reflect civic pride and attract the favorable attention of outsiders; an educated and trained labor pool. In each case, the land use policies and standards we embrace from here on are going to have impacts—either beneficial or otherwise—on those conditions. For that reason, it's high time we focus on community development.

I know from speaking with Council members over the years that community development is a priority you strongly agree with. Most recently, the need to focus on community development was a prime topic of discussion at your latest semi-annual goal-setting retreat last October. The City Manager laid out the case that it was time to pivot from the service cutbacks forced on the City by recessionary times that had become all too familiar to us, to now embracing an agenda of building up the community's capacity to attract investment and development. The purpose for this proposal is to define the organizational attributes and resource requirements for achieving that objective. This is the time to make that happen.

For the past decade at least, the City Services Department has had the responsibility for the City's planning, zoning and building functions, but only limited resources to work with, and no professional staff at all devoted to land-use planning and sustainable business development. As currently constituted, the City Services Department is a disparate collection of programs brought together during the recessionary cutbacks, without a clear identity or sense of purpose; it is a "hybrid" organization that isn't really comfortable knowing what its principal role should be. Under the circumstances, it cannot serve as the "champion" for what is needed from it. We must be very clear about its role: it needs a relentless focus on Community Development, and the mission, resources, policies and leadership to make it a viable facilitator for building a stronger, more resilient community.

**Transforming City Services into a community development-centered department**—There is a strong and compelling purpose underlying this transformation. The single most important opportunity I foresee for the city—building a more diversified economy in a newly-vibrant community—is also the single most important threat to the community if we fail to recognize that opportunity for what it is, and do not act with determination to commit ourselves to it.

It begins by replacing the existing City Services Department with a purpose-built new department, to be called the Community Development and Services Department. This is no mere shuffling of blocks on an organization chart. Everything about this department is meant to ensure that it will work together for the same purpose—to facilitate those changes that will improve Marysville's competitiveness for new investment and drive actions on

a broad front to create housing, raise median household incomes, and improve the appearance and functionality of our neighborhoods.

The new department would carry out its work through four principal service groups: (1) Planning & Zoning; (2) Building & Development Engineering; (3) Parks & Facilities; and (4) Economic Sustainability. Each of those groups would be responsible for a variety of programs and services supporting the vitality of the City's economy and its neighborhoods.

Service Group 1: Planning & Zoning – Responsible for professional management of the City's land-use plans and zoning codes, and serve as staff to the Planning & Historic Preservation Commission. Permanent staffing would consist of one Associate Planner (supervisor) and one Administrative Assistant position. Interns would be recruited to provide additional staff assistance to carry out special projects. As the departmental organization chart on the following page shows, Planning & Zoning would be responsible for administering all of the following:

- Long-range Planning
- Current Planning
- Design Review
- Environmental Review
- Housing & CDBG Administration

Service Group 2: Building & Development Engineering – Responsible for technical review and approval of building plans and issuance of construction permits, enforcement of building safety codes and nuisance abatement in the City, and engineering on City projects. Permanent staffing would consist of one Senior Engineer (supervisor), one Building Inspector, one Community Improvement Specialist and one Senior Administrative Clerk. As the organization chart on the following page shows, the Building & Development Engineering service group would do all of the following:

- Plans Examination
- Construction Permits
- Building Inspection
- Code Enforcement
- Encroachment Permits
- CIP Administration & Engineering

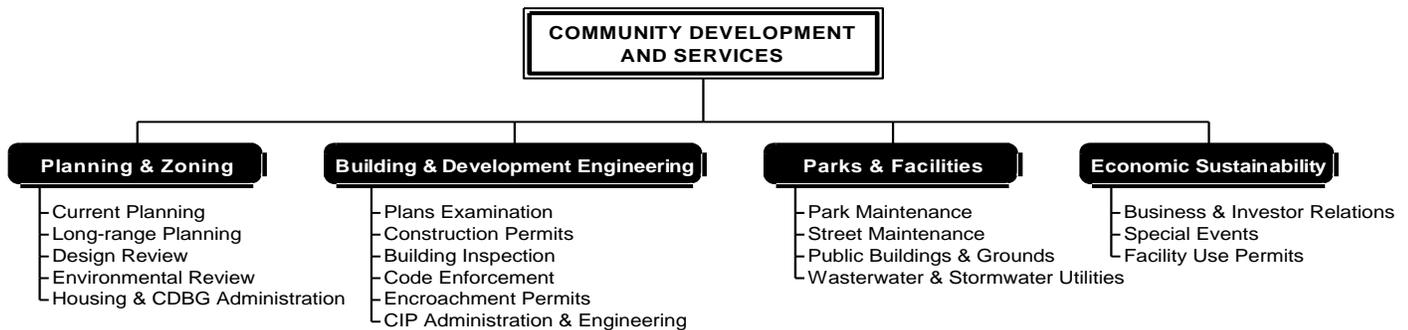
Service Group 3: Parks & Facilities – Responsible for maintenance and upkeep of the City's public parks and open space, City streets/sidewalks and traffic signs/signals, public buildings, and wastewater and stormwater utilities. Permanent staffing would consist of one Parks & Facilities Superintendent (supervisor), four Maintenance Workers, four Wastewater Operators, with extra help park workers brought on during the spring of the year. As the departmental organization chart shows, this service group would be responsible for the following programs:

