



City of Ontario

Governance Manual

A Component of The Ontario Plan 2050

Draft | May 2022

(as amended through _____)



Prepared By: PlaceWorks

3 MacArthur Place, Suite 1100

Santa Ana, CA 92707

714.966.9220

TABLE OF CONTENTS

INTRODUCTION..... 1

- Context 1
- Ontario Approach..... 1
- Purpose..... 1
- Principles..... 2

G1. DECISION MAKING 3

- Goal 3
- Policies 3
- Supporting Documents 3

G2. COMMUNICATION 6

- Goal 6
- Policies 6
- Supporting Documents 6

G3. IMPLEMENTATION 9

- Goal 9
- Policies 9

G4. EXTERNAL FACTORS 10

- Goal 10
- Policies 10
- Supporting Documents 10

G5. MUNICIPAL FINANCE..... 14

- Goal 14
- Policies 14

INTRODUCTION

The Governance Manual institutionalizes an approach to governance that leads to The Ontario Plan serving as a business plan for the City. The Manual includes a set of high-level governance principles with long-term value as well as Vision-driven goals and broad policies. Together, the goals and policies support consistent City leadership sustained through time and succession. The Governance Manual promotes the principles of regional leadership, transparency, long-term value, accountability, and inclusivity.

Context

The City of Ontario is incorporated under State law as a general law city with a Council-Manager form of government. The Mayor and Council are directly elected by the voters as their representatives. The City Council sets policy through the adoption of minute actions, resolutions and ordinances and determines the allocation of City resources through the adoption of the City Budget. The Mayor and Council hire a professional administrator, the City Manager, to hire staff, advise them, implement their policies, and run the day-to-day operation of the City. The Mayor and Council acting as a body, not as individuals, provide direction to the City Manager and staff in duly noticed public meetings.

Ontario Approach

The City of Ontario has a very definite approach to governance. It begins with the realization that the City is a corporation. It may be a municipal corporation, but it is a corporation nonetheless. The City operates using a corporate paradigm.

The Mayor and City Council are the elected board of directors. They are responsible for making policy. They hire a CEO, the City Manager, to advise them, implement their policies and run the day to day operations of the City.

We believe that the job of the City is to create, maintain and grow economic value. We do this through the provision of infrastructure and services. Everyone choosing to buy a home, shop, open a business or develop in our community has invested in our community. They are our shareholders. Their return on investment is the maintenance and growth of both quantitative (monetary) and qualitative (quality of life) value-added. ([Link to Complete Community](#))

Every action of the City and every interaction with current and potential shareholders is an opportunity to retain or capture their investment.

Purpose

The Governance Manual:

- Provides guidance for ongoing City leadership.
- Describes how the City will operate in a business-like way.

- Requires the decision-making system to always add value.
- Integrates The Ontario Plan into the City's daily operations.
- Guides the budget process (the most tangible expression of the City's commitments) towards the Vision.
- Provides for effective administration of The Ontario Plan.

Principles

We believe in:

- A clear Vision and Policy Plan which are communicated to City leaders, staff and the public, and serve as the foundation for informed decision making.
- Stable, predictable, timely and effective governance is essential to achieving the Ontario Vision.
- The Ontario Vision should guide community decisions.
- Our job is to create, maintain and grow economic value, and we do our job by providing infrastructure and services.
- Regular investment is needed to maintain the community's public and private built environments.
- Ontario is in competition with other cities for this investment.
- The better we do our job, the more investment we will attract and the more revenue it will generate for reinvestment, creating a self-sustaining cycle.

G1. DECISION MAKING

Ontario has succeeded in maintaining its leadership role through a system of decision-making that is based on communication, collaboration, and a clear understanding of and respect for roles within a Council-Manager form of government. The City Manager meets with City Council Members on a regular basis to ensure that Council has the information they need for decision-making. Key Management Staff members submit their best professional advice and recommendations through reports and budgetary requests, generated through broad staff collaboration, to the City Manager who transmits them to Council after determining consistency with Council's policy direction. The Ontario Plan (which encompasses the Vision, City Council Priorities, Ontario Governance Manual, Policy Plan, Implementation Program, and Tracking and Feedback), together with the Annual Budget, helps decision makers at every level to make informed choices that move Ontario toward its long-term Vision. In other words, the Plan is integrated into City operations at every level.

Goal

G1. Sustained decision-making that consistently moves Ontario towards its Vision by using The Ontario Plan as a framework for assessing choices.

