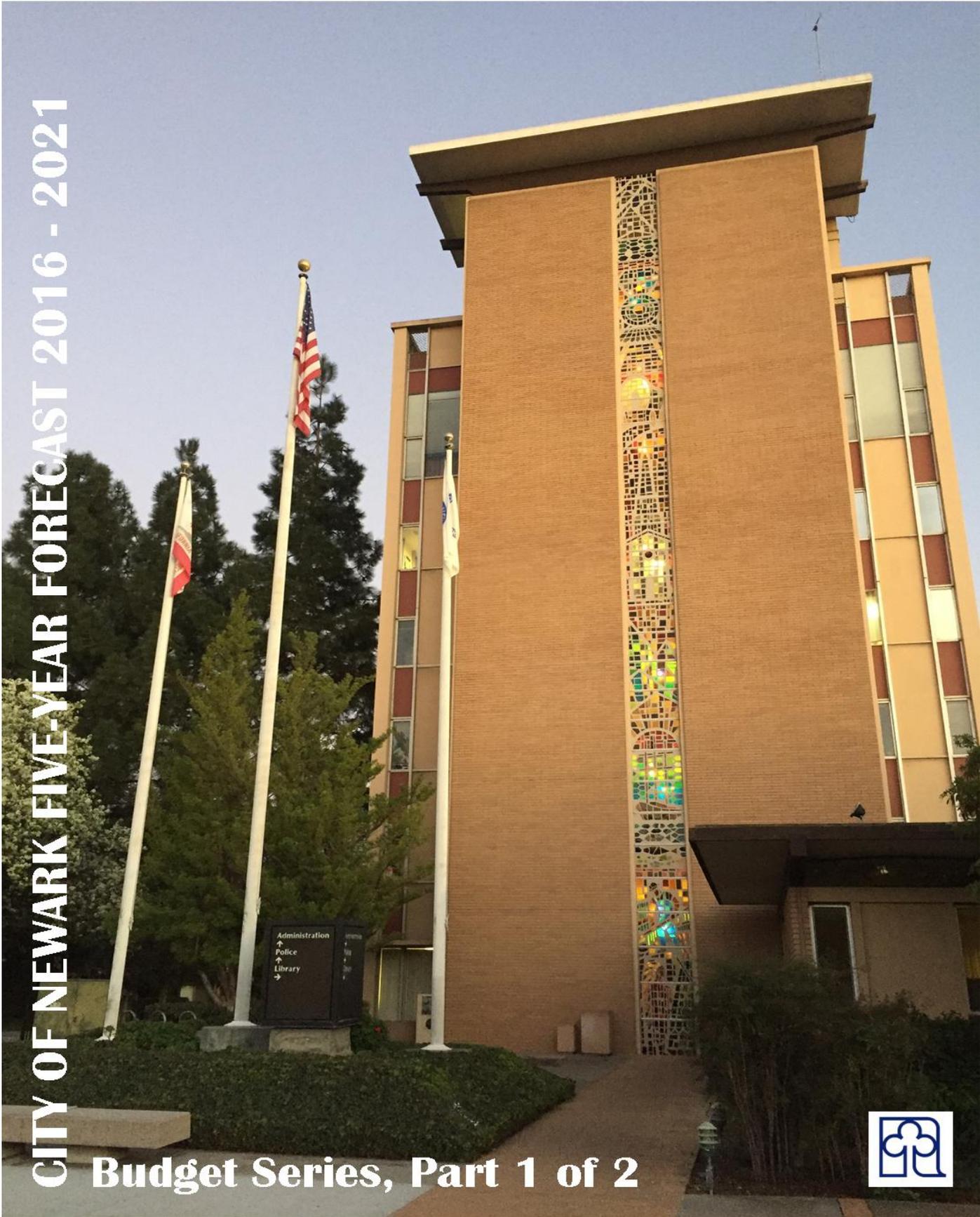


**CITY OF NEWARK FIVE-YEAR FORECAST 2016 - 2021**

**Budget Series, Part 1 of 2**





# CITY OF NEWARK

## Mayor & City Council



Alan L. Nagy  
Mayor



Luis L. Freitas  
Vice Mayor



María "Suky" Collazo  
Council Member



Mike Bucci  
Council Member

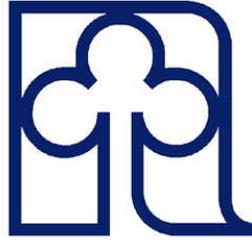


Michael K. Hannon  
Council Member



# Five-Year Forecast

2016-2021



## CITY STAFF

**CITY MANAGER**

**John Becker**

**ASSISTANT CITY MANAGER**

**Terrence Grindall**

**CITY ATTORNEY**

**David Benoun**

## EXECUTIVE TEAM

**ADMINISTRATIVE SERVICES DIRECTOR**

**Susie Woodstock**

**FIRE CHIEF \***

**David Rocha**

**HUMAN RESOURCES DIRECTOR**

**Sandy Abe**

**POLICE CHIEF**

**James Leal**

**PUBLIC WORKS DIRECTOR**

**Soren Fajeau**

**RECREATION & COMMUNITY SERVICES  
DIRECTOR**

**David Zehnder**

\* ALAMEDA CO. FIRE DEPT. CONTRACT





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*The City of Newark's Vision, Mission, Culture, and Values Statements were created in a strategic planning process that involved the City Council, the Executive Team, and the employees. These statements are designed to align us to a clear purpose and inspire us to do our best for all citizens. All of the City's policies and resources are dedicated to realizing our Vision and Mission.*

## *Vision*



**We see** a place where it is safe to live, to play, and to raise children.

**We see** a place where diverse and energetic people strive to live in harmony.

**We see** a place that cherishes small town values and also enjoys being progressive.

**We see** a place where educational programs are available and first-rate.

**We see** a place where cultural and recreational opportunities are plentiful and spiritually enriching.

**We see** a place with residents filled with civic pride, social concerns, and community involvement.

**We see** a place with tree-lined streets and open green parks.

**We see** a place where the economy is strong and vital and provides jobs.

**We see** a place where government is stable, accessible, and responsive.

**We see** a place that is well-planned, well-managed, and well-maintained.

## *Mission*



**It is our mission** to provide the quality of services that meets the highest expectations of all those whom we serve in Newark.



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## *Culture*



Newark is a community-driven, customer-focused organization which values fiscal independence, fosters a competitive spirit, and works together as a team to achieve community goals. These comprise our organizational culture.

### *Community Driven and Customer-Focused*

- We are more than a service organization. We strive to provide excellent services by involving the community.
- Our citizens are the owners of our corporation. They are our customers and our stakeholders. They are the reason we exist.
- We strive to assure that our efforts are guided by long-term goals rather than by short-term objectives.

### *Fiscal Independence*

- We assure that we have the necessary resources to meet community needs.
- We develop resources through aggressive economic development that attracts and retains businesses; this is the lifeline of our community.
- We invest and allocate resources wisely to maximize our ability to provide community services.

### *Competitive Spirit*

- We are committed to achieving the vision, mission, and goals of our City.
- We set our own standards and expectations that we assertively and creatively are determined to achieve.
- We see our goals as personal and professional challenges towards which we focus our energies.

### *Team Approach*

- We enhance the potential for achievement of City goals by working together as a team, drawing upon the talents and abilities of all members of the organization, the City Council, Commissioners, staff members and volunteers.
- We develop strength and commitment within the organization by building trust, mutual respect, and appreciation for all members of the City family.
- We develop partnerships in the community with the Newark Unified School District, the Chamber of Commerce, homeowners groups, neighborhoods, nonprofit organizations, and citizens to build alliances and common understanding.

*We are Newark and  
We are proud of who we are.*



---

## Values

We, the employees of the City of Newark, take PRIDE in our work and this community. The trust the community places in us is of the utmost importance. In the daily course of our work and in the planning of this community we value:

**P**

**Personal Service.** Each of us will take personal responsibility for being responsive to the needs of the community and our organization. Personal Service means being fully accountable for our actions.

**R**

**Responsibility.** We will manage our resources in the most efficient way possible, seeking the greatest value for the community.

**I**

**Integrity.** We will be open, honest, courteous, ethical, and professional in all interactions.

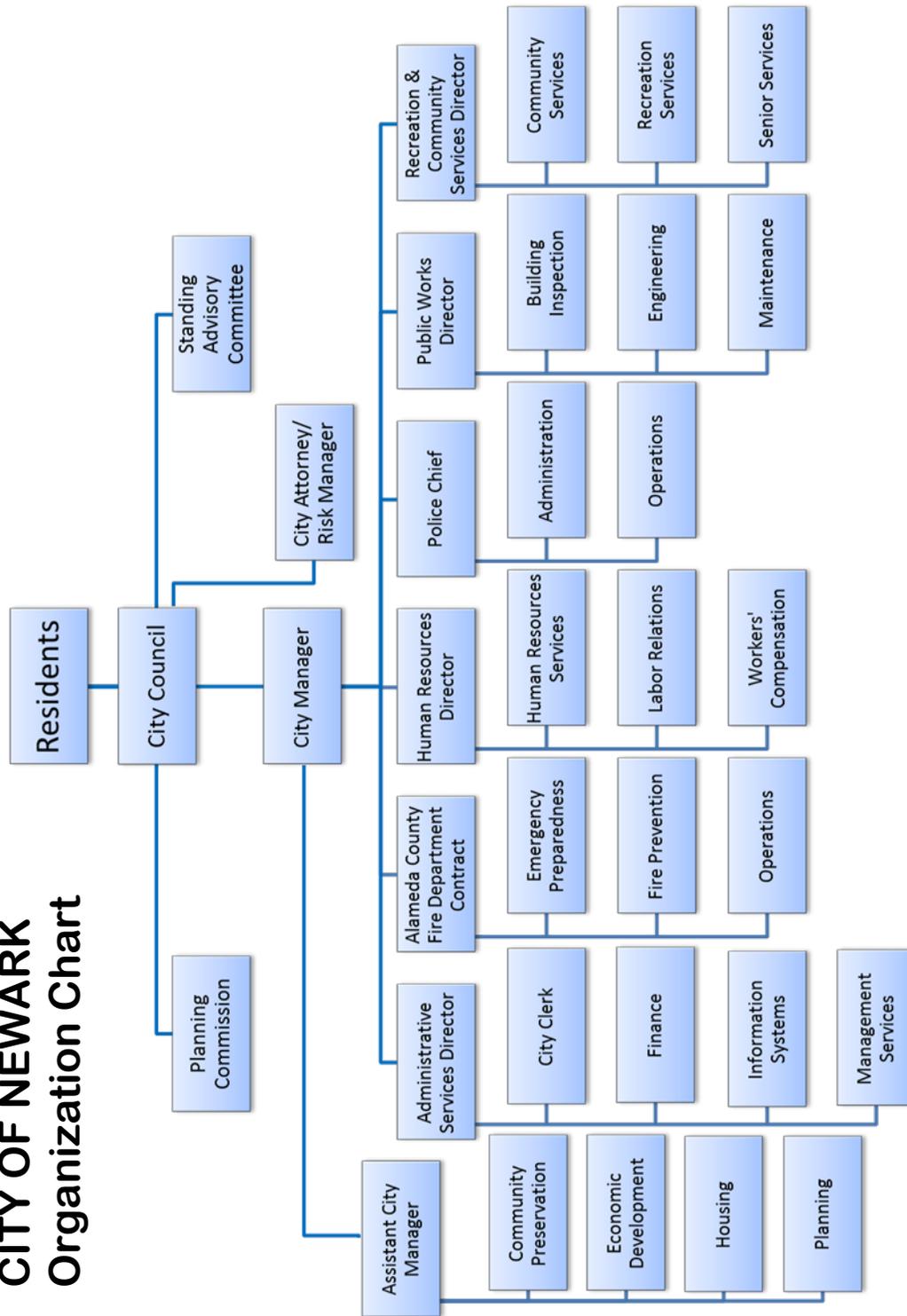
**D**

**Diversity.** The diversity of this community and our organization is a strength. We will recognize and respect this strength. We will use this strength to build dynamic teams to benefit and enrich the community and our organization.

**E**

**Empowerment.** We will support each other in creating an environment that fosters ingenuity, self-confidence, motivation, and success.

# CITY OF NEWARK Organization Chart





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# TRANSMITTAL OF FIVE-YEAR FORECAST 2016-2021

## OVERVIEW

**T**he economic forecast for the City of Newark is finally including solid growth, but now has concerns of when the next recession might arrive. The current consensus of economists is that the economy is recovering, but uncertainty still looms and a mild recession is likely by 2018. Enduring the great recession and its aftermath has been the greatest challenge to the City in its history. A major lesson learned from that experience was the importance of sufficient reserves for future downturns.

This Five-Year Forecast incorporates the more conservative projections of economic recovery currently available. The uncertain nature of the economy makes it prudent to continue to use conservative projections.

Sales tax continues to increase with the auto dealerships leading this growth. Their performance has also increased the City's share of the County pool. Auto sales are expected to level off over the next year as the purchases delayed during the recession have now been made. Lower fuel prices have increased truck sales, but have also decreased tax revenue from fuel sales.

Property tax has increased in each of the last two years. The increase included Prop 8 adjustments which increased assessed values that were reduced during the housing crisis. Building permits have been issued for new residential housing which will also increase the City's assessed value. Property sales are increasing in value, but there is insufficient inventory on the market, even including the new homes that are being built. The forecast is based on building permits issued to date.

The UUT, which was extended in 2014, will sunset December 31, 2020. The UUT is approximately 8% of the total General Fund revenue. The UUT was reduced in January 2016 to a rate of 3.25%.

Overall, the economy and City revenues are expected to continue to gradually improve in 2016.

The Capital Improvement Program (CIP) being proposed for the next two fiscal years has projects that were presented and discussed at the CIP work session in February. Operating budget surpluses have allowed transfers into the Capital Fund totaling \$4.5 million over the last two years, but compared to the City's needs, it is a very modest contribution. There is also limited staff available to design projects and oversee construction. This presents challenges in completing priority projects.

The City's Strategic Plan and the associated Critical Issues and Strategies and related Action Plans are updated in this Five-Year Forecast. These elements reflect the manner in which we will continue to meet the needs of the community along with the realities of our fiscal situation.

This forecast will serve as the basis for the development of the 2016-2018 Biennial Budget, which will include the following assumptions:

- The economy will continue to grow, but a mild recession may occur by 2018. Establishing reserves is important.



- 
- The Memorandums of Understanding and the Compensation Agreements expire in June 2017. Labor costs included in this budget only include those approved in these agreements and do not take into account any possible future costs associated with future agreements.
  - Capital project expenditures will continue to focus on preserving City assets, meeting regulatory requirements, and safety issues. In addition, consideration will be given to projects that improve service levels to the community, take advantage of outside funding matches, and implement community priorities.

It is important to remember that this Five-Year Forecast is the result of a collaborative effort between the City Council, Executive Team, and City staff. I acknowledge their efforts in producing this document, which serves as a valuable tool in the budget process. On behalf of the staff, I would like to recognize the City Council for their valuable input in the budget planning process. Your insight, direction, and continued support of the City staff is very much appreciated.

I respectfully submit this Five-Year Forecast as our primary financial planning tool for the upcoming Biennial Budget process.

Sincerely,

John Becker  
City Manager



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# ORGANIZATION OF BIENNIAL BUDGET SERIES DOCUMENTS

## OVERVIEW

### FIVE-YEAR FORECAST

The Five-Year Forecast is presented to the City Council in April. (See Five-Year Forecast, Biennial Budget and Capital Improvement Plan (CIP) Process, and Calendar on the following page). The Five-Year Forecast analyzes and lays out all of the City's critical development and economic data, as well as the five-year revenue and expenditure forecast. It also includes the strategic and budget plan, which provides direction from the City Council for preparation of the Biennial Budget.

The Development Forecast tracks development trends (both local and area-wide), assesses the implications of these trends, and provides a short- and long-term development forecast.

The Economic and Financial Forecast provides a picture of the overall financial health of the City. It begins with a recap of the current economy at the national, state, and local levels. It concludes with a recap of the Enterprise Fund Budget, the five-year revenue and expenditure projections, and a section that addresses other key budget and financial issues.

The strategic and budget plan section is the articulation of the policy response to the issues raised in the first two sections. This year marks the ninth time that the City will prepare a two-year budget. An explanation of the budget policies, assumptions, and process is included in this section. It also includes a summary report on the progress made on the Strategic Plan Action Items.