- Park Maintenance
- Street Maintenance
- Public Buildings & Grounds
- Wastewater & Stormwater Utilities

Service Group 4: Economic Sustainability – Would take over the functions of the City Manager's Business Development Center to help ensure that new and expanding businesses in Marysville find an eager partner and a business-friendly climate at City Hall. Permanent staffing would consist of one Economic Development Specialist. The organization chart below lists the responsibilities of this group:

- Business & Investor Relations
- Special Events Coordination
- Facility Use Permits

**Community Development and Services Department**  
*Our Mission: "To Plan, Build and Care for the City"*



**Next Steps**—Creating a new, working department involves numerous procedural steps, some of which the City Manager can take, others require City Council approval.

1. Pursuant to Section 2.44.010 of the Marysville Municipal Code, the City Council must establish city departments by ordinance. Assuming support in concept for the proposed new department as spelled out above, an ordinance establishing the Community Development and Services Department effective July 1, 2017 will be presented for first reading at the Council meeting on April 4, 2017.

2. Pursuant to Section 9907 of the Marysville Administrative Code, the City Council is responsible for adopting the City’s personnel classification plan, including class specifications of all positions in the plan. Proposed classification specifications for the positions of Community Development and Services Director, Economic Development Specialist, Parks & Facilities Superintendent, and Community Improvement Specialist will be presented for adoption at the Council meeting on April 4, 2017.

3. Recruitments for leadership positions demand a great deal of time and effort. Filling the two most recent department director positions in Marysville—Administrative Services Director and Fire Chief—each took a year to complete in-house and, in both cases, multiple attempts were required before enough viable candidates could be found. With the annual City budget process now underway and continuing through June, there will not be the time required for City staff to undertake a recruitment to find a new director. To assist in the hiring process, a professional services agreement with an executive recruitment firm will be presented for approval at the Council meeting on April 4, 2017.

4. An omnibus cleanup ordinance will be presented to Council in May/June 2017 to conform the Municipal Code to the organizational change from City Services Department to Community Development and Services Department wherever there are references to the former, or where it otherwise requires updating as a result.

5. Program budgets for the new department’s first year will be contained in the City Manager’s FY 2018 Proposed Budget to be released the first week in June 2017. City Council budget hearings are scheduled for June 19, 2017.

6. The intent is that a new director would begin on July 1, or shortly after.

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**Proposal No. 4: Establishing and Funding a Full-Time Fire Prevention Program**

With the establishment of the new Marysville Fire Department on July 1, 2015, the City took back control of its fire and rescue services and regained the ability to prioritize life safety activities. Among the most important, earliest priorities of the new department has been an emphasis on fire inspection and prevention activities. In the department’s line of work, the best structure fires are the ones that are prevented and, thus, never occur. Preventing fires is far less costly than fighting fires to both taxpayers and property owners. This is nowhere more

true than in a town with historic structures that are more susceptible to fire and harder for firefighters to bring under control without conflagration and associated damage or loss of life.

In November 2015, the Fire Department, in cooperation with the Police Department and the City Services Department, initiated the Neighborhood Improvement Program of heightened code enforcement activities throughout the City. Staffing that initiative was one, half-time extra help Community Improvement Specialist who divides her time among the three department's enforcement priorities. For the Fire Department, that has meant fire inspections of commercial buildings, including multi-family apartments. The Council has received quarterly reports on the effectiveness of that program. The three departments have been generally pleased with the success of the Neighborhood Improvement Initiative, even though the part-time staff has to divide her limited time among the three departments. Still, the year-old program has proved to be especially beneficial to the City Services Department's nuisance abatement efforts and the Fire Department's fire inspection/prevention priority.