Policies

G 1-1. Consistency with Policies. We require that staff recommendations to the City Council be consistent with adopted [City Council Priorities](#) (Goals and Objectives) and [The Policy Plan](#).

G 1-2. Long-term Benefit. We require decisions to demonstrate and document how they add value to the community and support the Ontario Vision.

G 1-3. Maintenance and Replacement Costs. We shall incorporate maintenance and replacement costs in the pricing of new programs and facilities as well as recording such deferred costs as debits against City revenues.

Supporting Documents

[The following section is a standalone document that is separate from the Governance Manual but is provided as a link on a website and included below for additional context.]

Interpreting Intent and Applying Policies: Decision-Making

The Ontario Plan deals with the reality that the Vision must be achieved in increments over a long period of time. Many factors applicable to its achievement will change during future decades. Consequently, it is important that decisions be weighed in terms of both short and long-range benefits. Tradeoffs will sometimes be required between these two perspectives. As City leadership transitions over time, the record of past decisions and their rationale will become increasingly valuable in helping to stay the course and still exercise reasonable flexibility. Therefore, management of the City's decision-making process requires diligent documentation

in a form that is readily retrievable. Some of the decision factors involved in this documentation include:

1. **Qualities.** Decision-making in Ontario must be viewed in the context of an institutional mind-set. In this case, that mind-set includes several critical qualities. They include:
 - **Imagination.** The Vision is ambitious. Imaginative thinking and approaches will be needed to achieve it.
 - **Agility.** Sometimes events move very quickly and in surprising directions. The City is determined to remain agile in adjusting to these situations, requiring a combination of wisdom grounded in experience and intelligence grounded in inventiveness.
 - **Innovation.** Often solutions are not ready-made. We live in a time of aggressive innovation, and municipal decision-making is capable of more far-reaching results if it benefits from innovative thinking.
2. **Documentation.** Integrating The Ontario Plan into day-to-day decision-making and its documentation becomes a powerful device for achieving the Vision. Decision-making must be documented at multiple levels (e.g., counter staff, department heads, city management, City Council, etc.) and incrementally over time. We are doing this for transparency so stakeholders will understand how and where decisions are made.
3. **Information.** What information was considered relevant in support of a decision? This is necessary to assess the degree to which that information is or is no longer relevant at a later date.
4. **Fiscal Considerations.** Virtually all of the City's decisions will have fiscal implications, and they must be considered in decision-making. Larger impacts and longer-term impacts will be carefully analyzed and documented. Included among these factors are:
 - Potential return on investment;
 - Net amount of value added;
 - Indebtedness;
 - Capital costs and one-time revenue offsets versus net costs for ongoing operation, maintenance, and reserves; and
 - Land use net revenues (where applicable).
5. **Indicators.** Indicators applicable to decision options include qualitative as well as quantitative measures. Not everything of importance can be "counted." But it should be possible to describe options qualitatively with sufficient clarity to distinguish among them. In any case, these tools are available to enable more informed decision-making as well as to create records of value to subsequent decision-makers.

6. Feedback. The City's system of Evaluation and Feedback will draw heavily on the documentation associated with decision-making. This involves more than data documentation. It also includes consistency determination with appropriate goals and policies.
7. Project Steps. An illustrative table containing project evaluation steps was prepared to demonstrate how The Ontario Plan works as a tool for decision-making. It offers a guided process for determining how responsive to the Plan a proposed project is. It does not attempt to impose a rigid procedure but, rather, seeks to provide a checklist by which a project may be evaluated.

G2. COMMUNICATION

Ontario's disciplined and ambitious approach to communication is key to sustaining its role as a regional leader and achieving the Ontario Vision. Communication is not the same as information: communication involves sending and receiving; information may be only one-way. Thus, Ontario's communication culture is one that focuses on the end-user and values accuracy, timeliness, credibility, clarity, and the capacity to exchange ideas. The intent of this culture is to enable the people and the decision-makers of Ontario to have the information they need to understand what is happening in their City, why it is happening, and what it means for the quality of their lives. It should also enable them to decide what to do in response to what the information tells them.

Goal

G2. Thoroughly informed and connected leaders, staff, public and shareholders.

Policies

G2-1. Quality. We require a professional standard of quality, no matter what medium is involved, to convey the sense and reality of accuracy, validity and honesty that befits this City.