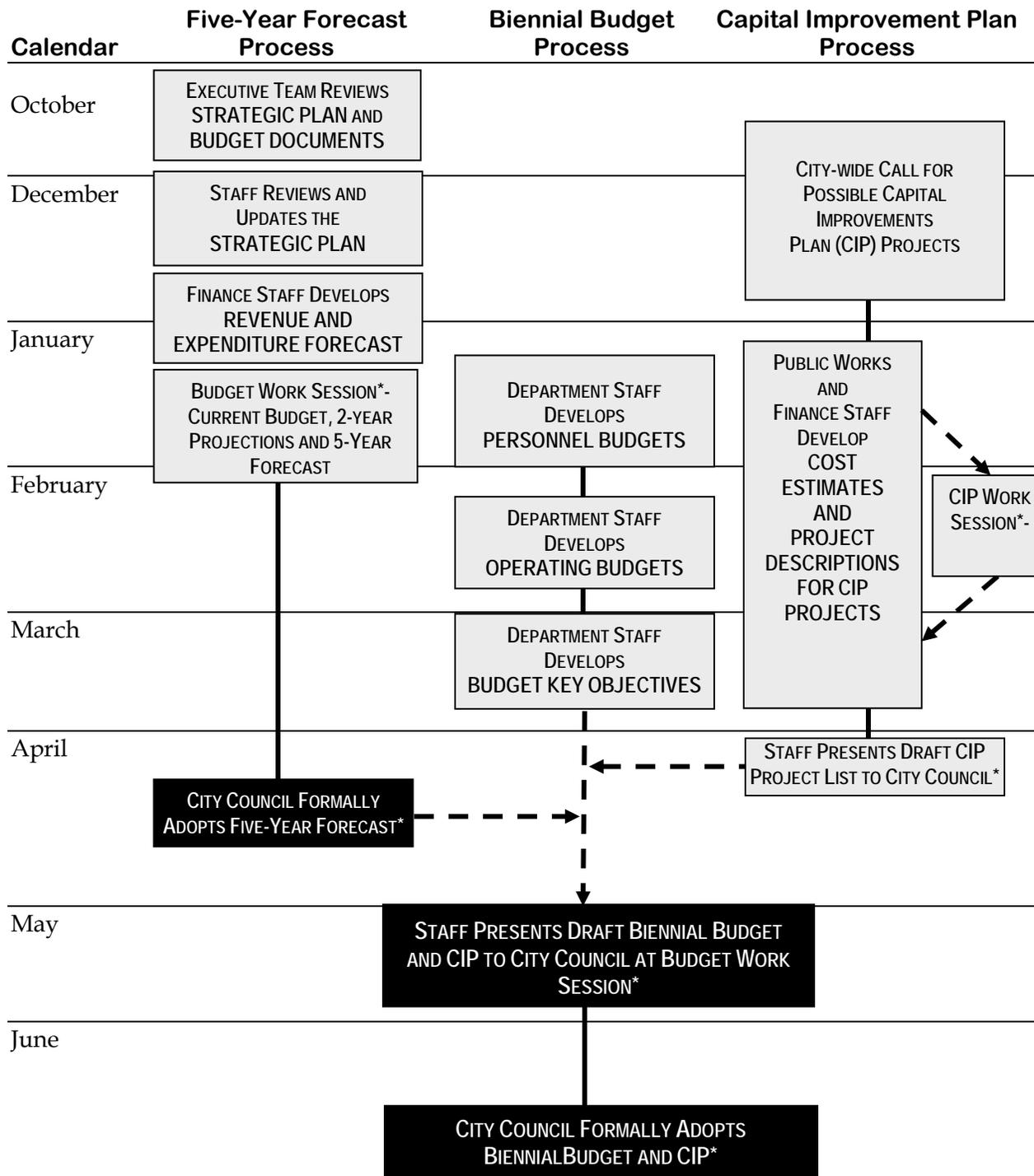
Once adopted, the Five-Year Forecast is the staff's policy map for implementing the Biennial Budget and CIP. Although the Five-Year Forecast is presented in a separate document, it is really the first chapter of the City's Biennial Budget.

### BIENNIAL BUDGET AND CAPITAL IMPROVEMENT PLAN (CIP)

The Biennial Budget and CIP are presented to the City Council in May. Following the Five-Year Forecast, it contains all the detailed financial information and appropriations necessary to fund the services and acquire or maintain the infrastructure required by the City Council's direction. The Biennial Budget and CIP include the Action Plan objectives to be accomplished during the fiscal year. These objectives support the Strategic Plan's Critical Issues and Strategies.



# FIVE-YEAR FORECAST, BIENNIAL BUDGET, and CAPITAL IMPROVEMENT PLAN PROCESS CALENDAR



**\*PUBLIC MEETING**



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# INTRODUCTION

## THE FIVE-YEAR FORECAST AS A PLANNING TOOL

**T**he Five-Year Forecast is used by the City Council and City Staff as an important planning tool for making short- and long-term budgetary decisions. The Forecast provides information in three distinct areas, each having potentially significant budgetary impact. First, development activities are highlighted, including significant economic development trends and planned city-wide development projects. Next, economic and financial information is outlined, including national, state, and local economic forecasts, as well as specific revenue and expenditure projections for the City of Newark. These financial forecasts are five-year projections based on specific assumptions about future conditions such as inflation, job growth, population, and other factors that impact the local economy. These assumptions and financial projections are updated and revised at least biennially, but more often if economic conditions dictate. Finally, the City's strategic and budget plans are outlined. These include specific information regarding the City's approach to budgeting and the status of the Strategic Action Plans.

### BIENNIAL BUDGET OVERVIEW

The City is enjoying the benefits of a strong regional economy. Our revenues exceeded budget estimates and expenditures have been below budget as a result of unfilled vacancies and the City's overall conservative approach to budget management. The economy continues to expand at a steady pace with unemployment at pre-recession levels. Many economists believe the economy will experience a mild recession in the next few years. As the City recovered from the recession, establishing prudent reserves

for economic downturns has been a priority.

In November 2014, voters approved an extension of the Utility User Tax (UUT). The rate was reduced to 3.25% as of January 1, 2016. The UUT is applied to natural gas, electricity, cable service, and telecommunications. UUT revenue began in early 2011 and was prudently budgeted to restore some services and rebuild our fiscal uncertainty reserves. The UUT has a sunset date of December 2020.

Due to the UUT revenue, surpluses have been realized for the last three years and these have been used to rebuild the fiscal uncertainty fund. The extensive use of reserves to balance the budget during the recession resulted in the depletion of all remaining fiscal uncertainty reserves at the end of fiscal year 2009-2010.

Although there has been turmoil in the Federal government budget, local revenues were not affected over the last two years by State or Federal actions. The State has been taking steps to reduce its large liabilities and to establish sufficient reserves. There are no concerns for State or Federal take-aways in the 2016-2018 budget.

The Strategic Plan for the City is located at the end of this forecast. This plan provides direction for the programs, projects, and improvements that will be considered in the next two-year budget cycle.

The Vision, Mission, Values, and Culture Statements of the City of Newark organization continue to provide the guidance in determining budget priorities.



The City's Vision describes the ideal Newark. The organization's resources are directed at achieving this Vision. The Mission Statement describes the organization's purpose and reason for existence. The Culture Statement describes attributes, behaviors, and skills that the ideal City organization will have in conducting day-to-day business with its customers. Lastly, the Values Statement, also known as the PRIDE Statement, emphasizes the core values of City of Newark employees.

## RECAP OF THE KEY FINDINGS OF THE 2014-2016 BIENNIAL BUDGET

On April 24, 2014, the City Council adopted Resolution No. 10197, which approved the Five-Year Forecast for 2014-2019. The Five-Year Forecast provided direction to the City Manager in the preparation of the 2014-2016 Biennial Budget and Capital Improvement Plan. The Five-Year Forecast included a Development Forecast, an Economic and Financial Forecast, and the Strategic and Budget Plans for the City. The following is a recap of information that was contained in the 2014-2019 Five-Year Forecast:

### 2014-2016 Development Forecast

The following businesses made Newark their home:

- **Smart Storage Systems, Inc.**, a digital storage company with leading-edge flash technology.
- **Logitech** opened in the Pacific Research Center.
- **Membrane Technology & Research, Inc.**, a world leader in the development and production of membrane-based separation systems for the petrochemical, natural gas, and refining industries.

- **Sensible Motion, LLC**, specializing in Electromechanical system design.
- **Unigen Corp**, specializes in the design and manufacture of custom enterprise-grade Flash storage, DRAM and ARMOUR product Applications, using its innovative hardware and software expertise.
- **Depomed**, a specialty pharmaceutical company focused on developing and commercializing products to treat pain and other central nervous system conditions.
- **85-C Bakery**, a Taiwan-based cafe and bakery specializing in coffee, cakes, and breads.

### 2014-2016 Economic and Financial Forecast

- The adopted 2014-2016 Biennial Budget included operating revenues of \$40.9 million for 2014-2015 and \$41.1 million for 2015-2016. The UUT was projected to sunset in December 2015. The actual operating revenue for 2014-2015 was \$46.1 million and is projected to be \$47.0 million for 2015-2016.
- The adopted budget also projected expenditures of \$40.9 million for 2014-2015 and \$41.1 million for 2015-2016. Actual expenditures for the first year were \$42.5 million and projected to be \$45.5 million for year two.
- The 2014-2016 Biennial Budget was prepared when no new residential permits had been issued. Residential development was just beginning to occur.
- Total property tax revenue grew steadily in both years. The projected 2014-2015 property tax was \$10.3 million and actual revenue was \$10.9 million. For 2015-2016,



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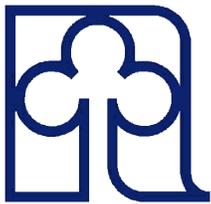
the budget projection was \$10.9 million and the estimated actual is \$11.7 million. The County has lowered assessed values during the recession and adjusted the values back in accordance with Prop 8 in 2015.

- Investment earnings stayed low due to low interest rates and lower reserve balances than in the past. The investment earnings have stabilized at below \$100,000 for both years in this cycle.
- Transient Occupancy Tax revenues have seen strong growth during the 2014-2016 Biennial Budget. Actual revenues were higher than expected for both fiscal years. This is one of the few revenue sources that is higher than pre-recession levels and continues to grow at double digit rates.

### **Organizational Changes**

The Police Department reorganized their command staff, and added a dispatcher and over hire positions.

The Public Works Director retired and Soren Fajeau was appointed to that position. An engineer and building inspector were added to assist with the high demand in development and construction.





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# DEVELOPMENT FORECAST

## TRENDS AND PROJECTIONS

**A**n analysis of significant development trends and indicators is crucial in developing an appropriate budget plan. In addition, what we learn will help the City set a stronger, more strategic direction for economic development.

This section of the Five-Year Forecast contains an overview of area-wide development trends followed by an analysis of the key local indicators and a projection for new development in Newark.

### **SIGNIFICANT AREA-WIDE ECONOMIC DEVELOPMENT TRENDS - EXCERPTS FROM THE "2016 INDEX OF SILICON VALLEY"**

The Joint Venture Silicon Valley "2016 *Index of Silicon Valley*" states that "the Silicon Valley economy is getting strong, with accelerating employment growth, continued expansion of businesses and services, and rising incomes. However, serious housing and transportation issues challenge the region's economic competitiveness and impact the quality of life for our region's residents. Given wage disparities and severe housing challenges, these impacts are affecting some segments of our population more than others."

Employment levels have far surpassed expectations and job growth is accelerating. Income and wages in Silicon Valley remain significantly higher than in the state or nation as a whole. The region's businesses and services continued to expand in tandem with employment growth. This expansion is reflected in the large number of development approvals over the past two fiscal years, the increasing amount of new office

space construction, the revival of new warehouse development after fourteen years without any, declining building vacancy rates, and increasing asking rents.

Despite these highlights, there are factors that indicate the Valley is struggling to support this growth:

- Despite increases in public transit ridership, traffic congestion has become increasingly worse as the number of commuters increases. Average commute times to work have risen to 27 minutes (up to 14% over the last decade). Annual delays (which reached 67 hours per person in 2014) and excess fuel consumption (28 gallons/person/year in 2014) due to congestion are further indicators of this growing issue.
- Although rising incomes and an increasing share of high-income households may appear to be positive signs for the region's residents, they may also indicate a turnover in Silicon Valley residents. As housing costs increase, Silicon Valley residents may choose to move elsewhere, with new residents moving in to fill the region's growing employment demands. Between July 2014 and July 2015, the region experienced a net influx of more than 14,000 foreign immigrants and nearly 600 domestic immigrants.
- As employment growth accelerates and the region's population continues to grow rapidly, housing remains a critical issue. Low hous-



ing inventory and increasing demand are driving up median sales prices – which reached \$830,000 in 2015 (6% higher than the previous year) – making it more difficult for first time homebuyers to get into the market. Along with increasing home prices, rental rates have gone up 8% year-over-year. Income gains were not nearly enough to accommodate home price and rental rate increases between 2013 and 2014, and new housing development has fallen far short of meeting the needs of a growing population. As such, household size and the share of multigenerational households have been increasing as residents try to minimize their housing costs.

Although there were some setbacks, Newark’s recovery is proceeding forward at a modest pace. The high occupancy at existing R&D, Industrial, and office space, as well as key new developments, are good signs that the local economy is strong. The new additions include:

- The mall renaissance, which includes a new IMAX theater and restaurants and applications for three new hotels.
- Construction of Mission Linen Supply and two new mini-storage facilities.

In addition, interest in residential development began in 2013 as is evident by the more than 2,000 homes now being processed as part of the growth in the Dumbarton Transit Oriented Development area, Sanctuary (formerly known as Area 3), and infill sites throughout the City.

The following economic indicators help to illustrate how the area is doing; whether we

are going up or down, going forward or backward, getting better or worse, or staying the same:

***-Silicon Valley job growth has accelerated and continues across all major areas of economic activity.***

**Why is this indicator important?**

Employment gains and losses are a core means of tracking economic health and remain central to nation, state, and regional conversations. Over the course of the past few decades, Silicon Valley has experienced shifts in the composition of industries that underlie the local economy. While employment by industry and by wage/skill level provides a broader picture of the region’s economy as a whole, observing the unemployment rates of the population residing in the Valley reveals the status of the immediate Silicon Valley workforce. The way in which the region’s industry patterns change shows how well our economy is maintaining its position in the global economy.

Employment numbers in Silicon Valley are well above pre-recession levels, while the state and nation are only slightly above pre-recession levels. Since the low in 2010, the total number of jobs in Silicon Valley has grown by 19.6%.

***-Total venture capital investments continued to rise.***

**Why is this indicator important?**

Innovation, a driving force behind Silicon Valley’s economy, is a vital source of regional competitive advantage. It transforms novel ideas into products, processes, and services that create and expand business opportunities. Luckily, Venture Capital investments in Silicon Valley and San Francisco, which shot up in 2014, further increased in 2015. Total 2015 Venture Capital investments for the region exceeded 2014



totals by \$4.7 billion, reaching \$24.5 billion (\$11.13 billion in Silicon Valley and \$13.34 billion in San Francisco). This number represents the greatest amount of Venture Capital funding in any one year since 2000.

*-New construction of office space soar, and Silicon Valley revives new warehouse space construction; vacancy rates decline and commercial rents increase as demand outweighs supply.*

#### **Why is this indicator important?**

Changes in the supply of commercial space, vacancy rates and asking rents provide leading indicators of regional economic activity. In addition to office space, commercial space includes R&D, industrial, and warehouse space. A negative change in the supply of commercial space suggests strengthening economic activity and tightening in the commercial real estate market. The change in supply of commercial space is expressed as the combination of new construction and the net absorption rate, which reflects the amount of space becoming available. The vacancy rate measures the amount of space that is not occupied. Increases in vacancy, as well as declines in rents, reflect slowing demand relative to supply.

Cushman and Wakefield, in their “*R&D Snapshot Q4 2015*”, notes that “The southern submarkets of Fremont and Newark, which are adjacent to [the San Mateo and Santa Clara markets], and whose combined inventory base totals over two-thirds of the entire East Bay Oakland market, will continue to see the greatest activity in 2016.”

*-Low housing inventory is driving up prices, making it more difficult for first-time homebuyers to afford a median-priced home. Income gains were not enough to accommodate home price and rental rate increases.*

#### **Why is this indicator important?**

The housing market impacts a region’s economy and quality of life. An inadequate supply of new housing negatively affects prospects for job growth. A lack of affordable housing results in longer commutes, diminished productivity, curtailment of family time, and increased traffic congestion. It also restricts the ability of crucial service providers – such as teachers, registered nurses, and police officers – to live near the communities in which they work. Additionally, high housing costs can limit families’ ability to pay for basic needs, such as health care, food, and clothing. As a region’s attractiveness increases, home sales, average home prices and rental rates tend to increase.

Silicon Valley home prices continued a three-year upward trend, reaching a median sale price of \$830,000 in 2015 - more than double the median sale price in California as a whole (\$411,000). This represents a nearly 6% increase over the prior year. As home prices have continued to rise, the number of homes sold in the Silicon Valley has decreased (down 11% between 2014 and 2015, and down 23% down since the most recent peak in 2012)). Correspondingly, the inventory of homes listed for sale has declined significantly since the peak in 2011.

Median household income gains would need to have been approximately three times greater to accommodate home price increase between 2013 and 2014 without being burdensome. During that time period, Silicon Valley median home prices increased by \$68,000, amounting to a mortgage payment increase of approximately \$319 per month.

*-The region’s traffic congestion problem continues to worsen despite a smaller share of Silicon Valley commuters that are driving alone and an increase in public transit ridership.*



### **Why is this indicator important?**

Adequate highway capacity and increasing alternatives to driving alone are important for the mobility of people and goods as the economy expands. Public transportation investments, along with improving automobile fuel efficiency and shifting from fossil fuels to electric vehicles, are important for meeting air quality and carbon emission reduction goals.