From the outset of the new fire department in 2015, department staff began reviewing inspection records and plan check documentation from the 18-year period before 2015 when Cal Fire had a contract with the City. That review revealed that many required inspections were not accomplished at all, or completed only as needed for the initial issuance of business licenses inside the city limits.

According to the California State Fire Code, section 1.1.3.2, the so-called "Authority Having Jurisdiction," or AHJ, is responsible for inspecting schools, hotels, apartment buildings, hospitals, adult care homes, child daycare facilities, and places of assembly. In our community, the AHJ is the Marysville Fire Department. There are approximately 150 occupancies of the foregoing types that are mandated to have annual fire inspections. But these 150 occupancies are only the ones the department knows about from pre-existing records in its files. Fire Department personnel have discovered apartments that were not in any records of the city, suggesting these had probably never been inspected, and had never filed for a business license. Now, they have.

Similarly, operational permits are also required by the fire code for any business engaged in hazardous operations including welding, hot work, flammable liquid storage, spraying and dipping operations, and high-pile storage.

Finally, the department is required to examine plans of new construction and remodels of existing structures inside the city limits. Fire staff currently review those plans themselves, or refer them to outside experts, depending on the complexity of the structures involved.

All of these required activities are currently undertaken by the half-time Community Improvement Specialist who also serves the Police and City Services Departments. In limited cases, particularly involving re-inspections after one or more initial inspections has already been performed, on-duty fire personnel are also involved, but cannot be relied on to be able to complete the inspections if they are called away to respond to a fire alarm.

In addition to the required inspections described above, there are approximately 400 current businesses that are required by the Marysville Municipal Code to have a life safety inspection prior to issuance of an initial business license. Thereafter, there is no requirement to inspect these businesses again for life safety issues. However, the Municipal Code *does* require the Administrative Services Director, as "Collector" charged with administration of the business license program, to complete an annual inspection of each business to ensure that the City business license is posted on the premises and that the type of business activities being carried on by that business have not changed since the last inspection. Historically, no staff have been allocated to complete these annual re-inspections due to funding limitations.

By not completing required inspections, the City exposes itself to fines and possible litigation by the state or by fire insurers for affected properties. These are real risks the City has already faced in its past. In 1974, a hotel caught fire with loss of life and injuries, after that same building had been inspected and found to contain life safety violations but the City failed to follow-up with corrective action.

In addition to the risks of litigation, uninspected buildings carry unknown risks to firefighters who have to enter those buildings without any knowledge of their potential hazards. A systematic, organized fire inspection program is the best assurance that fires can be prevented or kept small through active enforcement of life safety standards. This protects businesses from business interruptions that are costly, and provides increased safety of the public and first responders in times of emergency.

For all of these reasons, City Administration is now recommending that the Council give the Fire Department the tools it requires to carry on a sustained fire inspection and prevention program permanently, and to do so in a manner that also satisfies the existing Municipal Code requirement for annual business license inspections. The table below analyzes the relevant activity data related to an expected full-time fire inspection/prevention program.

<i>Type of Activity</i>	<i># Occupancies</i>	<i># Occurrences</i>	<i>Hours to Inspect or Complete</i>	<i>Revenue</i>
Estimated businesses to inspect	350		525	\$26,250
Plan checks		25	50	\$3,750
Code research		45	45	\$2,525
R2 inspections (apartments)	60		120	\$4,500
R2 inspections (> 9 units)	20		40	\$3,000
R2 inspections (>16 units)	5		1	\$750
R2 inspections (> 30 units)	10		30	\$1,500
Required operational permits		75	150	\$11,250
R1 inspections (motels)	5		10	\$1,125
Fireworks stands	10		15	\$1,125
Assembly building inspection	20		60	\$3,000
Adult care facilities	5		10	\$750
Schools	8		24	\$1,800
Weed abatement	10		40	\$500
Additional hours for more complicated inspections, etc.		100	100	\$5,600

**Next Steps**—Implementing this would be accomplished by taking the two actions described below.

1. Amend Chapter 5.04 of the Marysville Municipal Code to require annual life safety inspections as a condition of the renewal of a business license, and define fire personnel as authorized designees of the Administrative Services Director for purposes of carrying out the annual business license inspections already required by our Code. Recommend motion to introduce on first reading Ordinance No. 1393, an ordinance of the City Council of the City of Marysville amending portions of Chapter 5.04 of the Marysville Municipal Code pertaining to business license administration.
2. Authorize the addition of one full-time Fire Prevention Specialist position (\$3,264 - \$3,967 monthly) in the Fire Department effective immediately, to be funded from fire inspection fees, and approve the attached class specification for that new position. Recommend motion to adopt the class specification for the new classification of Fire Prevention Specialist, and authorize the addition of one full-time permanent Fire Prevention Specialist position in the Fire Department, effective immediately. The annual cost of this position is approximately \$65,000. The fees to recover the staff cost were set by Council on February 21, 2017.