G2-2. Accessibility. Our communications shall be designed to be easily accessible to end-users, including those with special needs such as hearing or visually impaired.

G2-3. Format. Our communications shall be presented in whatever formats are best able to meet the needs of the end-users.

G2-4. Coordination. We require coordination of communication activities and products among City departments so that coherent and internally consistent information is delivered to end-users.

G2-5. Coherence. We require a level of communication in which the information is understandable to the intended audience(s).

G2-6. Connection. We require communications to include a means by which the end-users may provide feedback to the City or pursue further clarification.

Supporting Documents

[The following section is a standalone document that is separate from the Governance Manual but is provided as a link on a website and included below for additional context.]

Interpreting Intent and Applying Policies: Communication

The City continues to make a considerable investment in information assets generated within City government as well as externally. It makes information available to not only City officials, but also many other interested stakeholders. Ontario's pride in its civic identity and Vision comes

across in all information the City communicates. Anything the City produces or responds to through its communication network is expected to manifest this pride. This commitment to professional quality written, oral, and visual communication is crucial as Ontario adapts to the constantly changing ways in which information is processed by end-users. It makes information available in appealing and useful ways regardless of the medium of delivery. The Ontario Plan website is a prime example of how Ontario capitalizes on changes in communication technology and trends in order to improve delivery of service to its citizens and maintain a competitive advantage.

It is important to recognize, as the City does, that there is a vast difference between communication and information. Communication is two-way and therefore requires an appreciation and understanding for the needs of all parties to the communication system. Ease of feedback and mutual respect among end-users and information generators are essential characteristics to be sustained. In the absence of this reciprocal nature, communication is at best merely information.

Here are several considerations:

1. **End-User.** The first thing that Ontario's communication culture calls for on the part of any author is an understanding of the audience. That is the basic "need definition" to be used in framing what is to be conveyed, the best format(s) to use, and the most effective means of interaction between the City and the end-user. This may suggest more than one version of the material at hand if there are multiple audiences that do not share common levels of information need.
2. **Transparency.** Communication should enlighten government processes, such as City decision-making, and be understood by those who will be affected by it.
3. **Medium.** Communications are not just a transfer of information; they are a source of intelligence. So the design of communications must be based on knowing what understanding and insights are desired. This has an important impact on the type of medium to be used. For example, graphic presentations may communicate much more effectively on certain topics than written form, enabling the end-user to grasp immediately the direct information and its relationships as well.
4. **Limitations of Information.** The degree of accuracy and availability of information, including any conditional limitations, should be explained. It is often more important to understand what one is not being told on a certain subject than what is being stated--and why. If the information is not known or not shared or its accuracy limited, that needs to be stated and explained. Care needs to be taken by those generating communications to understand and make known the degree of accuracy reflected in what is produced.
5. **Privacy.** It is essential to be constantly aware of privacy laws and legal limitations on what should be publicly accessible or not. The City rigorously complies with such laws. That principle needs to be broadly understood and respected throughout the City.

6. **Support.** Even though contemporary communication media offer significant increases in efficiency over past technology, they still require adequate support. This takes several forms: 1) funding through the budget process; 2) competent and currently knowledgeable staffing; 3) cost-effective equipment and systems; and 4) positive leadership and reinforcement.
7. **Accountability.** Many City departments, the City Council, City advisory bodies and numerous other public and quasi-public agencies produce information and process responses to it. In all cases, it is essential that accountability for quality, timeliness and usability, be maintained. This is the means of improving the level of communication serving the community. While there is no direct public control over the communication activities of private sector parties and governmental organizations other than the City of Ontario, the City expects these parties to also maintain a sense of responsibility and accountability in their communications.
8. **Identity.** Ontario seeks, in its Vision, to be a prosperous community and a regional leader. Therefore, all communications initiated by the City are expected to maintain a consistent image so that the end-user immediately recognizes the source and has a sense of confidence in the information.

These concepts go beyond principles, rules, and procedures. They reflect and demand a commitment to a governance culture in which a vital communication mentality prevails.

G3. IMPLEMENTATION

Realization of The Ontario Plan and its Vision will not happen by accident. Intentional actions are required. Actions occur at two levels. The first and most comprehensive carries out the policies of the Plan: initiatives, programs, organizational management, resource management, education and influence of other entities that actively move the City toward its destiny. The second level is the administration of the Plan: applying the Plan's policies to the City's decisions so that development projects, budgets, public agency projects, City regulations and similar activities respond to Plan policies appropriately and do their share toward achieving the Ontario Vision. Collectively, these actions are called implementation.