Between 2004 and 2014, the share of Silicon Valley residents who drive alone to work has declined from 78% to 74%. However, despite the decline in the share of commuters driving alone, per capita ridership on public transit increased. Naturally, as the total number of commuters increased, average commute times to work increased by three minutes. Traffic congestion has become a worsening problem in Silicon Valley, as indicated by annual delays and excess fuel consumption.

*-Voter turnout among young adults is extremely low, more voters are declining to state a political party affiliation, and an increased share is voting absentee.*

### **Why is this indicator important?**

An engaged citizenry shares in the responsibility to advance the common good, is committed to place, and holds a level of trust in community institutions. Voter participation is an indicator of civic engagement and reflects community members' commitment to a democratic system, confidence in political institutions, and optimism about the ability of individuals to affect decision-making.

For over a decade, the share of eligible voters in Silicon Valley registered with the Republic Party has continued to decline (from 31% in March 2000 to 21% in November 2014), while the share that decline to state a party preference has increased (from 17% in 2000 to 29% in November 2014). The

share of residents registered with the Democratic Party has stayed relatively constant, between 46% and 48%. Silicon Valley has seen a greater turnout than California for every election since 2003, with the greatest share of eligible voters participating in Presidential elections. In the most recent Presidential election (November 2012), 59% of Silicon Valley voters cast ballots, compared to only 55% of California residents.

## **LOCAL TRENDS**

### **Demographic Trends**

Changes in Newark's demographic profile are consistent with many of the regional trends discussed above. An understanding of these trends will assist in the formation of economic development policy and it will aid in development of programs and services to meet customer needs.

Based on the most recent figures from the State Department of Finance, Newark's total population is 44,204. Newark remains a family-oriented community. The City has a disproportionately high percentage of single- to multi-family housing and a high average household size. Eighty-one percent of the housing stock is single-family, compared to between 12 - 79 percent for the other cities in the County. Only Piedmont (96%) claims a higher percentage. In addition, Newark's average household size is 3.39, second only to Union City (3.50) among the cities in the County.



## Development Trends

Significant trends in development during the past two years include these businesses that made Newark their new home:

- Mission Linen
- Central Storage
- Public Storage
- AMC
- Kateeva
- Amazon

The following tenants moved into the Pacific Research Center:

- Shotspotter
- Advanced Cell Diagnostics
- Stanford
- Oraya
- Kaneka
- Carbylan

## PROJECTIONS

- Vacant industrial space will continue to be leased up, with corresponding increases in employment, but lack of available land will restrict significant new industrial or office development within the five-year forecast period and will force a shift to redevelopment and intensification of existing space.
- The hospitality industry will continue to thrive due to Newark's strategic location and vibrant hotel cluster.
- Residential development will be very strong, largely focused on the Dumbarton Transit Oriented Development (Area 2) and the Southwest Newark Residential and Recreational Project (Area 3 and 4). Approximately 300-400 housing

units are projected to be added to Newark each year from 2016 to 2020.

- Even in light of the renaissance at the NewPark Mall, Newark's retail growth will be muted due to shifts to online purchases and competition from neighboring cities.
- In the longer term, retail will increase as the Greater NewPark Mall Area is revitalized and new housing and job growth add income to households in Newark's market area.

## SUMMARY

2015 ended up being one of the strongest years in recent history for the industrial market along the Interstate 880 corridor. Sales and leases pushed the market to record levels in all product categories. The most sought after product type for investors remains Class "A" Warehouse/Distribution space, of which Newark has a modest inventory. Lee & Associates, a commercial real estate service, noted in their recent *Industrial Market Report* that the Fremont/Newark market "...will go down as a record year in terms of property sales and lease values, but all signs point to 2016 exceeding this high-water mark."

As pricing in San Francisco soars, the East Bay has finally begun to see its fair share of interest. Investors have redirected their focus towards various markets within the area. Leasing activity has increased, rents increased, and developers have begun exploring new construction opportunities. The East Bay remains a local option for many priced out of San Francisco's residential market. With these trends anticipated to persist into the foreseeable future, the East Bay upward momentum should continue.



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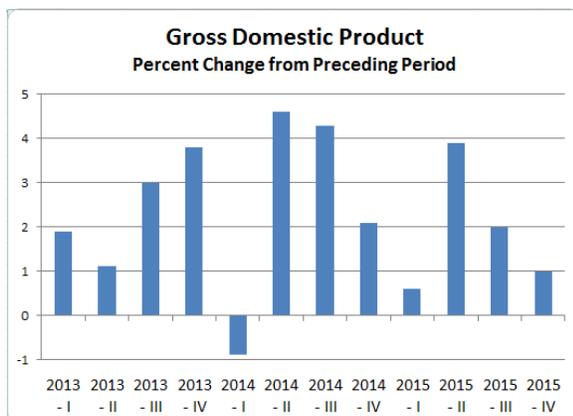
*The preparation of the Five Year Forecast is an opportunity to publicly recognize and commend the efforts of our business community in keeping Newark economically stable. The City of Newark is fortunate to have such a diverse business community that excels in its efforts to give back to the community. Newark's businesses remain and will always be critical to the City's economic health. The revenue and jobs created allow the City to offer the quality public services our citizens, businesses, and visitors deserve. It is appropriate at this time to express our gratitude to these businesses for their dedication to the City of Newark and for their continued commitment to improving Newark's quality of life.*



# ECONOMIC AND FINANCIAL FORECAST

## NATIONAL

**S**ix years after the official end of the Great Recession, the economy seems to have returned to normal growth. The U.S. Bureau of Economic Analysis reports the economy grew at rates between 0.5% and about 4.5% over the last several quarters. Although this increase is a welcome change over the decline, Beacon Economics stated two years ago that a full recovery would have needed multiple years of 5-6% growth. Instead of a full recovery, the economy has adjusted to a new normal.



Beacon Economics reports that the fundamentals of the U.S. economy have improved over the last few years. They feel the housing market is based on solid ground and is not a bubble. Consumer spending has bounced back, but personal savings is still at insufficient levels. The labor market has improved, which is allowing for the increased consumer spending that is driving the economy. Lending is beginning to loosen up and the new home construction market is growing and struggling to keep up with demand.

## NATIONAL FORECAST 2016-2018

Despite the growth in the economy, there are still many uncertainties about the nation's economy. Several economic forecasts are positive but express great concern over the economy in China. The Federal Reserve started to raise the benchmark interest rate by a 0.25 percentage point for the first time in seven years in December 2015. The Federal Reserve is expected to continue to increase this rate very gradually over the next several years. There is concern that the Federal Reserve is lacking a tool to offset potential economic downturns by leaving this rate at zero, or now at 0.25, for so long, but there are also concerns about what raising the rate will do to the still uncertain economy. Some worry that this monetary policy may dull future growth.

Despite some uncertainty, Beacon Economics projects the U.S. real GDP will grow by 3% in 2016-17.

Beacon Economics forecasts that the U.S. unemployment rate will remain near 5% for the next few years.

## STATE

The Governor's Budget Economic Outlook provides the following perspective for the national economy:

- Despite a higher pace of retirements from an aging population, the labor force is growing at close to 1 percent. California continues to add jobs at a steady pace.



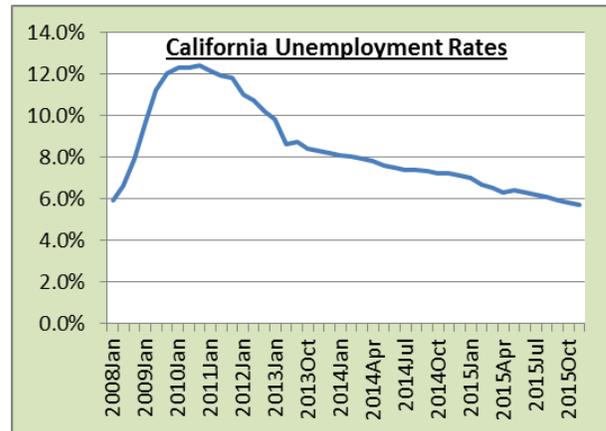
- The fourth consecutive year of the drought resulted in the first decrease in farm employment in 2015. Although the forecast projects modest improvements in agriculture beginning in 2016, the effects of the drought on the farm sector may continue for a few years.

- Personal income has been growing faster than expected. Growth of about 5 percent is expected in 2016 and 2017. A tighter labor market induces rising wages from workers.

- Consumer inflation, as measured by the Consumer Price Index (CPI), has been relatively low throughout the recovery and is expected to remain around 2.5 percent for the next two years.

- The current expansion has lasted since mid-2009, but on average expansions continue for only around five years. Even a fairly mild recession for the U.S. would be difficult for California.

California's economy was hit harder than most other states during the recession. The state lost over two million jobs, unemployment rates were at a record high level, and incomes were hit hard. Unemployment rates in California peaked in 2010 at 12.51% and began a constant decline in 2011. The rate is now down to pre-recession levels. Beacon Economics projects that the California unemployment rate will drop below 5.5% by December 2017.



The Governor's budget emphasizes the importance of planning for the next recession by paying down debts and liabilities and increasing the reserves. The Legislative Analyst's Office projects the Special Fund for Economic Uncertainties (SFEU) and the Budget Stabilization Account will go from a combined balance of \$2.8 billion in 2014-15 to \$11.5 billion in 2016-17.



## BAY AREA

The Bay Area is sensitive to all economic factors affecting national and state economies. Although the region enjoys a highly diversified economy and skilled labor force, that alone does not guarantee economic stability. The information technology boom and bust was evidence of this fact. Unemployment in the Bay Area increased at a tremendous rate during the recession with a peak rate of 10.5% at the end of 2009. Those same industries have accommodated the unemployment rates dropping quicker than other places in the country.

industry analysts are predicting that the trend will level off as pent up demand subsides.

In December 2015, the average unemployment rate for six of the Bay Area counties was 4.0%. This is much lower than the national or state levels. The Legislative Analyst's Office reports that the San Francisco Bay Area is among the nation's leading regions for job growth. The San Jose metropolitan area's job growth is ranked first among all large metro areas in the nation. The computer/electronics industry that took one of the larger initial blows in the downturn is also on the leading edge in the upturn. This industry has a strong influence on the Bay Area.

<b>Unemployment Rates</b>					
By County					
	Dec-11	Dec-12	Dec-13	Dec-14	Dec-15
Alameda County	9.1%	7.8%	6.2%	5.0%	4.3%
San Francisco	7.2%	5.9%	4.6%	3.7%	3.3%
Napa	9.7%	8.3%	6.7%	5.6%	5.1%
Santa Clara	8.4%	7.0%	5.5%	4.3%	3.7%
Contra Costa	9.3%	8.0%	6.5%	5.3%	4.5%
San Mateo	6.8%	5.6%	4.5%	3.5%	3.1%
Average	8.4%	7.1%	5.7%	4.6%	4.0%

Source: California Employment Development Department

Automotive sales and consumer spending in general continue to increase statewide and in the Bay Area. HdL company projects this growth to slow in 2016-2017. The auto



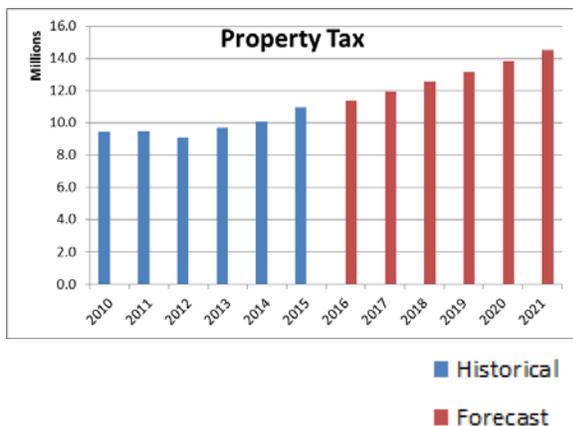
## REVENUE AND EXPENDITURE PROJECTIONS

The following information details the assumptions used in developing revenue and expenditure estimates for the City over the next five years. These estimates are used by City staff in planning current and future year operating and capital project budgets. The table titled “General Fund Revenue & Expenditure Forecasts” was developed by combining trend analysis with information regarding known development growth in Newark.

Policy decisions made at both the State and Federal levels can significantly impact local revenues and expenditures and are also taken into consideration when developing these projections. Below are explanations of significant revenue sources for the City.

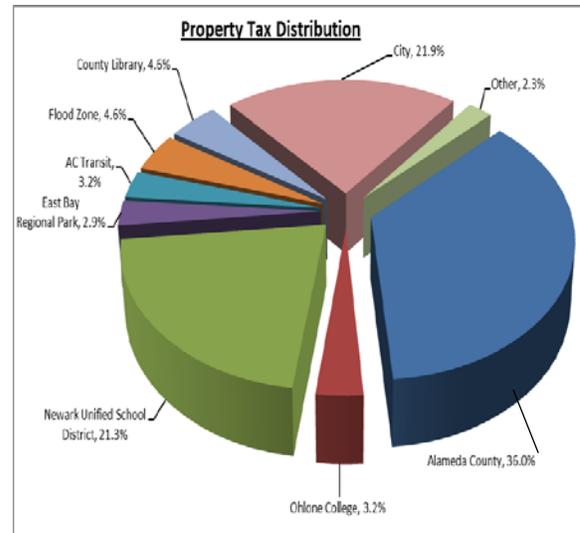
### PROPERTY TAX

Property tax, which used to be our primary revenue source at 31% of total operating revenue, now represents 25% of the total operating revenue. Property tax dropped over 11% during the recession.



The real estate market has stabilized, property values have continued to grow, and building permits have been issued for new residential homes. The projections for 2016-2017 include only permits issued to date. During the recession most properties were

reassessed down to a lower value to align with the market values of the properties. In 2015, the Assessor’s Office, in accordance with Prop 8 regulations, increased the assessed values of those properties back up to where they would have been had the market not dipped.



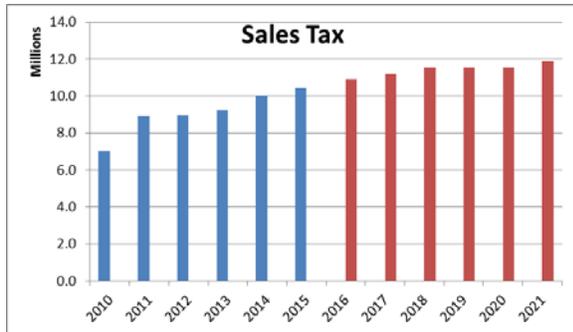
The Property Tax Distribution chart shown above indicates that the City receives 21.9% of the total property taxes paid by Newark property owners. Educational Revenue Augmentation Fund (ERAF) tax shifts that reduce the City’s share of property tax are not included in this percentage. This chart was created from the data published by the County Auditor-Controller.

### SALES TAX

Sales tax is the second largest revenue source for the City at approximately 24% of total operating revenue, just below property tax. The City had experienced a dramatic reduction in sales tax revenues that started in fiscal year 2008-2009. The significant loss in sales tax was primarily due to the economic recession that weakened consumer spending. The increase in consumer spending has been greater than projected.

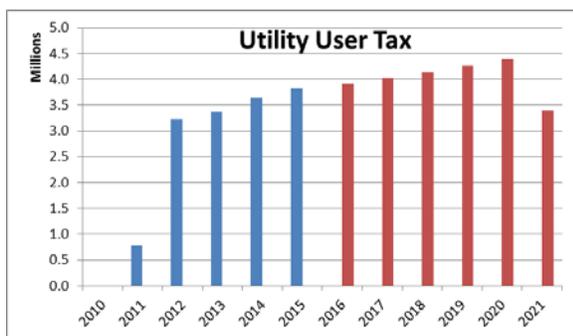


Many economist feel spending will flatten out and there is a likelihood that we will experience a recession in 2018. The sales tax projections consider this possible recession.



### UTILITY USER TAX

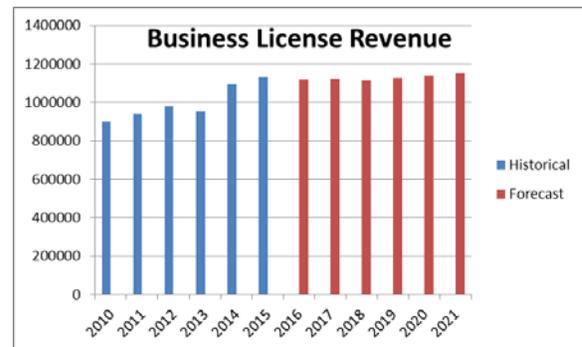
In November 2010, the voters of Newark passed Measure U, a 3.5% Utility User Tax (UUT). In November 2014, the voters extended the UUT and reduced the rate to 3.25%. This UUT is applied to electricity, natural gas, telecommunications, and cable service and was implemented to restore some of the severely cut services.



The UUT revenue has increased at a steady rate relative to the increases in the utilities it is applied to. This steady increase is projected to continue until the sunset date of December 2020. This revenue source represents about 8% of the City's General Fund operating revenues.

### BUSINESS LICENSE REVENUE

Business license revenue is affected by the number of businesses in the City and the gross receipts these businesses generate.



The opening of some auto dealerships and retail stores within the City and the stabilization of gross receipts reported by businesses contributed to the slight increase in revenues.

Business license revenue is projected to remain constant for the next five years.