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**Proposal No. 5: Modernizing and Updating the City Internet Website**

On January 21, 2017, the official City website was the victim of a hacker, causing our hosting service to suspend the website, pending an investigation into whether the site was corrupted and posed a danger to the provider or its commercial customers. The service provider has notified us that the site cannot be salvaged, as it is very old

and put together with outdated content management software lacking adequate anti-hacking controls. In truth, the site was no longer a particularly attractive site and had limited functionality, in comparison with the digital technologies currently in use by other websites. Since a new site must be constructed anyway, City Administration is recommending that the City retain a professional web development firm to design and build a new, updated website that can be easily maintained by City staff with useful and timely information.

**Next Steps**—Authorize the City Manager to seek proposals from qualified web development and hosting services to build a new City website, at a cost not to exceed \$30,000 from uncommitted General Fund balance.

## CLASSIFICATION SPECIFICATION

**CITY OF MARYSVILLE, CA**

**Date:** March 2017

**CLASS TITLE:** Fire Prevention Specialist

**JOB CODE:** 10720

**WORKING TITLE:** Fire Inspector

**FLSA STATUS:** Non-exempt

**REPORTS TO:** Fire Chief

**HIRING STATUS:** Career

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### **JOB SUMMARY**

Under direction of the Fire Chief, performs fire inspections, participates in prevention activities and enforces fire codes, laws and regulations relating to fire protection, prevention and safety.

### **DISTINGUISHING CHARACTERISTICS**

Incumbents in this classification are responsible for conducting fire prevention inspections in residential, commercial and industrial buildings or facilities to ensure compliance with established fire codes. Incumbents are assigned to 40-hour work shifts, but may be required to work evenings, weekends or holidays for the purpose of conducting inspections.

### **EXAMPLES OF WORK**

Examples of Work is not intended to be an exhaustive list of all responsibilities, duties and skills. It is intended to provide accurate summaries of what the job classification involves and what is required to perform it. Employees are responsible for all other duties as assigned.

Depending on assignment, duties may include, but are not limited to:

- Inspects buildings to ensure compliance with state and local fire codes, ordinances and regulations;
- Inspects state facilities as requested by the State Fire Marshal;
- Inspects sprinkler systems, halon systems, hood and duct systems, and fire protection systems as directed;
- Conducts or participates in public education programs in fire prevention;
- Investigates and responds to public complaints of fire code violation;
- Prepares reports and maintains records pertaining to assigned duties;
- Performs plan checks on new construction, remodels, tenant improvements and demolition as assigned and in compliance with adopted codes
- May instruct fire suppression personnel in fire prevention practices;
- May assist in fire investigations as directed;
- Performs related duties as assigned.

### **QUALIFICATION REQUIREMENTS**

To be successful in this position, an individual must be able to perform each essential duty satisfactorily. The requirements listed below are representative of the knowledge, skills, and/or abilities required. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.

**EMPLOYMENT STANDARDS** (position requirements at entry)

Any combination of education, training, and experience which provides the required knowledge, skills, and abilities to perform the job is qualifying. These employment standards would typically be achieved by completion of at least 30 semester units from an accredited college, including at least 15 units from the Fire Technology or Fire Science curricula, and possession of Fire Inspector 1A, 1B, 1C and 1D certificates.

**SPECIAL QUALIFICATIONS**

Driver License: Possession of a valid California Driver License at the time of appointment. Loss of the required license is cause for discipline, up to and including termination. Individuals who do not meet this requirement due to physical disability will be reviewed on a case-by-case basis.

Background Investigation: Employees are required to undergo an extensive background investigation and criminal history background check.

Probationary Period: Employees must complete twelve (12) months of probation at a satisfactory performance level prior to gaining permanent status.