Goal

G3. Continuous progress toward achievement of the Ontario Vision through sustained initiatives and diligent administration by the City and others as specified in The Ontario Plan.

Policies

G 3-1. City Council Priorities. We shall set priorities and direct timely actions for implementing The Ontario Plan through periodic adoption of [City Council Priorities](#) (Goals and Objectives).

G 3-2. Tools. We shall create and maintain state-of-the-art systems, procedures and technology that provide maximum leverage from City resources in implementing The Ontario Plan.

G 3-3. Organization. We shall maintain a municipal organization under City Council direction that offers best professional practices and integrates The Ontario Plan and Vision into its operations.

G3-4. Administration. We shall operate a cost-effective system for administration of The Ontario Plan as proposed development plans, projects, and programs are considered by the City.

G3-5. Interagency Cooperation. We shall collaborate with other initiatives and programs of other agencies such as local, county, regional, state and federal governments and non-profit agencies to the maximum extent possible toward implementing The Ontario Plan.

G3-6. Monitoring Development and City Master Plans. We monitor development to ensure that it is consistent with City Master Plans (e.g., Water, Parks, Energy, Climate Action Plan, etc.) and The Ontario Plan. The Policy Plan in particular will incorporate changes to Master Plans as they are updated periodically.

G4. EXTERNAL FACTORS

In order to achieve its Vision, the City of Ontario benefits from the dynamic environment of which it is a part, but over which it does not have direct control. The context in which the City operates is remarkably complex and will become more so. The City chooses to prepare for this reality by addressing external factors before they've had their impact, rather than taking a reactive approach. The key is an attitude of awareness, consciousness, and intent—all aimed at establishing an optimum posture regarding external factors as the future evolves.

Goal

G4. Constant diligence in dealing with external factors impacting Ontario in a manner that contributes to the Ontario Vision.

Policies

G4-1. Legal Mandates. We shall comply with legal mandates upon the City so that they are satisfied and make maximum contribution to the Ontario Vision.

G4-2. Public and Private Partnerships. We shall engage in public and private partnerships where they offer opportunities for achieving the Ontario Vision beyond what could be achieved independently.

G4-3. Awareness. We shall actively maintain awareness of the external forces impacting Ontario so that their positive impacts can be optimized, and negative impacts minimized.

G4-4. Proactive Approach. We shall seek to influence external factors impacting Ontario sooner rather than later.

G4-5. Multiple Projections. We shall maintain a range of future projections instead of a single forecast as a means of understanding and managing the forces of change and promote the same approach by other governments.

G4-6. Interagency Cooperation. We shall participate with regional governments, surrounding cities and other agencies in devising optimum strategies for addressing external factors of mutual interest.

Supporting Documents

[The following section is a standalone document that is separate from the Governance Manual but is provided as a link on a website and included below for additional context.]

Interpreting Intent and Applying Policies: External Factors

External factors are forces acting on the City but not controlled by it. They include laws, regulations, decisions, activities, initiatives, and influences originating with numerous sources, including, but not limited to:

- State and federal governments,
- Courts,
- Quasi-governmental and non-governmental organizations, including nonprofit organizations,
- Special districts,
- Utility providers,
- Intergovernmental associations,
- Professional associations,
- Focused interest groups,
- Transportation system initiatives,
- The business community, especially development interests,
- Investors,
- Neighborhood and homeowner associations,
- Financial markets,
- Economic trends,
- Social changes, including demographic trends, and
- Environmental conditions and responses to them.

As encompassing as this list appears, it is not complete. But it illustrates the impressive array of interests and influences that are brought to bear on a single community, whether that is acknowledged or not. The essence of this component of The Ontario Plan is to deal with these forces intentionally rather than reactively. In many cases, there is little or nothing the City can do to influence, modify or blunt the impacts from these sources. Still, in these instances the City can understand and prepare for what is coming its way.

It is important to understand that this is not a new perspective for the City of Ontario. It has a track record of intergovernmental involvement, creative partnerships and scanning the forces that impact its options. Moreover, the City has developed a careful strategy for getting the most out of these forces in terms of what benefits the community. In this regard, it has been unusually effective. The thrust of this component of The Ontario Plan is to continue and build upon that foundation so that the City can sustain its awareness, consciousness, and intent to make the most of opportunities it encounters or can create.