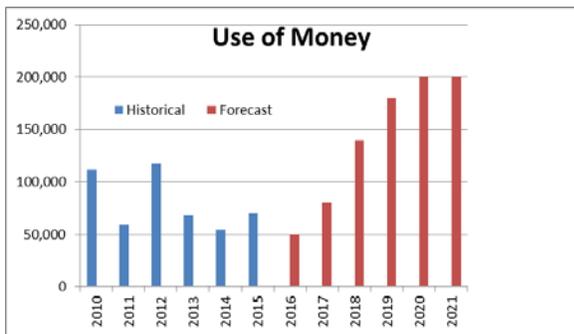
### TRANSIENT OCCUPANCY TAX

The economic downturn caused a significant decline in the City's Transient Occupancy Tax (TOT) as businesses and consumers cut down on travel expenses. However, the TOT has experienced continued strong growth and has outpaced all projections. This strong growth is not expected to continue and is projected to level off in 2015-2016. In the following three years, transient occupancy tax is projected to grow at rates between 2-4%. The projections consider a possible recession in 2018.



## USE OF MONEY AND PROPERTY

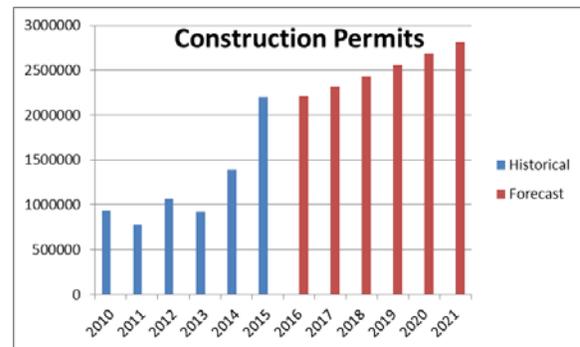
This revenue source consists primarily of interest income revenue generated from the City's cash and investments.



Investment earnings decreased significantly since the recession due to lower cash balances and declining interest rates. The estimate remains low. The Federal Reserve lowered interest rates on a number of occasions to help offset the negative impact of tightening of credit and the housing market crisis. These lower rates have persisted although the Federal Reserve did begin to increase the rates at the end of 2015. This projection shows that rates will begin to increase. This projection also considers staff pursuing investment options other than Local Agency Investment Fund within the five-year forecast.

## CONSTRUCTION PERMIT REVENUES

Construction permit revenues are directly associated with the number and value of developmental activities in the City.



Construction permits saw a spike in 2015. The economists now project that the demand for new houses will persist in the next several years. The estimate for 2016-2017 and 2017-2018 continue from the level set in 2015 and are projected to continue to grow at a steady pace.

## VEHICLE LICENSE FEE

In November 2004, Proposition 1A eliminated the backfill of vehicle license fees from the State's General Fund and was replaced dollar-for-dollar with property taxes.

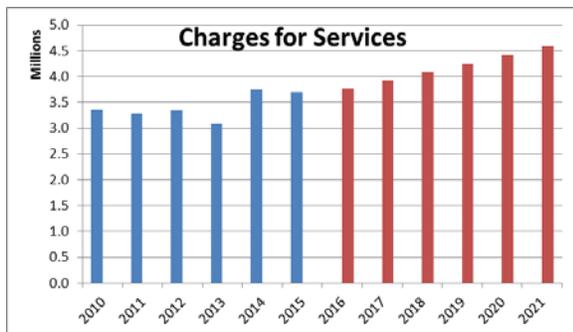


This revenue source is expected to grow. The Vehicle License Fee used to include the State apportionment of the motor vehicle license fees, but was eliminated by the State in 2012.



## CHARGES FOR CURRENT SERVICES

This revenue category represents fees for services rendered by various City departments, which include Police, Fire, Recreation, Community Development, and Public Works. Overall these revenues increased in 2014-2015 and 2015-2016 as development and construction started to improve. There was a dip in 2012-2013 due to an eight-month closure of the Silliman Aquatic Center for repairs. The development and construction revenue is expected to continue for the next five years.



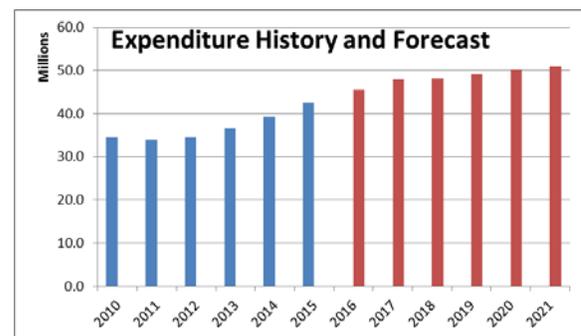
## EXPENDITURE HISTORY AND FORECAST

City operating budget expenditures historically fell into two main categories: (1) Personnel Expenditures; and (2) Other Operating Expenditures. This year the categories have been modified into four categories: (1) Personnel Expenditures, with the exception of CalPERS costs; (2) CalPERS costs; (3) the Alameda County Fire Contract; and (4) Other Operating Expenditures.

Personnel expenditures are comprised of all costs associated with employee salary and benefits, except the cost of CalPERS. These include regular full-time, regular part-time, and part-time, seasonal, and temporary positions. These expenditures increase as a result of negotiated salary adjustments and other salary increases and health benefits. CalPERS costs have grown from \$3.6 mil-

lion in 2013 to about \$5.3 in 2016. This is rapidly increasing due to changes in CalPERS' actuarial methods and assumptions.

Personnel costs previously accounted for approximately 75% of the City's total Operating Budget. With the establishment of the contract with Alameda County Fire Department for Fire Services in 2010, personnel costs now account for approximately 45% of the total Operating Budget and the CalPERS costs are an additional 13%. The Alameda County Fire contract accounts for 20% of the City's Operating Budget.



Other operating expenditures include supplies, other contractual services, utilities, debt service payments, and equipment purchases. These expenditures increase as a result of inflation, increased service demands, and the addition of new programs or service levels. This accounts for the remaining 22% of the Operating Budget.

The expenditure forecast includes the following assumptions:

- Increases in the PERS contribution rate for Public Safety (Police) and Miscellaneous groups.



- 
- Staffing adjustments made in 2016 to accommodate growing demands for services in all departments.
  - Increases in the cost of contracting for Fire Services to Alameda County.
  - Add support to increase Library hours.
  - Budgeting positions at top salary instead of using projected step increases.

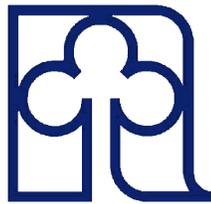
These expenditure and revenue estimates reflect certain assumptions that are subject to change even before the adoption of the 2016-2018 Biennial Budget. Approval of supplemental budget requests and funding changes as a result of City Council direction will impact the overall expenditure estimates. Staff also updates these estimates and assumptions on an ongoing basis as a result of changes in the economy and funding priorities.



## General Fund Revenue & Expenditure Forecast

	Amended 2015-16	YoY %	Forecast 2016-17	YoY %	Forecast 2017-18	YoY %	Forecast 2018-19	YoY %	Forecast 2019-20	YoY %	Forecast 2020-21
<b>Taxes</b>											
Property Tax	11,700,000	5.0%	12,285,000	5.0%	12,900,000	5.0%	13,545,000	5.0%	14,223,000	5.0%	14,935,000
Sales & Use Tax	10,900,000	2.8%	11,200,000	3.0%	11,536,000	0.0%	11,536,000	0.0%	11,536,000	0.0%	11,883,000
TOT	5,036,000	2.0%	5,137,000	3.0%	5,292,000	1.0%	5,345,000	4.0%	5,559,000	4.0%	5,782,000
Franchise Fee	3,017,000	1.0%	3,048,000	1.0%	3,079,000	1.0%	3,110,000	1.0%	3,142,000	1.0%	3,174,000
UUT	3,903,700	3.0%	4,020,800	3.0%	4,142,000	3.0%	4,267,000	3.0%	4,396,000	3.0%	4,521,000
Other	382,000	4.2%	398,000	4.0%	414,000	4.1%	431,000	4.2%	449,000	1.1%	454,000
<b>Licenses</b>	3,317,000	19.9%	3,976,000	-1.3%	3,923,000	3.9%	4,077,000	3.9%	4,238,000	4.0%	4,406,000
Business	1,090,000	1.0%	1,101,000	1.1%	1,113,000	1.1%	1,125,000	1.1%	1,137,000	1.1%	1,149,000
Construction	2,205,000	21.0%	2,668,000	5.0%	2,802,000	5.0%	2,943,000	5.0%	3,091,000	5.0%	3,246,000
Other	22,000	-68.2%	7,000	14.3%	8,000	12.5%	9,000	11.1%	10,000	10.0%	11,000
<b>Fines and Forfeitures</b>	360,000	1.0%	363,600	1.2%	368,000	1.1%	372,000	1.1%	376,000	1.1%	380,000
<b>Use of Money</b>	50,000	60.0%	80,000	75.0%	140,000	28.6%	180,000	11.1%	200,000	0.0%	200,001
<b>Revenue from Other Agencies</b>	3,342,540	10.7%	3,700,000	2.0%	3,774,000	2.0%	3,850,000	2.0%	3,927,000	2.0%	4,006,000
<b>Charges for Services</b>	3,772,600	1.8%	3,840,000	4.0%	3,994,000	4.0%	4,154,000	4.0%	4,321,000	4.0%	4,494,000
<b>Other Revenue</b>	1,253,000	-70%	381,000	5.2%	401,000	5.2%	422,000	5.2%	444,000	5.2%	467,000
<b>Total Revenues</b>	<b>47,040,000</b>	3.0%	<b>48,430,000</b>	3.2%	<b>49,970,000</b>	2.6%	<b>51,290,000</b>	3.0%	<b>52,820,000</b>	1.4%	<b>53,580,000</b>
Salaries*	26,925,200	5.8%	28,485,500	1.7%	28,973,200	3.0%	29,843,000	3.0%	30,739,000	2.0%	31,354,000
Non-salaries	18,752,400	5.4%	19,760,100	3.7%	20,489,300	1.5%	20,797,000	1.0%	21,005,000	1.0%	21,216,000
<b>Total Expenditures</b>	<b>45,677,600</b>	5.6%	<b>48,250,000</b>	2.5%	<b>49,470,000</b>	2.4%	<b>50,640,000</b>	2.2%	<b>51,750,000</b>	1.6%	<b>52,570,000</b>
Use Fund Balance	1,300,000		2,066,000								
Gas Tax	500,000		400,000		300,000		200,000		100,000		
Transfers to Reserves per policy	-506,000		-643,100		-355,000		-786,000		-327,500		-255,000
Transfer to Capital Reserves	-2,000,000		-2,000,000								
<b>Total Transfers In/Out of GF</b>	<b>-706,000</b>		<b>-177,100</b>		<b>-55,000</b>		<b>-586,000</b>		<b>-228,000</b>		<b>-255,000</b>
<b>Surplus</b>	<b>657,000</b>		<b>0</b>		<b>450,000</b>		<b>70,000</b>		<b>850,000</b>		<b>760,000</b>

\*Salaries are only forecast with approved MOU adjustments. The current MOU's expire in June 2017. No adjustments are budgeted past that date.





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# ENTERPRISE FUND BUDGET

The concept of an Enterprise Fund is to account for those activities for which a fee is charged to external users of the goods or services. The cost of providing services for an activity should be recovered through fees or charges. In practice, enterprise funds are used to account for activities whose costs are only partially funded by fees and charges. In this case, a well-defined contribution from the General Fund to the Enterprise Fund is required. In other cases, some of the activities in the fund are deemed by the City Council to be of general public benefit, and, therefore, receives a carefully considered contribution.

Services in Enterprise Funds can be fully cost recovering, which means that all costs of providing services include both direct and overhead costs. The overhead factor is created from a cost allocation plan. In plan review, for example, the cost allocation plan is reasonable in that it accounts for the cost the planner places on the General Fund. The planner position requires, among other services, personnel administration services (recruitment, benefit administration, etc.), finance services (payroll, computer systems, etc.), and management services (performance review, work planning, etc.). The true cost of providing the plan check includes these costs. These costs are allocated to the planner based on nine criteria developed by the Finance Department and approved by the Executive Team, City Manager, and City Council.

The goal for each Enterprise Fund is to have its own level of reserves. Existing reserve balances above the calculated level for the General Fund would be divided and allocated to the appropriate Enterprise Fund. For example, the Capital Asset-

Construction Fund would provide reserve funds within its area for capital projects.

Below is a description of Newark's General Fund and Enterprise Funds:

## **General Fund**

The General Fund consists of activities that benefit the general public. It includes City Council, City Administration, Police, Fire, Library, and Economic Development. These activities are supported by General Fund revenues.

## **Development Enterprise Fund**

The Development Enterprise Fund consists of Planning, Waste Management, Engineering, Building Regulation and Inspection, and Park Design. These are services provided for developmental activities in the community and are supported primarily by development fees. When first adopted, the General Fund contribution to the Development Enterprise Fund was 31%. The budget for the 2015-2016 contribution by the General Fund was 55% due to the continued minimal number of construction permits at the time, as shown on page 24. This subsidy will be considerably reduced in the 2016-2017 budget.

## **Recreation Enterprise Fund**

The Recreation Enterprise Fund provides for the City's recreation programs and activities. These services are paid for by users' fees that are partially cost covering. Some General Fund contribution is required due to market constraints in pricing services. This fund was given a 40% General Fund contribution when it was created. It currently receives a 48% contribution. The specific activities in this fund include General Rec-



recreation Services, Youth/Adult Sports, Fitness and Wellness, George M. Silliman Community Activity Center Phase II - Family Aquatic Center, General Community and Human Services, Youth and Teens, and Seniors Activity.

The Recreation Enterprise Fund also includes the licensed child care program. This program is included in the 48% contribution from the General Fund.

### **Capital Assets-Maintenance Enterprise Fund**

The Capital Assets-Maintenance Enterprise Fund provides for the maintenance of the City's infrastructure assets. The preservation of the City's infrastructure is a high priority which requires an 83% contribution from the General Fund. Services provided in this fund include Street Repairs, Weed Abatement, Park and Landscape Maintenance, Street Lighting, and Environmental Services.

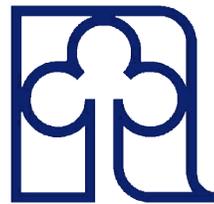
### **Capital Assets-Construction Enterprise Fund**

The Capital Assets-Construction Enterprise Fund is predominantly capital, rather than an operating fund. It contains both capital projects and capital funds. The Capital Improvement Plan (CIP) is included within this fund. Activities include Street Construction/Gas Tax, Street Tree Program, Park Construction, Art In Public Places, Housing and Community Development (HCD) grant projects, and Capital Improvements. This fund is supported by various revenues, including State Gas Tax, Measure B funds, and Federal, State, and other agencies' grants. General Fund contributions to this fund fluctuate from year to year depending on capital construction needs and the General Fund's ability to generate surplus to support them. This is

the fund to which the annual General Fund capital contribution is directed.

### **Other Revenue Cost Centers**

Within the Enterprise Fund structure, there are Cost Centers. These are budget entities which track detailed costs and revenues regarding a specific activity or a narrowly focused group of activities. This differs from an Enterprise Fund which has a broader mission and a wide variety of both services and revenues. Usually the revenues associated with a Cost Center derive from a single fee. The City has established three Cost Centers, all residing in the Capital Assets-Maintenance Enterprise Fund. These are the Environmental Services, Weed Abatement, and Street Lighting.