**KNOWLEDGE, SKILLS, AND ABILITIES** (position requirements at entry)**Knowledge of:**

- The principles, practices and procedures of modern fire prevention;
- The rules and regulations common to municipal fire departments, state laws, City ordinances, and national standards relating to fire prevention and fire safety, including Title 19 and Title 24 of the California Administrative Code, California Fire Code, National Fire Protection Association standards;
- Basic knowledge of fire protection devices and systems;
- Basic construction methods and materials;

**Ability to:**

- Listen effectively;
- Interpret complex and difficult situations, reducing them to their significant elements, and applying appropriate interpretations to the situations;
- Interpret and effectively apply all related codes, ordinances and laws encountered on the job to fire hazard conditions and situations;
- Apply technical knowledge, follow proper inspection procedures and techniques, and detect deviations from plans, regulations and standard safety practices;
- Establish and maintain effective, cooperative working relationships with individuals and groups encountered, including builders, contractors, business operators, co-workers and the general public;
- Apply firmness, tact and fairness in all enforcement actions and proceedings;
- Meet the physical, psychological and background requirements necessary to safely and effectively perform assigned duties and responsibilities;
- Recognize fire and structural hazards in special processes and facilities, including industrial, commercial and residential buildings and occupancies;
- Work independently in managing a demanding caseload without continuous supervision
- Keep records and required reports;
- Use computers and peripherals effectively in the accomplishment of assignments.

**Language Skills:**

- Well-developed listening, writing, and verbal communication skills, including the proper use of subject matter concepts and terminology, conveyed with the intended audience in mind.

**Reasoning Skills:**

- Well-developed ability to define operational and technical subject matter problems succinctly, to draw reasonable conclusions therefrom, to conceptualize solutions effectively, and to effectively relate those matters to others.

**PHYSICAL DEMANDS**

The physical demands described here are representative of those which must be met by an employee to successfully perform the essential functions of this job. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.

While performing the duties of this job, the employee is regularly required to drive a vehicle, sit, walk, stand and climb. Must possess physical agility to push/pull, squat, twist, turn, bend, stoop, reach overhead, and lift up to 35 pounds.

Specific vision abilities required by this job include close vision and the ability to adjust focus on fine print on labels, manuals, maps, diagrams and blueprints with no color deficiencies.

Must be able to use a computer keyboard and all forms of communication devices encountered in a municipal fire department.

**WORK ENVIRONMENT**

The work environment characteristics described here are representative of those an employee encounters while performing essential functions of this job. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.

Primarily works outdoors in all weather conditions; may work in and around potentially toxic chemicals. Prolonged time may be spent on one's feet, walking throughout the day on uneven, wet, muddy, slippery and/or rocky surfaces.

May occasionally climb ladders and work at heights of up to 150 feet.

The noise level in the work environment is usually moderately quiet indoors, and varying outdoors.

Work days are frequently long, and work assignments may be carried out under demanding conditions.

**ORDINANCE NO. 1393**

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MARYSVILLE  
AMENDING A PORTION OF CHAPTER 5.04 OF THE MARYSVILLE MUNICIPAL  
CODE ENTITLED, “BUSINESS LICENSE”**

The City Council of the City of Marysville, State of California, does hereby ordain as follows:

**SECTION 1.**

Section 5.04.120(c) of the Marysville Municipal Code is amended to read in its entirety as follows:

**“5.04.120 Renewal license.**

- (a) No change
- (b) No change
- (c) Renewal licenses will not be issued until all of the appropriate fees are paid, including, as appropriate, a fire and life safety inspection fee or operational permit fee.”

**SECTION 2.**

Paragraph (d) is added to Section 5.04.290 of the Marysville Municipal Code to read as follows:

**“5.04.290 Enforcement.**

- (a) No change
- (b) No change
- (c) No change
- (d) For purposes of this section 5.04.290, employees of the Marysville Fire Department performing fire and life safety inspection duties are hereby designated as assistants, as that term is used in this section.”

SECTION 3. EFFECTIVE DATE

This Ordinance shall become effective thirty days from and after its passage.

This Ordinance was introduced before the City Council of the City of Marysville, County of Yuba, at a duly noticed meeting of the City Council held on the 7th day of March, 2017, and adopted at the regular meeting of said Council on the \_\_\_\_ day of March, 2017 by the following roll call vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

CITY OF MARYSVILLE, CALIFORNIA  
BY ITS COUNCIL

By: \_\_\_\_\_  
Billie J. Fangman, City Clerk

By: \_\_\_\_\_  
Ricky A. Samayoa, Mayor

APPROVED AS TO FORM AND  
LEGAL SUFFICIENCY

By: \_\_\_\_\_  
Brant J. Bordsen, City Attorney