Biennial Budget FY 2015-16

**OPERATING**

General Fund		Development Enterprise Fund		Recreation Enterprise Fund	
Activities	Cost		Cost		Cost
General Government	752,600	Planning	354,600	General Recreation Services	1,002,500
Management/Support	3,410,800	Community Preservation	209,400	Youth/ Adult Sports, Fitness, & Wellness	564,200
Police Services	15,917,300	Waste Management	30,000	Activity & Family Aquatics Center	2,067,400
Fire Services	10,347,300	Building Inspection	826,900	Licensed Child Care	387,700
Economic Development	417,200	Engineering	1,064,200	Seniors Activity and Services	405,400
Library Support	62,300			Paratransit Services	187,000
<b>Total</b>	<b>30,907,500</b>	<b>Total</b>	<b>2,485,100</b>	<b>Total</b>	<b>4,614,200</b>

Funding Sources	Revenue		Revenue		Revenue
Property Tax	10,432,000	Construction Permits	890,000	Intergovernmental Revenues	160,000
Sales Tax	10,063,000	Street and Curb Permits	42,000	Charges for Services:	
Transient Occupancy Tax	4,177,000	Other Permits and Licenses	15,000	Senior Transportation	15,000
Utility Users Tax	2,625,000	Use of Money and Property	5,000	General Recreation Services	260,000
Franchise Fee	3,017,000	Charges for Services:		Activity Users Fee	585,000
Other Taxes	132,000	Zoning Fee	20,000	Silliman Facility Rentals	105,000
Business License	988,000	Plan Checking Fee	109,000	General Aquatic Programs	571,000
Other Permits and Licenses	39,000	Miscellaneous	221,000	Concession Operations	113,000
Fines and Forfeitures	510,000	Microfilm./Records Auto Fees	54,000	General Community and Human Services	77,000
Use of Money and Property	95,000	Intergovernmental Revenues	0	Community Center Facility Rentals	57,000
Vehicle In Lieu	2,958,000	Other Revenue	75,000	Child Care Activity	319,000
Homeowners Relief	80,000	General Fund Contribution 55%	1,054,100	Preschool Activity	147,000
Intergovernmental Revenues	130,000	<b>Total</b>	<b>2,485,100</b>	Teen & Youth Activity	20,000
Charges for Services:				Other Revenues	0
Public Safety	495,000			General Fund Contribution 48%	2,185,200
Miscellaneous	11,000			<b>Total</b>	<b>4,614,200</b>
Other Revenue	223,000				
<b>Subtotal</b>	<b>35,975,000</b>				
Gas Tax Transfer	500,000				
<b>Enterprise Fund Contributions</b>					
Development 4%	-1,054,100				
Recreation 6%	-2,185,200				
Capital Assets-					
Maintenance 8%	-2,531,200				
<b>Total</b>	<b>30,704,500</b>				
<b>Surplus/(Deficit)</b>	<b>(203,000)</b>		<b>0</b>		<b>0</b>

**OPERATING, Continued****CAPITAL****Capital Assets-Maintenance****Capital Assets-Construction**

	Cost		Cost
Weed Abatement	30,300	Street Construction	1,528,600
Street Lighting & Traffic Signals	384,100	Housing Community Development	130,000
Street Repairs	496,500	Park Construction	0
Environmental Services	682,600	Capital Improvements	1,460,000
Park & Landscape Maintenance	1,456,700	Subtotal	3,118,600
Total	3,050,200	Fund Transfer to General Fund	500,000
		Total	3,618,600

	Revenue		Revenue
Charges for Services:		Investment Earnings	20,000
Weed Abatement	7,000	State Gasoline Tax	1,801,000
Environmental Services	457,000	Other Agencies	163,000
Other Revenues	55,000	Park Impact Fees	650,000
General Fund Contribution 83%	2,531,200	Development Impact Fees	770,000
Total	3,050,200	Community Dev. Maint. Fees	165,000
		Subtotal	3,569,000
		Fund Appropriation:	
		Street Construction	49,600
		Total	3,618,600



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## OTHER BUDGET AND FINANCIAL ISSUES

### PERS

The most significant increase to the budget during the past few years has been the retirement costs through the Public Employees' Retirement System (PERS).

The PERS Board has adopted several changes to their assumptions and accounting methodology that have increased the City's rates by over 48% in the last three years and are estimated to increase over 18% in the next five years. The Board is adopting these changes to boost the probability that the fund will reach fully funded status in 30 years.

The State enacted the Public Employee Pension Reform Act in 2013. This Act establishes a new tier for new employees that are new to the PERS system. In the long-term this will reduce pension costs, but provides little short term relief to the City.

PERS rates for 2016-2017 are 50.0% for public safety members and 25.7% for miscellaneous members.

### CAPITAL IMPROVEMENT PLAN

The Capital Improvement Plan (CIP) was developed to provide the City Council with a method for selecting and prioritizing potential capital projects, special studies, and new equipment purchases over \$5,000, and determining their financial feasibility.

Capital improvements are major physical improvements throughout the community or expenditures that involve significant resources of more than \$5,000 above and beyond the City's operating budget. They tend to be special one-time projects designed to address or study a significant community need or problem and can include feasibility studies, equipment, and/or

systems (e.g., radios, telephones, etc.) that are not normally part of the City's operating budget. CIP projects exclude most ongoing maintenance projects, replacement of equipment, and operating programs.

The objectives of the CIP are to: (a) assist City staff in projecting future requirements for personnel and equipment in the development of departmental programs and the City's Biennial Budget; (b) relate the planning of CIP projects more effectively to general City goals and the operating budget; and (c) improve planning and coordination of projects that require significant funding commitments.

Projects that should be included in the CIP are as follows:

1. All projects which involve expenditures of \$5,000 or more for the improvement of public buildings and the construction or improvement of public streets and parks, with the exception of most maintenance or repair.
2. All other projects, equipment, or studies over \$5,000, which would not normally be included as part of the City's operating budget.
3. All purchases of property, including street easements and rights-of-way.

The following items should *not* be included in the CIP:

1. All equipment replaced through the City's equipment replacement fund (Activity 9710), which is managed by the Finance Department.



2. Most park maintenance, building or street repairs to City facilities, which are handled through the Maintenance Division.

3. All capital outlay items costing less than \$5,000, which are included in a department's operating budget.

The CIP is processed concurrently with the Five-Year Forecast and is published with the Biennial Budget as a single document. The CIP considers capital expenditures, establishes priorities for those expenditures, determines the funds available, analyzes short- and long-term budget impacts, and prioritizes projects for implementation. It provides a framework for determining the amount of future funds and possible additional sources of funds that are available for projects.

## CAPITAL PROJECTS

The City's major fiscal challenge in the past several years has been to correct the structural deficit in the operating budget. Surplus funds have been used to replenish the Fiscal Uncertainty Fund and have minimally replenished the capital projects fund. Staff will continue to look into new revenue sources for future capital projects and provide City Council with recommendations on what type of new revenues would be most fiscally prudent.

## LEVEL OF RESERVES

Many of the City's primary revenue sources – sales tax, property tax, and transient occupancy tax are impacted by changes in the economy. When the economy slows down or goes into recession, these revenues drop. Reserve levels are established to provide a cushion for these times and to absorb sudden losses of revenue as a result of other reasons such as legislative acts. This was the case when the State shifted property tax

revenues away from cities in the early 1990s as part of the Educational Reimbursement Augmentation Fund (ERAF) shift.

In determining the proper level of reserves, staff estimates the potential impact of a recession on its primary revenues as noted above. Staff also looks at the prevailing practices of other cities and reviews guidelines established by the California State Municipal Finance Officers Association (CSMFO) and Government Finance Officers Association (GFOA). The City still maintains a number of designated reserves including:

(1) A general fund reserve designated for operations, referred to as the "Emergency Reserves." This reserve is set aside to meet sudden unexpected expenses such as a legal liability or costs associated with an unexpected disaster. The balance of this reserve is set at 15% of operating expenditures. The balance at the end of fiscal year 2015 was \$6.2 million.

(2) A general fund reserve designated for fiscal uncertainty. This reserve is set aside to reduce the organizational impact of a short-term revenue loss. Between 2006 and 2010, in addition to the severe cuts to service and staffing levels, the City used \$7 million in reserves while balancing the budget. The reserve has been designated to be 10% of the operating expenditures. The balance in the Fiscal Uncertainty Fund at the end of 2015 was \$4.1 million.

(3) A capital projects reserve set aside to fund the Capital Improvement Plan. The capital reserves were traditionally funded by surplus funds from the General Fund, which has not been available for several years. These reserves are depleting and restricting the City's ability to maintain assets. As the unallocated fund balance has allowed, transfers have been made into the



capital reserves. In 2015, \$2.3 million was transferred and another \$2.3 million will be transferred in 2016. The fund balance policy adopted by Council requires that a minimum of \$250,000 be transferred into the capital reserves as surplus allows. The Capital Reserves are estimated to be at \$7.6 million at the end of Fiscal Year 2015-16.

The City also has a number of restricted funds which can only be used for a limited number of specific purposes and non-discretionary funds which can be used for General Fund purposes. For example, Gas Tax can only be used to maintain streets and rights-of-ways.

#### **UNALLOCATED FUND BALANCE**

Funds that have not been appropriated, identified as reserves, or legally identified for a specific purpose remain in the General Fund as unallocated fund balance. The projected amount remaining in unallocated fund balance at the end of Fiscal Year 2015-16 is \$6.9 million.

#### **APPROPRIATIONS LIMIT**

The State election on June 5, 1990 resulted in the passage of Proposition 111, amending Article XIII B of the California Constitution, the governing legislation for calculating the appropriations limit. Under the amended legislation, the appropriations limit may increase annually by a factor comprised of the change in population (city or county), combined with either the change in California per capita personal income or the change in the local assessment roll due to local non-residential construction. Fiscal year 1986-87 is the base year from which these factors are applied. The intent of the amended legislation was to provide a more equitable method of calculating the appropriations limit. This resulted in a significant increase in the City's appropriations limit.

The City's current fiscal year 2015-2016 Annual Budget includes appropriations subject to the limit of \$45,477,600. This is well below the City's appropriation limit of \$311,521,566. Staff has no concerns regarding our ability to stay within the limit.



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# BIENNIAL BUDGET

## TWO-YEAR BUDGET

**I**n 1999, City Council directed City staff to transition from an annual to a biennial budget cycle beginning with fiscal years 2000-2001 and 2001-2002. This change affected the preparation of the Budget, Capital Improvement Plan, and the Five-Year Forecast documents.

There are a number of advantages in a multi-year budgeting approach. First, the City has made a strong commitment to closely tie specific short- and long-term goals directly to the budget. The City views the budget planning process as the primary tool used in identifying the most important things to accomplish and then ensuring that the budget allocates the resources necessary to achieve them. Accordingly, the budget process includes early City Council involvement in setting major policy goals and priorities as articulated in this document. Many of the City's Strategies and Action Items do not fit into one-year increments. A multi-year approach is more conducive to setting meaningful objectives with realistic timeframes for completing them.

A multi-year approach also strengthens fiscal year control by providing for more orderly spending patterns for departments in managing their operating budgets. This helps to eliminate the last minute expenditure decisions that are made at the end of a typical fiscal year budget cycle. Multi-year budgets allow departments to plan for the funding of worthwhile activities or projects and ensure that the funding is available for multi-year objectives and operating activities.

The preparation of the Five-Year Forecast, Budget, and Capital Improvement Plan is an extensive, time-consuming process that involves virtually everyone in the organization, including the City Council. This requires a significant commitment of staff time and resources; however, significant savings are realized in the second year as a result of not having to prepare department budget plans and create new documents. The budget will be reviewed after the first year and any necessary adjustments will be made at that time. This will require much less staff time.

Finally, a multi-year budgeting process emphasizes the City's fundamental commitment to fiscal health and independence as outlined in the City's Culture Statement. It also encourages a more thorough and forward thinking planning process. Planning must be done not just for one year, but also for the foreseeable future and involves developing and implementing solutions to meet longer term needs.

### BUDGET POLICIES

The 2016-2017 and 2017-2018 budget will be the ninth biennial budget for the City. This budget will be based on some key principles that support the City's strategy of fiscal independence and sustainability.

- The budget will be balanced and fiscally conservative.
- The City will continue providing services at least at current levels and with adequate funding.



- General Fund and Capital Fund balances will be maintained at levels that will support the City during future economic and other financial uncertainties.
- Expenditures and revenues will be estimated at conservative, but realistic levels.
- The budget will support the Critical Issues and Strategies and related Action Items that are identified in the Strategic Plan.

### **BUDGET ASSUMPTIONS**

The Biennial Budget for fiscal years 2016-2017 and 2017-2018 will be developed with the assumption that the economy will continue to show a steady increase through 2016 and that there is a strong possibility of mild recession in 2018. The budget will also assume a minimum growth in operating expenditures. Budgets will be approved by the City Council for both years in June 2016. All operating budget appropriations not spent in 2015-2016 will lapse on June 30<sup>th</sup>, unless they are encumbered to meet specific obligations such as contracts and agreements, services, and other procurements incurred during the fiscal year. These will be re-appropriated in the 2016-2017 fiscal year budget.

### **BUDGET PLAN**

On January 28, 2016, the City Council held a budget work session on the projected budget for 2016-2017 and 2017-2018. At that time, budget forecasts based on economic predictions from late 2015 were used to identify budget sustainability strategies. The budget plan anticipated a \$700,000 surplus at the end of 2015-2016 and with a need to supplement revenues from the unallocated fund balance in the amount of

\$225,000 in 2016-2017. The Biennial Budget will include issues discussed at that meeting.

The draft Five-Year Forecast has been prepared as this basis for the next Biennial Budget. This forecast includes a number of assumptions that should be noted here:

- Overall, the economy will grow through 2016.
- The General Fund operating reserve, "Emergency Reserves," should be maintained at its current level of 15% of the operating expenditures.
- The Fiscal Uncertainty reserve should be maintained at its current level of 10% of the operating expenditures.
- A modest Capital Improvement Program should continue to be implemented due to the limited capital reserves.

### **STRATEGIC PLAN UPDATE**

In an effort to keep abreast of changing times and take advantage of new technology, the City saw the need to develop a formal process that would allow us to move into the New Millennium, yet maintain our sense of community. A Strategic Plan was developed and first introduced in 1994. The City operated under the initial Strategic Plan for five years. Going forward, that Plan was reviewed and evaluated annually, and included key issues and action items intended to guide the City into the future.

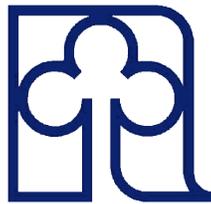
While the Strategic Plan was successful in meeting many of its goals, technology and conditions were changing rapidly, which required the City to take another look at the process. In 1999 and 2004, the City reviewed the Strategic Plan and determined the need to make significant



modifications which would allow the Plan to become more fluid and change as conditions dictate. Chief among the modifications was the identification of Critical Issues facing the City. Those Critical Issues, which replaced the initial Plan's key issues, are important areas of concern addressing Public Safety Services, Education, Quality of Life, Community Development, and City Government Operations. In order to operate soundly and provide the highest level of service to the citizens of Newark, the City must address these Critical Issues and anticipate potential problems associated with them. Therefore, the Strategic Plan included Strategies, or processes, to address each of the Critical Issues. The Strategies are broad statements of intent. Of perhaps more significance are the Action Plans associated with each of the Strategies. The Action Plans spell out specific means of addressing each Strategy, with specific programs, policies, or procedures which will help the City meet the needs of its citizens, adjust to changing times, and yet be ever mindful of the desire to maintain our sense of individuality, uniqueness, and community.

As noted above, it has been two years since the Critical Issues and Strategies and related Action Plans last received a comprehensive reevaluation and overhaul. This forecast includes updates to the Strategic Plan.

The Action Plans includes the current status (Completed, In Progress, Ongoing, or Pending) of each item. Plans that are labeled as "Completed" were finalized during the last Five-Year Forecast period. Those that are "In Progress" have been started, but not finalized and "Ongoing" Plans continue to be worked on. "Pending" Plans are those that were underway, but have been deferred due to unforeseen circumstances or lack of funding.





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## CRITICAL ISSUES AND STRATEGIES

### I. PUBLIC SAFETY SERVICES

*Provide a level of public safety services that will protect our citizens, property, and community assets.*

- A. Continue to serve and protect based on a community-oriented policing philosophy.
- B. Continually evaluate the technological needs of public safety services and make upgrades where appropriate.
- C. Respond to evolving demands caused by changes in regulatory requirements or in the community.
- D. Continue the training and updates of internal and external emergency preparedness programs.
- E. Participate in collaborative efforts with other agencies.
- F. Identify and request the timely repair, upkeep, and replacement of safety equipment and buildings.
- G. Minimize risk potential for members of the public and staff.
- H. Explore opportunities to regionalize resources with other agencies.
- I. Identify and evaluate resources to assist with the procurement of grant funding for public safety services.
- J. Implement a service model reflective of our existing budget and staffing, while utilizing new and existing technologies to increase efficiencies.
- K. Develop policing and outreach programs that encourage community involvement.
- L. Continue to train and educate staff in order to provide the highest level of service to our community and for future growth of the department.

### II. EDUCATION

*Support, encourage, and offer opportunities and programs that facilitate quality community education.*

- A. Continue to work with the Newark Unified School District and private schools and support other collaborative efforts that strive toward the development of a “world class” school system.
- B. Offer meaningful educational, intergenerational, and cultural programs through the Recreation and Community Services Department.
- C. Encourage continued business community involvement in supporting education.
- D. Work with Ohlone College on future improvement of the Newark Campus and continue to explore other opportunities for partnerships with the Community College District.



### **III. QUALITY OF LIFE**

*Provide programs, services, facilities, parks, and open spaces that make Newark a desirable and healthy place to live.*

- A. Promote, enforce, and preserve city beautification measures as resources allow.
- B. Continue to offer quality Senior Services for the senior community.
- C. Provide facilities that allow all community members an opportunity to engage in cultural, recreational, and educational programs and services.
- D. Monitor transportation conditions, including traffic congestion, bicycle and pedestrian mobility, and transit level of service.
- E. Collaborate with local agencies and organizations to enhance delivery of Recreation and Community Services programs and services.
- F. Continue to offer a variety of Recreation and Community Services activities that help enhance the quality of life within the community.
- G. Encourage, support, and recognize community volunteerism.
- H. Provide clean, safe, inviting, and well-maintained facilities, parks, and open spaces for community use in a resource-constrained environment.
- I. Implement programs and services that promote healthy lifestyles and encourage healthy eating and physical fitness.
- J. Promote climate protection, water efficiency, and energy conservation.

### **IV. COMMUNITY DEVELOPMENT**

*Make development decisions that maintain a vibrant, balanced, quality community.*

- A. Improve housing diversity, add community amenities, and enhance long-term revenue through new development consistent with Specific Plans and the General Plan.
- B. Ensure that the community has a coherent and long-term vision for the future through its General Plan, Specific Plans, and Master Plans.
- C. Market our community through partnerships with regional agencies, neighboring communities, and directly with property owners, brokers, and businesses.
- D. Support the local business community.
- E. Promote investment and quality of life in existing neighborhoods.
- F. Strengthen community identity and City revenue by promoting a varied and vibrant retail mix within attractive retail areas.
- G. Promote the development of transportation options such as Dumbarton Transit alternatives and bicycle and pedestrian improvements.



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## **V. CITY GOVERNMENT OPERATIONS**

*Operate a City government that enables the organization to meet service demands of the community.*

- A. Provide and maintain public facilities as resources allow.
- B. Continue to take actions that promote and enhance long-term fiscal stability and independence.
- C. Continually evaluate the technological needs of the organization and make upgrades where appropriate.
- D. Identify short and long-term space needs, and ensure facility needs for City departments are provided.
- E. Work with other agencies to meet the needs of the community.
- F. Participate in regional and sub-regional collaborative efforts.
- G. Provide a safe and effective work environment that engages each employee to perform at an optimum level of service.



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## STRATEGIC PLAN STATUS REPORT

### I. PUBLIC SAFETY SERVICES

#### *Critical Issue*

Provide a level of public safety services that will protect our citizens, property, and community assets.

#### **STRATEGY I-A**

Continue to serve and protect based on a community-oriented policing philosophy.

#### **ACTION PLAN**

1. Police will continue, on an as needed basis, the mobilization of directed patrol, which will provide specialized enforcement, as staffing and pending calls for service allow. **Status: Ongoing.**
2. Police will continue utilizing a community policing strategy based on legitimate citizen input with a problem-solving delivery system. **Status: Ongoing.**
3. Police will continue to work toward achieving the goals set forth in the department's Strategic Plan document. **Status: Ongoing.**
4. Police will continue to procure and implement less lethal devices and technologies. **Status: Ongoing.**
5. Police will establish a patrol field office at the Community Center that would allow officers to remain accessible and visible to the community. **Status: In Progress.**
6. Police will continue to utilize annuitants to augment police services. **Status: Ongoing.**
7. Police and Fire will meet regularly with requesting neighborhood associations and community groups to continue an assessment of community needs and department effectiveness. **Status: Ongoing.**

8. Police and Fire will continue to attend community functions such as National Night Out, Family Day at the Park, and Ash Street Summer Program in an effort to maintain a close relationship with citizens. **Status: Ongoing.**

9. Police and Fire will implement an Incident Action Plan to mitigate the impact of fireworks during the Fourth of July. **Status: Ongoing.**

10. Fire will continue to utilize the Mobile Fire Safety House for public education events throughout the community. **Status: Ongoing.**

#### **STRATEGY I-B**

Continually evaluate technological needs of public safety services and make upgrades where appropriate.

#### **ACTION PLAN**

1. Police will distribute smartphones to all sworn staff to enhance lines of communication with citizens and allow officers to remain on the street to provide critical services. **Status: Completed.**
2. Police will work in conjunction with Information Systems to expand and continually update the Police Department website. **Status: Ongoing.**
3. Police will work in conjunction with Information Systems and Public Works in the implementation of GIS mapping capabilities for field units. **Status: Completed.**
4. Police will continue to survey potential locations for the installation of additional red light cameras within the City. **Status: Ongoing.**
5. Police will purchase and implement body worn camera technology and utilize video technology to reduce risk and liability. **Status: Completed.**



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### **STRATEGY I-C**

Respond to evolving demands caused by changes in regulatory requirements or in the community.

#### **ACTION PLAN**

1. Police will develop programs for public education and awareness of traffic laws, including school safety, adult and child safety programs. **Status: Ongoing.**
2. Police will continue to utilize Nixle, Citizen RIMS, and Facebook to distribute information for public awareness. **Status: Ongoing.**
3. Police will monitor and make recommendations to mitigate any negative impacts that new development could have on police services. **Status: Ongoing.**
4. Fire will continue to provide training in the use of the automatic external defibrillators to City Personnel, and will continue to collaborate with Risk Management to keep the Public Defibrillator Program current. **Status: Ongoing.**
5. Fire will enhance training of personnel in terrorism awareness and response, and actively participate in framing a regional response to terrorism. **Status: Ongoing.**
6. Senior Services staff will continue to work with Police to offer educational workshops on crime/fraud relative to seniors. **Status: Ongoing.**
7. Public Works will provide programs and practices to ensure compliance with the Clean Water Act and Regional Water Quality Control Board permit. **Status: Ongoing.**

### **STRATEGY I-D**

Continue the training and updates of internal and external emergency preparedness programs.

### **ACTION PLAN**

1. Fire will continue to facilitate a yearly Citywide training exercise and coordinate ongoing training for City staff to achieve the City's disaster preparedness goals. **Status: Ongoing.**
2. Fire will continue to train and support Community Emergency Response Team (CERT) volunteers as part of the City's overall disaster plan. **Status: Ongoing.**
3. Fire and Police will continue to work in conjunction with the Newark Unified School District and private schools on Citywide emergency preparedness to achieve mutual disaster preparedness goals. **Status: Ongoing.**
4. Fire will collaborate with Police to conduct training on critical incidents, including regularly scheduled meetings between Police and Fire. **Status: Ongoing.**
5. Police and Public Works will develop information on the layout/plans of all banks, schools, public libraries, and government offices for use during critical incidents. **Status: Ongoing.**
6. Police will continue to distribute information internally regarding terrorist activity and Homeland Security issues. **Status: Ongoing.**
7. Fire will work with Recreation and Community Services to update Emergency Action Plans for its facilities, as well as train staff in shelter management. **Status: Ongoing.**
8. Fire will work jointly with other City departments to formulate and implement a plan to update the storage of food, water, and other critical supplies for use by emergency responders and City personnel during the first 72 hours following a disaster. **Status: Pending.**
9. Fire will work with Human Resources to update the Emergency Volunteer Operations Plan. **Status: Pending.**
10. Fire will continue its involvement with the Tri-Cities Emergency Services Association



(TESA) and assist in the coordination between all essential Tri-City public services for emergency preparedness. This will include weekly Emergency Preparedness radio checks, monthly meetings, and an annual TESA Emergency Preparedness Fair for all citizens of the Tri-City area. **Status: Ongoing.**

11. Police will partner with NewPark Mall to provide active shooter training. **Status: Completed.**

#### **STRATEGY I-E**

Participate in collaborative efforts with other agencies.

#### **ACTION PLAN**

1. Fire will continue use of the District Attorney's office for hazardous materials enforcement proceedings and will investigate expanding the role of the City Attorney for handling other hazardous materials proceedings. **Status: Ongoing.**

2. Police will continue to maintain a collaborative partnership with Newark, Fremont, and Union City School Districts and other police departments for juvenile issues related to enforcement and truancy. **Status: Ongoing.**

3. Police will continue to maintain a relationship with NewPark Mall management in a collaborative effort to deter, prevent, respond to, and solve crime in and around our regional shopping center. **Status: Ongoing.**

4. Police will evaluate regional sites for training, such as SWAT, pursuit driving, hands on baton, weaponless defense, mutual aid, riot control, firearms, and drivers' training. **Status: Ongoing.**

5. Fire will continue its fire prevention education program for both the Newark Unified School District and business community. **Status: Ongoing.**

6. Police will participate in regional commanders' staff meetings. **Status: Ongoing.**

7. Recreation and Community Services will collaborate with surrounding agencies, local businesses, and service organizations to serve community needs. **Status: Ongoing.**

8. Police will continue to work with Fremont and Union City to relocate the Major Crimes Task Force to the Fremont Police facility. **Status: Completed.**

9. Police will share data amongst local agencies in a collaborative effort to improve responsiveness and communication with citizens. **Status: Ongoing.**

#### **STRATEGY I-F**

Identify and request the timely repair, upkeep, and replacement of safety equipment and buildings.

#### **ACTION PLAN**

1. Public Works will continue with prioritizing the routine maintenance programs for Police and Fire vehicles. **Status: Ongoing.**

2. Public Works will continue a routine building maintenance program that provides continuous functioning of all the Police and Fire critical tasks. **Status: Ongoing.**

#### **STRATEGY I-G**

Minimize risk potential for members of the public and staff.

#### **ACTION PLAN**

1. Public Works will continue with a program to prune public park and street trees to prevent structural failure and maintain the health of those trees as budget allows. **Status: Ongoing.**

2. Public Works will continue their program of vacuuming inlets prior to the rainy season to reduce the risk of flooding in the streets. **Status: Ongoing.**



3. Public Works will continue a sidewalk, curb and gutter program of replacing damaged concrete where it poses a potential tripping hazard within current budget confines. **Status: Ongoing.**

4. Public Works will continue an annual Thermoplastic striping program to provide safe and visible traveling surfaces for local drivers. **Status: Ongoing.**

5. Public Works will continue with traffic control training for staff so the traveling public will encounter construction areas that are easy and consistent to maneuver. **Status: Ongoing.**

6. Public Works will continue with the program, required by the Manual on Uniform Traffic Control Devices, to install larger street name signs on arterials. **Status: Ongoing.**

#### **STRATEGY I-H**

Explore opportunities to regionalize resources with other agencies.

#### **ACTION PLAN**

1. Police will explore the feasibility of combining the Newark Police Hostage Negotiation Team with Union City Police. **Status: Ongoing.**

2. Police will explore opportunities to regionalize resources. **Status: Ongoing.**

3. Fire will continue to explore opportunities to share resources with outside agencies. **Status: Ongoing.**

#### **STRATEGY I-I**

Identify and evaluate resources to assist with the procurement of grant funding for public safety services.

#### **ACTION PLAN**

1. Police will continue to utilize internal staff to research and compete for available grant funding. **Status: Ongoing.**

#### **STRATEGY I-J**

Implement a service model reflective of our existing budget and staffing, while utilizing new and existing technologies to increase efficiencies.

#### **ACTION PLAN**

1. Police will continue to implement a team policing strategy to improve service delivery and minimize potential risk for officers. **Status: Ongoing.**

2. Police will employ innovative and creative methods towards the prioritization of calls for service, including service level reductions, increased use of telephone reporting, and non-response in certain circumstances. **Status: Ongoing.**

3. Police will continue to focus on maintaining customer service levels, while ensuring officers have the opportunity for non-directed patrol time to focus on criminal investigations and proactive crime prevention and apprehension. **Status: Ongoing.**

4. Police will broaden the scope of the Volunteers in Policing program to include assistance in cold-case reporting, community projects, vacation home checks, special events, and disaster response. **Status: Ongoing.**

#### **STRATEGY I-K**

Develop policing and outreach programs that encourage community involvement.

1. Police will continue to provide community outreach programs such as the Citizen Police Academy, station tours, public demonstrations, and Coffee with the Cops as staffing levels allow. **Status: Ongoing.**

2. Police will continue to coordinate and expand the Neighborhood Watch and Community Engagement Programs. **Status: Ongoing.**



3. Police will expand the Ready & Active Volunteers Engaged in Newark (RAVEN) program by increasing recruitment efforts and assigning responsibilities based on volunteer skills and qualifications. *Status: Ongoing.*

4. Police will continue to nurture a positive relationship with local non-profit service organizations. *Status: Ongoing.*

5. Police will utilize social media outlets (ie. Nixle and Facebook) for the timely distribution of public safety related information to the community. *Status: Ongoing.*

6. Police will focus resources on specific problem areas identified through the Neighborhood Watch Program. *Status: Ongoing.*

#### **STRATEGY I-L**

Continue to train and educate staff in order to provide the highest level of service to our community and for future growth of the department.

#### **ACTION PLAN**

1. Police will continue to provide career development opportunities to staff through mentorship as well as the implementation of a Master Officer and Training Matrix. *Status: Ongoing.*

2. Police will implement a Master Patrol Officer program that recognizes tenured officers who possess a combination of high level skills and the ability to effectively mentor others. *Status: Completed.*

3. Police will continue to remain in compliance with Peace Officer Standards and Training (POST) mandated training. *Status: Ongoing.*

4. Police will continue their partnership with California Southern University and encourage staff to seek educational and higher level degree opportunities. *Status: Ongoing.*

## **II. EDUCATION**

### **Critical Issue**

Support, encourage, and offer opportunities and programs that facilitate quality community education.

### **STRATEGY II-A**

Continue to work with the Newark Unified School District and private schools and support other collaborative efforts that strive toward the development of a “world class” school system.

### **ACTION PLAN**

1. City staff will facilitate communication between the City and the Newark Unified School District to discuss education and youth-related issues. *Status: Ongoing.*

2. The Police Chief and staff will meet regularly with the School Superintendent to discuss safety issues at the school. *Status: Ongoing.*

### **STRATEGY II-B**

Offer meaningful, educational, intergenerational, and cultural programs through the Recreation and Community Services Department.

### **ACTION PLAN**

1. City staff will provide education-based programs for youth, teens, adults, and seniors at the George M. Silliman Community Activity and Family Aquatic Center. *Status: Ongoing.*

2. Recreation and Community Services will provide limited field trips for program participants that offer an educational, cultural, and/or intergenerational experience. *Status: Ongoing.*

3. Recreation and Community Services will obtain sponsorships and donations to help offset a portion of program and operational expenses. *Status: Ongoing.*



4. Recreation and Community Services will offer recreation programs and activities that are culturally enriching for elementary, junior high, and high school students. *Status: Ongoing.*

5. Recreation and Community Services will offer limited opportunities for teen volunteers and provide junior lifeguard programs to develop youth for future employment opportunities. *Status: Ongoing.*

6. Recreation and Community Services will meet the changing needs of our diverse community by offering cost-covering recreational programs and special events. *Status: Ongoing.*

7. Recreation and Community Services will continue to offer opportunities during the critical after-school hours to school age children through cost-covering enrichment classes, and other fee-based activities. *Status: Ongoing.*

#### **STRATEGY II-C**

Encourage continued business community involvement in supporting education.

#### **ACTION PLAN**

1. Community Development will ensure that education is a potential beneficiary of all community involvement plans submitted by businesses. *Status: Ongoing.*

2. Community Development will ensure that new residential developers work closely with the Newark Unified School District when Zoning Ordinance or General Plan changes are proposed. *Status: Ongoing.*

3. Community Development will continue to work with the Board of the Chamber of Commerce on its commitment to education in the community. *Status: Ongoing.*

#### **STRATEGY II-D**

Work with Ohlone College on future improvement of the Newark Campus and continue to

explore other opportunities for partnerships with the Community College District.

#### **ACTION PLAN**

1. Community Development will work with Ohlone College officials to ensure that additional development on the Cherry Street site is in conformance with the General Plan. *Status: In Progress.*

2. Community Development will work with Ohlone College officials to identify areas for collaboration that will enhance educational opportunities for the community. *Status: Ongoing.*

### **III. QUALITY OF LIFE**

#### **Critical Issue**

Provide programs, services, facilities, parks, and open spaces that make Newark a desirable and healthy place to live.

#### **STRATEGY III-A**

Promote, enforce, and preserve City beautification measures as resources allow.

#### **ACTION PLAN**

1. Police will provide support and advice to neighborhood associations whenever possible. *Status: Ongoing.*

2. Community Development will conduct proactive nuisance abatement through code compliance. *Status: Ongoing.*

3. Community Development will study a citywide rental housing inspection program, including landlord/tenant education and awareness. *Status: Ongoing.*

4. Police will coordinate and support the volunteer graffiti abatement program. *Status: Ongoing.*



5. Community Development will implement the Art in Public Places Master Plan. **Status: In Progress.**

6. Public Works will continue maintenance programs and undertake critical projects to maintain and repair City facilities to maximize use by the public and minimize the long-term cost of the assets. **Status: Ongoing.**

7. Public Works will continue maintenance programs and undertake critical projects to maintain and enhance the City landscaping assets. **Status: Ongoing.**

8. Public Works will design, bid and manage projects to improve the Mowry Avenue (Phase 3), Cedar Boulevard (Phase 4), Newark Boulevard (Phase 5), and Cherry Street (Phase 6) streetscapes as part of the City's Arterial Streetscape Beautification Program. **Status: Pending.**

#### **STRATEGY III-B**

Continue to offer quality Senior Services for the senior community.

#### **ACTION PLAN**

1. Recreation and Community Services will continue to manage paratransit and related services offered through Measure B and Measure BB funded Newark Paratransit. **Status: Ongoing.**

2. Recreation and Community Services will continue to offer case management services for seniors through an annual contract for services with the City of Fremont. **Status: Ongoing.**

#### **STRATEGY III-C**

Provide facilities that allow all community members an opportunity to engage in cultural, recreational, and educational programs and services.

#### **ACTION PLAN**

1. Public Works and Recreation and

Community Services will develop a project to upgrade softball lighting at Birch Grove Park. **Status: Pending.**

2. Upon completion of the Citywide Parks Master Plan, Public Works will implement identified priority projects which could include a skate park, dog park, and the completion of the George M. Silliman Recreation Complex. **Status: Pending.**

3. City Manager and Public Works will identify and evaluate options for providing performing arts facilities. **Status: Pending.**

#### **STRATEGY III-D**

Monitor traffic conditions, including traffic congestion, bicycle and pedestrian mobility, and transit level of service.

#### **ACTION PLAN**

1. Police's role in reducing traffic congestion is twofold: (a) education of the public regarding driving habits that contribute to traffic congestion, and (b) enforcement of traffic laws to prevent traffic-related accidents. **Status: Ongoing.**

2. Police will plan for and address specific traffic-problem areas, such as school zones and crosswalks, through education and enforcement. **Status: Ongoing.**

3. Police's Traffic Unit will meet with Engineering, Planning, and Zoning to share information on traffic-related issues. **Status: Ongoing.**

4. Police and Public Works will pursue grants to assist with the department's ability to meet traffic-related needs. **Status: Ongoing.**

5. Police will continue to meet with local school officials to address congestion issues around school sites and provide educational programs for students and parents. **Status: Ongoing.**



6. Public Works and Police will continue to monitor areas of congestion citywide and take appropriate actions to mitigate congestion. **Status: Ongoing.**

7. Public Works will design and manage construction of improvements in the Four Corners corridor. **Status: Pending.**

8. Public Works will continue the development and implementation of traffic calming measures, where appropriate, in the community. **Status: Ongoing.**

9. Public Works will continue to implement the City's Complete Streets Policy. **Status: Ongoing.**

10. Community Development will work with AC Transit and regional agencies to provide the best possible transit system serving the community. **Status: Ongoing.**

11. Police will continue to participate in regional traffic efforts such as the Avoid the 21 DUI campaign, Tri-City Accident Investigation Team (TAIT), and Commercial Officers of Southern Alameda County (COSAC). **Status: Ongoing.**

### **STRATEGY III-E**

Collaborate with local agencies and organizations to enhance delivery of Recreation and Community Services programs and services.

#### **ACTION PLAN**

1. Senior Services staff will continue to work with various agencies to offer programs and services throughout the City of Newark, including Washington Hospital WOW Program, Spectrum Community Service, and Life Elder Care. **Status: Ongoing.**

2. Senior Services staff will continue to offer an annual Health Faire with health screenings and immunizations. **Status: Ongoing.**

### **STRATEGY III-F**

Continue to offer a variety of Recreation and Community Services activities that help enhance the quality of life within the community.

#### **ACTION PLAN**

1. Recreation and Community Services will work to secure funding to provide and promote scholarship opportunities to eligible Newark youth and seniors. **Status: Ongoing.**

2. Recreation and Community Services will continue to offer drop-in activities, programs, and services through the George M. Silliman Activity and Family Aquatic Center Teen Area. **Status: Ongoing.**

3. Recreation and Community Services will continue to cost-effectively market programs to maximize the use and revenue potential for the on-going operation and maintenance of the George M. Silliman Activity and Family Aquatic Center. **Status: Ongoing.**

4. Recreation and Community Services will explore grant and sponsorship funding opportunities to support programs and activities. **Status: Ongoing.**

### **STRATEGY III-G**

Encourage, support, and recognize community volunteerism.

#### **ACTION PLAN**

1. City Administration will maintain a current database of City volunteers, create and retain a current list of community volunteer opportunities within the City, and act as a liaison to connect volunteers to local service organizations. **Status: Ongoing.**

2. City Administration will use various forms of media to conduct an advertising campaign to recruit new volunteers. **Status: Ongoing.**



3. City Administration will facilitate a citywide annual volunteer recognition event. **Status: Ongoing.**

4. All City departments, with the assistance of City Administration, will evaluate their volunteer needs and accept qualified volunteers whenever possible. **Status: Ongoing.**

#### **STRATEGY III-H**

Provide clean, safe, inviting, and well-maintained facilities, parks, and open spaces for community use in a resource-constrained environment.

#### **ACTION PLAN**

1. Public Works will maintain the Urban Forest Management Program and integrate it with GIS. **Status: Ongoing.**

2. Public Works will re-survey the street system, update the Pavement Management Program, and develop alternative budget scenarios for the entire street system. **Status: Ongoing.**

3. Public Works will investigate the possibility of developing a memorial tree program. **Status: Pending.**

#### **STRATEGY III-I**

Implement programs and services that promote healthy lifestyles and encourage healthy eating and physical fitness.

#### **ACTION PLAN**

1. Recreation and Community Services will continue to provide fitness facilities and exercise programs for the community. **Status: Ongoing.**

2. Recreation and Community Services will explore opportunities to collaborate with local health providers to educate residents and promote activities that lead to a lifelong commitment to healthful living. **Status: Ongoing.**

3. Recreation and Community Services will continue to offer activities and programs that encourage healthful lifestyle choices. **Status: Ongoing.**

#### **STRATEGY III-J**

Promote climate protection, water efficiency, and energy conservation.

#### **ACTION PLAN**

1. Public Works will provide biennial updates on the City's progress towards achieving Green House Gas emission reduction goals set in the adopted Climate Action Plan. **Status: Ongoing.**

2. Public Works will maintain and report Green House Gas inventories on a regular basis. **Status: Ongoing.**

3. Public Works will continue to change light fixtures and ballasts to energy efficient models. **Status: Ongoing.**

4. Public Works will continue to replace outdated equipment with energy efficient models. **Status: Ongoing.**

5. Public Works will continue to implement integrated pest management practices that reduce the amount of chemicals in use. **Status: Ongoing.**

6. Public Works will continue to research grant opportunities for implementation of climate protection measures. **Status: Ongoing.**

7. Public Works will research opportunities to convert fleet vehicles to alternative fuel vehicles. **Status: Pending.**

8. Public Works will pursue installation of Bay Friendly landscaping to reduce water usage and power tool usage. **Status: Pending.**

9. Public Works will comply with mandatory water restrictions in the maintenance and operation of City facilities. **Status: Ongoing.**



10. Public Works will continue modifying City irrigation systems to improve efficiency. **Status: Ongoing.**

#### **IV. COMMUNITY DEVELOPMENT**

##### ***Critical Issue***

Make development decisions that maintain a vibrant, balanced, quality community.

##### ***STRATEGY IV-A***

Improve housing diversity, add community amenities, and enhance long-term revenue through new development consistent with Specific Plans and the General Plan.

##### ***ACTION PLAN***

1. Community Development will implement the Housing Element in compliance with State law and Plan Bay Area. **Status: Ongoing.**
2. Community Development will work with developers to facilitate development of a golf course or other recreational amenity and high-end housing consistent with the Areas 3 and 4 Specific Plan. **Status: Ongoing.**
3. Community Development study the replacement of the Inclusionary Housing Ordinance with an Affordable Housing Impact Fee. **Status: Completed.**
4. Community Development will identify multi-family housing units that are in need of rehabilitation and identify strategies and funding sources to address needed maintenance and repairs. **Status: In Progress.**
5. Community Development will identify sites that would be appropriate for senior housing and will work with non-profit housing developers to design and build affordable housing for seniors. **Status: In Progress.**
6. Community Development will complete an assessment of local shelter space needs and, depending on the results, identify funding sources

for site acquisition and construction of emergency housing or expansion of the existing Second Chance shelter. **Status: In Progress.**

7. Community Development will analyze and address constraints to the maintenance, improvement, or development of housing for persons with disabilities. **Status: Ongoing.**

8. Community Development will promote the redevelopment of sites designated for residential use that are currently developed for commercial/ industrial purposes. **Status: Ongoing.**

9. Community Development will assure that conditions of development are established that encourage civic involvement. **Status: Ongoing.**

10. Community Development will work with property owners to implement the Dumbarton Transit Oriented Development Specific Plan. **Status: In Progress.**

11. Community Development and Public Works will develop and implement a landscaping and lighting plan for Old Town. **Status: In Progress.**

##### ***STRATEGY IV-B***

Ensure that the community has a coherent and long-term vision for the future through its General Plan, Specific Plans, and Master Plans.

##### ***ACTION PLAN***

1. Community Development will facilitate the completion of a Citywide Parks Master Plan. **Status: In Progress.**
2. City staff will provide the community with improved access to a variety of governmental information via the City's web page, social media, the newsletter, and the City's local cable station. **Status: Ongoing.**
3. Community Development will update the Zoning ordinance. **Status: Ongoing.**



### **STRATEGY IV-C**

Market our community through partnerships with regional agencies, neighboring communities, and directly with property owners, brokers, and businesses.

#### **ACTION PLAN**

1. Community Development will conduct outreach to potential tenants. *Status: Ongoing.*
2. Recreation and Community Services will promote facilities and programs that enhance overall marketability of the City. *Status: Ongoing.*
3. Community Development will encourage development by marketing opportunity sites to developers in partnership with property owners. *Status: Ongoing.*

### **STRATEGY IV-D**

Support the local business community.

#### **ACTION PLAN**

1. Community Development staff will serve as a liaison to the Chamber of Commerce Board of Directors. *Status: Ongoing.*
2. Community Development will include the Chamber of Commerce staff in economic development-related committee activities (e.g., marketing and Old Town). *Status: Ongoing.*
3. Community Development will work with the Chamber of Commerce to promote business retention efforts. *Status: Ongoing.*

### **STRATEGY IV-E**

Promote investment and quality of life in existing neighborhoods.

#### **ACTION PLAN**

1. Community Development will ensure that blighted underutilized areas will be included in

the citywide code compliance program. *Status: Ongoing.*

### **STRATEGY IV-F**

Strengthen community identity and City revenue by promoting a varied and vibrant retail mix within attractive retail areas.

#### **ACTION PLAN**

1. Community Development will implement the Economic Development Element. *Status: Ongoing.*
2. Community Development will aggressively pursue revenue generating businesses. *Status: Ongoing.*
3. Community Development will continue to promote the City's restaurant and hotel marketing strategy. *Status: Ongoing.*
4. Community Development will provide updated information on the web for business prospects looking for new locations. *Status: Ongoing.*
5. Community Development will promote the City to target industries. *Status: Ongoing.*
6. Community Development will meet periodically with brokers and realtors to discuss target industries and promote the community. *Status: Ongoing.*

### **STRATEGY IV-G**

Promote the development of transportation options such as Dumbarton transit alternatives and bicycle and pedestrian improvements.

#### **ACTION PLAN**

1. Public Works will provide leadership and staff support to the development and implementation of the Dumbarton Rail Project. *Status: Pending.*
2. Public Works and Community Development will work closely with the Alameda County



Transportation Agency (ACTA) and the Metropolitan Transportation Commission to ensure that Dumbarton Rail remains a priority for funding. *Status: Ongoing.*

3. Public Works will develop and implement a Bicycle & Pedestrian Plan. *Status: In Progress.*

4. Community Development will coordinate development of Dumbarton Transit alternatives with a new transit station. *Status: Ongoing.*

## V. CITY GOVERNMENT OPERATIONS

### *Critical Issue*

Operate a City government that enables the organization to meet service demands of the community.

### *STRATEGY V-A*

Provide and maintain public facilities as resources allow.

### *ACTION PLAN*

1. Public Works will revisit the policy for the provision of sidewalks in commercial/industrial areas. *Status: Pending.*

### *STRATEGY V-B*

Continue to take actions that promote and enhance long-term fiscal stability and independence.

### *ACTION PLAN*

1. Finance will prepare an update to the City's purchasing procedures for City Council approval. *Status: In Progress.*

2. Finance will perform internal audits of all City financial related systems and processes in order to ensure compliance with federal, state, and local laws and to ensure the safety and security of City assets. *Status: Ongoing.*

3. Finance will track revenues closely and make recommendations to the City Manager and City Council, including ways the City can save money, to ensure fiscal stability during the current downturn in the economy. *Status: Ongoing.*

4. Finance will seek other sources of funds and financing for major capital projects. *Status: Ongoing.*

5. Finance will build capacity in the City's budget to reestablish reserves and fund capital projects. *Status: In Progress.*

### *STRATEGY V-C*

Continually evaluate the technological needs of the organization and make upgrades where appropriate.

### *ACTION PLAN*

1. Information Systems will work with departments to use the City's website and other social media to provide information regarding City services, economic development, and other information resources. *Status: Ongoing.*

2. Public Works and Information Systems will continue the development of a citywide Geographic Information System (GIS) program and will add data layers for the City storm drain system, street lights, Landscape and Lighting Districts, capital projects, and record drawings of public improvements. Training will be provided to appropriate staff by a partner in the GIS consortium. *Status: In Progress.*

3. Public Works will implement a development permit tracking system to integrate planning, engineering, and building inspection permits. *Status: Completed.*

4. Public Works will update and expand the Engineering Division informational brochures and policy documents. *Status: Ongoing.*

5. Public Works and Information Systems will modify the City's website to increase the availability of information, data, and forms related to



Engineering's scope of services. **Status: Ongoing.**

#### **STRATEGY V-D**

Identify short and long-term space needs, and ensure facility needs for City departments are provided.

#### **ACTION PLAN**

1. Community Development will facilitate the completion of the Civic Center Feasibility Study. **Status: In Progress.**
2. Public Works will pursue a project to modify the warehouse at the corporation yard to provide adequate storage for City needs. **Status: Pending.**
3. Public Works will continue with critical flooring replacements, painting and roofing to all City buildings in order to maintain City assets. **Status: Ongoing.**
4. Public Works will continue to research and pursue options for reducing inflating utility costs without reducing services to City functions. **Status: Ongoing.**
5. Public Works will continue to perform preventative maintenance to minimize interruptions caused by equipment failures. **Status: Ongoing.**
6. Public Works will pursue options to provide reliable HVAC systems at all City facilities. **Status: Ongoing.**

#### **STRATEGY V-E**

Work with other agencies to meet the needs of the community.

#### **ACTION PLAN**

1. City staff will implement the City's telecommunications policy. **Status: Ongoing.**
2. Administrative Services will promote commercial/industrial recycling through the conduct

of waste audits and through an aggressive construction/demolition debris program. **Status: Ongoing.**

3. Administrative Services will work with Stop-waste and Republic Services on additional strategies for reducing the City's waste disposal figure, including adding commercial organics collection services. **Status: Ongoing.**

#### **STRATEGY V-F**

Participate in regional and sub-regional collaborative efforts.

#### **ACTION PLAN**

1. Public Works will continue collaborative work with Fremont, Union City, Alameda County Water District, and Union Sanitary District on the Southern Alameda County GIS Consortium and develop new common layers/data. **Status: Ongoing.**
2. Community Development will participate in the Technical Advisory Committee (TAC) and the Finance Advisory Committee (FAC) which provides support to the AC Transit Policy Advisory Committee (PAC). **Status: Ongoing.**
3. Public Works will continue to participate in the Alameda County Climate Protection Project. **Status: Ongoing.**

#### **STRATEGY V-G**

Provide a safe and effective work environment that engages each employee to perform at an optimal level of service.

#### **ACTION PLAN**

1. The City Manager will conduct a minimum of two management meetings per year to discuss issues related to City operations and future plans. **Status: Ongoing.**
2. The City Manager and Executive Team will annually review the organization structure and



make adjustments in the workforce as needed to meet service level demands. **Status: Ongoing.**

3. The Executive Team will meet annually to evaluate operations and review City finances and strategic action plans, to ensure efficient operation of the City in meeting increasing service demands. **Status: Ongoing.**

4. The Executive Team and Human Resources will foster a positive work environment that recognizes and rewards employee achievement and excellence with such programs as PRIDE, Annual Service Awards, and Employee of the Year. **Status: Ongoing.**

5. Human Resources, in coordination with departments, will provide a citywide training program to ensure compliance with state and federal requirements. **Status: Ongoing.**

6. Human Resources will serve as a resource to managers and supervisors, whereby employment and labor related policies, processes, and procedures are administered with fairness and equity, balancing the need for compliance within a framework of flexibility. **Status: Ongoing.**

7. Human Resources will communicate timely and relevant information to all employees, departments and labor groups to provide effective, credible, and consistent information and assistance. **Status: Ongoing.**

8. Human Resources will participate in the Risk Management Program and Committee to proactively implement best practices in risk management and workers compensation and to utilize data to measure program effectiveness. **Status: Ongoing.**

9. Human Resources will review and update the Illness & Injury Prevention Plan as needed. **Status: Ongoing.**

10. Human Resources will meet and promote OSHA standards for safe work practices. **Status: Ongoing.**

11. Human Resources will devise, develop, and implement effective recruitment and selection processes, classification and compensation analysis and planning, employee benefits, and services and compensation for injured workers. **Status: Ongoing.**

12. The Executive Team and Human Resources will provide career ladders and opportunities for growth and promote and support succession planning in departments. **Status: Ongoing.**

13. Human Resources will establish and maintain tools and resources for departments to provide timely, accurate, and relevant performance evaluations to promote career development and recognize and encourage employee achievement. **Status: Ongoing.**

14. Human Resources will communicate transparently with employees to promote an understanding of City work dynamics, trends, policies, processes and procedures with concern and care for the employee as an individual, and as a member of the Citywide team. **Status: Ongoing.**

15. Human Resources will develop and implement a citywide employee wellness program that facilitates activities to promote healthier lifestyles including exercise, healthy diet, and nutrition. **Status: Ongoing.**





# GLOSSARY

## REVENUE SOURCE DEFINITIONS

Over 50 different ongoing revenue sources finance the services provided by the City. These revenue sources are broken into seven categories. Below are brief explanations of each category and revenue source. Following the revenue source explanations are definitions of terms used in this Five-Year Forecast.

## CHARGES FOR CURRENT SERVICES

These charges are commonly known as user fees. These are different from taxes in that the fees are paid directly by the party benefiting from the service. For example, residents pay a fee to participate in the softball program.

**Art in Public Places Fee.** Charged to residential and commercial/industrial developments and construction projects that add over 10,000 square feet of space or that are located along major arterials as indicated in the General Plan map. The fees collected are used for the creation of artworks in public places and private development in a manner to offset the impacts of urban development.

**Development Impact Fee.** Charges assessed to new residential, commercial, and industrial developers to be used for specific public safety, transportation, community development, and housing projects.

**Environmental Protection Fee.** (also known as Urban Run-Off Clean Water Fee). Charged to all parcels in the City and collected through the County tax rolls. This fee covers the City's costs to minimize

storm water runoff pollution into San Francisco Bay. This is a mandated State and Federal program.

**Maintenance Fee.** Charged for street barricading, sign removal from public right-of-way, and for Neighborhood Watch Program signs.

**Microfilming Fee.** Charges associated with the issuance of building permits. Fees are based on the conversion costs and quantity of plans and documents to be microfilmed.

**Park Impact Fee.** Charged for new dwelling units. The park impact fee was updated in 2013 with a Parks Impact Fee Study which established the reasonable relationship between the parks fee and the purpose of the fee.

**Plan Checking Fee.** Charged for staff review of plans and field inspections for subdivision construction.

**Public Safety Fee.** Charges for hazardous materials permits, hazardous materials responses, fire permits, etc. (Fire) and for responding to excessive false alarms, expenses related to cases involving driving under the influence, towing administration, etc. (Police).

**Recreation - Child Care Activity Fee.** Charged to Licensed Child Care Program participants in order to recover part of the cost of providing specific services offered at the Community Center.

**Recreation - Community Center Building Rental Fee.** Charges for the use of the Community Center, including wedding receptions, family parties, and community fundraisers.



**Recreation - General Community & Human Services.** Revenue generated from fee charges generated from a variety of community and human services programs and activity fees in order to recover the cost of providing specific services.

**Recreation - General Recreation Services.** Revenue generated from fee charges from sports and physical fitness programs and activity fees in order to recover the costs of providing specific services. The City also receives fees from Activities Guide advertising.

**Recreation - General Senior Center Activity.** Revenue generated to partially offset programming costs for Newark's senior community, including a variety of classes in the arts, home safety, fitness, wellness, computer training, language, excursions, and many other activities.

**Recreation - General Teen & Youth Activity.** Revenue generated from a variety of youth and teen program fees to recover the costs of providing specific services.

**Recreation - Preschool Activity.** Revenue generated from Preschool Program fees in order to recover the cost of providing specific services at the Silliman Activity Center.

**Recreation - Silliman Activity Users Fee.** Revenue generated from a variety of admission fees for the use of the Silliman Activity Center.

**Recreation - Silliman Facility Rentals.** Revenue generated from rental fee charges for the use of the Silliman Activity Center's gymnasium and community meeting room.

**Recreation - Silliman Family Aquatic Center Concessions.** This revenue is generated by food and beverage sales for the convenience of customers while utilizing the amenities, programs, and

services available at the Silliman Activity Center.

**Recreation - Silliman Family Aquatic Center Programs.** This revenue is generated from fee charges for aquatic related programs such as swim lessons, aquatic exercise classes, birthday party packages, family special events, lifeguard certification courses, and camps. Revenue is collected to offset operational and maintenance costs associated with the Aquatic Center.

**Sale of Maps & Publications.** Revenue derived from charges for the cost of photocopying public documents.

**Stormwater Quality Control Plan Review and Inspection Fee.** Charges based on project size for staff review and field inspections of developers' plans and measures designed to minimize pollution of storm water due to construction activities.

**Street Tree Fee.** Charge to developers for maintaining City-planted trees for a period of three years. Revenues collected for damages to City trees caused by vehicular accident are included here.

**Weed Abatement Fee.** Charges for staff time and contract services for the annual weed abatement program.

**Zoning Fee.** Charges for discretionary land use reviews completed by an administrative process or through Planning Commission and City Council review.



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## FINES AND FORFEITURES

Revenues resulting from regulatory or legal action that are punitive in nature and designed to discourage certain behaviors.

**Court Fines.** The City's apportionment of court fines collected and remitted by the County.

**Vehicle Code Fines.** The City's apportionment of fines and forfeitures collected by the County. These fines and forfeitures result from violations of the State Vehicle Code.

## LICENSES AND PERMITS

The City grants licenses and permits to allow businesses or residents to engage in certain activities. This revenue helps to offset the costs of enforcing the City's regulations.

**Animal Licenses.** Ownership or possession of a dog requires the purchase of a dog license.

**Business Licenses and Registration.** License and registration are required for all businesses operating in the City. A majority of businesses consist of commercial enterprises and professionals whose business license fees are based on gross receipts.

**Construction (Building) Permits.** Fee for the procurement of building permits that are required for construction projects. The fee are based on the specific nature of the project.

**Encroachment (Street) Permits.** Fee for staff review of the plans and field inspections for work in the public right-of-way performed under an encroachment permit.

**Other Licenses and Permits.** Fees charged for licenses and permits not identified else-

where. Examples include fees for alarm or dance permits.

## PROPERTY TAXES

California State Constitution Article XIII A provides that the combined maximum property tax rate on any given property may not exceed 1% of its assessed value, unless an additional amount has been approved by voters. The County of Alameda assesses properties, bills, and collects these property taxes. The City's share, including all penalties and interest, is remitted by the County.

The two major categories of property tax include:

- **Secured.** A property tax that is levied on real property. Real property is immobile and includes land, natural resources, and fixed improvements to the land.
- **Unsecured.** A property tax that is levied on personal property. Personal property is mobile and includes such tangible property as equipment and inventory.

## REVENUE FROM OTHER AGENCIES

The Federal government, State of California, and Alameda County all provide revenue to the City for specific programs.

**Federal and State Grants.** Funding or contribution by Federal and State governments to support a particular program or function.

**Gasoline Tax.** Gas tax revenues provided by Sections 2105, 2106, 2107, and 2107.5 of the State of California's Streets and Highways Code. These revenues are expended for construction and maintenance of City streets.



**Homeowners Relief.** Replacement revenue of homeowners' property taxes by reason of exemption granted, as remitted by the State of California through Alameda County.

**Vehicle In-Lieu.** Prior to the 2004 Budget Act, this revenue was backfilled from the State's general fund. In November 2004, Proposition 1A was passed that eliminated the Vehicle License Fee backfill and replaced it dollar-for-dollar with property taxes. This revenue source will increase by the same percentage as the property tax assessed valuation.

## REVENUE FROM USE OF MONEY AND PROPERTY

The City's money and property can grow in value when not being used for other purposes.

**Investment Earnings.** A revenue source resulting in the investment of temporary idle funds in interest-bearing accounts. The City has been investing these funds in the State of California's Local Agency Investment Fund, which is a professionally managed fund overseen by the State Treasurer's Office.

## SALES AND OTHER TAXES

These taxes are economically sensitive and revenue generated from them is used to support basic City-delivered services.

**Franchise Tax.** A tax that is usually levied on utility companies for their use of City streets (right-of-way) or for their exclusive franchise to provide services to residents.

Newark imposes a 1% tax on the gross receipts from Pacific Gas and Electric Company; a 20% tax on the gross receipts from Republic Services (from both residential and nonresidential customers); a 5% tax on the gross receipts of the cable television franchise; and an annual franchise fee of approximately \$6,000 on the gas pipeline that runs through Newark.

**Property Transfer Tax.** This tax is levied at a rate of \$1.10 per \$1,000 of equity value transferred at the time of sale. Alameda County collects the tax and the City receives one-half. Revenues are dependent on how frequently the property is transferred and on the accrued value at the time of the transfer.

**Sales and Use Tax.** A 9.5% sales tax levied against the gross sales price of most tangible property other than property sold for resale. Newark receives 1%, with the remaining 8.5% allocated to other agencies that include the State of California, County of Alameda, Bay Area Rapid Transit, and Alameda County Transit.

**Transient Occupancy Tax.** A 10% tax is levied on charges for occupancy of hotel and motel rooms. This tax compensates the City for indirect costs created by visitors, such as increased pollution and congestion. This tax is borne almost exclusively by nonresidents.

**Utility User Tax.** A 3.25% tax was levied on electricity, natural gas, cable television, and phone services effective January 1, 2016. This is a General Fund revenue.



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## TERM DEFINITIONS

**B**elow are brief definitions of terms used in this year's Five-Year Forecast. A more detailed explanation of revenue sources can be found in the previous section.

### **ACTION PLANS**

Originally developed by City staff to address the Key Issues identified in "Five-Year Forecast 1994-1999" within the context of the City's Vision and Mission statements. Action Plans are now developed to address Critical Issues and Strategies and updated with each Five-Year Forecast.

### **ASSOCIATION OF BAY AREA GOVERNMENTS (ABAG)**

A regional planning agency consisting of the nine Bay Area counties and cities within those counties.

### **BIENNIAL BUDGET**

A financial plan applicable to two consecutive fiscal years.

### **BUDGET PLAN**

A list of actions approved by the City Council that provides direction for preparing the Biennial Budget. The Budget Plan is articulated in the Strategic and Budget Plans section.

### **CAPITAL IMPROVEMENT PLAN (CIP)**

A document that lists potential capital projects by ranking, funding availability, and estimated cost.

### **CAPITAL PROJECTS FUND**

A capital improvement, as identified in the Capital Improvement Plan, which requires a

significant financial commitment above the City's Operating Budget, and can exceed more than one fiscal year.

### **CHAMBER OF COMMERCE**

Largest business association in the City that provides service and opportunities to all types and sizes of companies, including networking and promotion.

### **CITY COUNCIL**

The City's policy and decision-making board comprised of a Mayor and four Council Members. The Mayor is elected to two-year terms and Council Members to four-year terms.

### **CONDITIONAL USE PERMIT (CUP)**

Pursuant to the Zoning Ordinance, a conditional use permit (CUP) may authorize uses not routinely allowed on a particular site.

### **CRITICAL ISSUES AND STRATEGIES**

Critical Issues are fundamental challenges facing Newark. Strategies are the plans, programs, processes, or projects used to address them.

### **CULTURE STATEMENT**

Description of attributes, behaviors, emphases, and skills that the ideal City of Newark will have in managing its daily business and in conducting its relationships with all of its customers.

### **DUMBARTON COMMUTER RAIL SYSTEM**

The Dumbarton Rail Corridor Project will extend commuter rail service across the South Bay between the Peninsula and the



East Bay. The service will link Caltrain, the Altamont Express, Amtrak's Capitol Corridor, and BART, as well as East Bay bus systems at a multi-modal transit center in Union City.

### **DUMBARTON TRANSIT ORIENTED DEVELOPMENT**

An approximately 200 acre area centered around Willow Street and Enterprise Drive. It is an area proposed for a transit and pedestrian friendly residential development of up to 2,500 homes with supportive retail and commercial sites. The previously referred to as Area 2.

### **ENTERPRISE FUND**

Enterprise fund is used to account for operations that are financed and operated in a manner similar to private business. The cost of providing goods or services to the general public on a continuing basis is financed or recovered primarily through user fees or charges.

### **EXECUTIVE TEAM**

Comprised of the City Manager, City Attorney, Assistant City Manager, Administrative Services Director, Fire Chief (Alameda County Fire Department contract), Human Resources Director, Police Chief, Public Works Director, and Recreation and Community Services Director.

### **FISCAL YEAR**

A 12-month period which applies to the Biennial Budget; for Newark, this is July 1 through June 30.

### **FIVE-YEAR FORECAST**

A document which discusses various economic and developmental concerns that the City may have to address over a five-

year period in order to provide adequate service levels and capital projects.

### **FLEXIBLE HIRING FREEZE**

Vacant positions are frozen and are only filled on a case by case basis after a determination is made of absolute need and necessity.

### **FUND**

A fund is a tool that accountants use to segregate resources related to specific activities.

### **GENERAL FUND**

A fund that accounts for all financial resources necessary to carry out basic governmental activities of the City that are not accounted for in another fund. The General Fund supports essential City services such as police and fire protection, community promotion, general government, and management services. Revenues to support the General Fund are derived from sources such as property tax, sales tax, franchise fees, and service fees.

### **GENERAL PLAN**

The Newark General Plan is a general, yet comprehensive, integrated, and internally consistent statement of the goals, policies, and programs that will guide future growth and change within the City over a twenty year period. The General Plan was updated in 2013.

### **GEOGRAPHICAL INFORMATION SYSTEM (GIS)**

A system capable of integrating, storing, editing, analyzing, sharing, and displaying geographically referenced information.



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## **GREEN ECONOMY**

A rapidly growing billion-dollar sector that includes renewable energy sources, organic produce and products, green buildings, alternative fuel vehicles, etc.

## **GROSS DOMESTIC PRODUCT (GDP)**

The total market value of all final goods and services produced within a given country in a given period of time (usually a calendar year).

## **HOUSING ELEMENT**

One of seven state-mandated "elements" (topics) of the City's General Plan. It identifies housing needs for current and future residents of all income levels. It contains the City's strategy for addressing housing needs, particularly for affordable housing.

## **INFLATION**

A rise in the general level of prices over time. This may also refer to a rise in the prices of a specific set of goods or services. In either case, it is measured as the percentage rate of change of a price index. A widely known index for which inflation rates are reported is the Consumer Price Index (CPI), which measures consumer prices.

## **JPA**

The California Government Code allows two or more local public entities to form a Joint Powers Authority (JPA) to mutually address a common issue.

## **MASTER FEE SCHEDULE**

Adopted annually by the City Council, this schedule provides for City fees designed to cover or offset the costs of

providing selected services to individuals, groups, or business entities.

## **MISSION STATEMENT**

The Executive Team's description of the City organization's purpose and reason for existence.

## **NONFARM PAYROLL EMPLOYMENT**

Represents the number of jobs added or lost in the economy over the last month, not including jobs related to the farming industry. The farming industry is not included because of its seasonal hiring, which would distort the number around harvest times (as farms add workers, then release them after the harvest is complete).

## **NONRESIDENTIAL LINKAGE FEE**

Fee required from new commercial and industrial development to offset the impacts of this new development on affordable housing. See Section 17.18.080 of the Newark Municipal Code.

## **OHLONE COLLEGE NEWARK CENTER**

The Ohlone College Newark Center for Technology and Health Sciences (OCNC) is home to academic groups that include Business & Technology, Exercise Science & Wellness, Health Sciences, Learning Resource Center, Science & Environmental Science, and General Education.

## **OPERATING BUDGET**

Current planned expenditures and the proposed source of funds to finance them. The Operating Budget is a financial plan that provides for service delivery activities and support functions.



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## **OSHA**

Occupational Safety and Health Administration (OSHA) is the main federal agency charged with the enforcement of safety and health legislation.

## **PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)**

PERS is an agency that manages pension and health benefits for current and retired public employees and their families.

## **PERSONAL INCOME**

An individual's total earnings based on wages, investment enterprises, and other ventures.

## **PRIDE STATEMENT**

A statement of the values identified by City employees in bringing the highest quality services to the community.

## **PROPERTY TAX**

A tax set upon the assessed value of real property.

## **RESERVE**

Funds that have not been appropriated, but have been set aside for a specific purpose.

## **RISK MANAGEMENT COMMITTEE**

The Risk Management Committee (RMC) is comprised of City employees from every department. The RMC provides leadership and coordination for meeting the City's safety and risk management goals for both general liability and workers' compensation claims.

## **SALES TAX**

A tax, currently 9.5%, based upon gross sales receipts of taxable items.

## **SOUTHWEST NEWARK RESIDENTIAL AND RECREATIONAL PROJECT**

This area is approximately 640 acres located in the far southwest portion of Newark. It is proposed to be developed as a high-end residential development, a school site, parks/open space, and an 18-hole golf course of other recreational amenity. It is to contain up to 1,260 detached homes. The area is sometimes referred to as Areas 3 and 4.

## **STRATEGIC PLAN**

A plan to identify community needs and to determine the best method of responding to those needs through service delivery and measurement.

## **SUBPRIME MORTGAGE**

Mortgage loans that do not meet Fannie Mae or Freddie Mac guidelines. A subprime mortgage is offered at a higher rate than prime mortgage loans due to perceived increased risk. Subprime mortgage loans are riskier loans in that they are made to borrowers unable to qualify under traditional, more stringent criteria due to a limited or blemished credit history. Subprime mortgage loans have a much higher rate of default and are priced based on the risk assumed by the lender.

## **TRANSIENT OCCUPANCY TAX (TOT)**

A tax imposed on hotel/motel occupants; the City's current tax rate is 10%.



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## **UNALLOCATED FUND BALANCE**

Funds that have not been appropriated, identified as reserves, or legally identified for a specific purpose.

## **UTILITY USERS TAX (UUT)**

A 3.25% tax was levied on electricity, natural gas, cable television, and phone services effective January 1, 2016 and was approved by voters as Measure Y in 2014.

## **VALUES STATEMENT**

See PRIDE Statement.

## **VISION STATEMENT**

The City Council's description of the ideal Newark. The organization's policies, resources, and efforts are directed toward achieving this Vision.