The key ingredient that shapes The Ontario Plan is a thoughtful and practical Ontario Vision that motivates everything the City does. It is understandable that, by definition, external factors are driven by their own agenda—one that may or may not involve conscious consideration of

Ontario's priorities. Given that, the intent is that Ontario itself will inject that consideration into its influence or response to any external factor it must confront.

Clearly, it would be possible, given the rapid change and complex interactions of forces in our larger environment—regionally, nationally, and internationally—to be overwhelmed by these forces. That would accomplish nothing. And that is the reason that a major aspect of The Ontario Plan entails a conscious effort to stay in touch with its context by focusing on those forces that have the greatest potential to advance Ontario's future or, conversely, to detract from it. That insight then puts the City in the position to take timely action to achieve the best possible outcome.

It should be made clear that nothing in this Section is intended to suggest a reluctance on the part of the City to comply with the law nor to decline participation in thoughtful and mutually beneficial negotiations with any interested parties. Rather, it is to announce that Ontario has a Vision about which it is very serious and anyone engaging the City for whatever reason needs to be aware of that. Hopefully, because the City chooses to be so forthright about this aspect of its future, this posture will enjoy the respect of others.

Regarding general forces of change—economic, political, environmental, social, and demographic—the situation is a bit different. These are factors that operate on a scale of their own making and do not typically respond (at least, quickly) to governmental positions. Some are actually worldwide in scale, the understanding of which is evolving even as we watch. Uncertainty is rampant. The interactions stimulated by many of these conditions are simply beyond comprehension. So, what is an aspiring City in the midst of all of this to do?

The answer is to understand first and foremost what it seeks. Then it knows what tack to take in influencing or adapting to the dynamic forces of change. It will not always be right. Mistakes will be made. Totally unpredictable changes will occur, or trends will completely reverse without warning. All of these uncertainties are part of the puzzle.

Within what often appears to be chaos, those who prevail are those who keep their heads and are clear about their interests. That is why Ontario Governance contains an intentional Section devoted to “keeping its head” no matter what may confront it between now and realization of the Ontario Vision.

None of this suggests a unilateral, inelastic course of action. Rather, it suggests maintaining an informed position, knowing what matters most and retaining the capacity to shift priorities where that makes sense. It entails openness to mutually beneficial collaboration, but with clear visibility of what is on the table. It is the exact opposite of intractability.

Finally, with respect to the business of forecasts and projections into the future, Ontario leans strongly on the use of scenario modeling rather than inflexible extensions of the past into the future. There are several reasons for this approach:

1. The data base underpinning the City's scenario-building capability is robust and will become more so in the future. This allows for generating implications of multiple changes, individually and collectively, that offer a useful understanding of how different choices perform.

2. Projections often become less accurate over time and obscure the factors that leverage change. Understanding those factors and their influence is more valuable than whether or not a particular anticipated growth number has or has not been achieved.
3. Ontario's future growth opportunities are tied to its geographic context. As such, GIS-based scenario building approaches are eminently suitable.
4. The Ontario Plan is a continuously improving plan and requires dynamic tools for its optimization.

G5. MUNICIPAL FINANCE

No single action of a city government more meaningfully states its values and priorities than the budget by which it allocates City resources and reflects the Vision and City Council's goals and priorities. The system of municipal finance includes:

Annual Budgeting Process. The entire municipal finance system culminates in the preparation, adoption, and implementation of the annual budget. The City intends its budget document to establish policy, guide operations, plan for future financial circumstances, and communicate to the City's residents, businesses, and investors.

Capital Improvement Programming. To better manage large-scale investments, the City adopts an annual Capital Improvement Program that schedules engineering and design, land acquisition, and construction for large projects over the subsequent five years.

Cash Management. The process of managing cash inflows and outflows for proper collection, disbursement, and investment of cash. This involves deposits, reconciliation, and adherence to the City's Cash Handling Policy.

Public Trust. The municipal finance system rests on a foundation of public confidence in the City's ability to fairly and effectively manage municipal finances over the long-term. The City preserves the public trust with clear and concise communications and transparent and accountable financial decision-making.

Fund Balance and Reserves. The City seeks to maintain certain levels of funds in reserve for unforeseen cash flow disruptions and for specific purposes, such as post-retirement health care expenses. Reserves differ from "rainy day" funds, which are more like savings for periods of overall economic stagnation or retrenchment.

Revenue and Expenditure Forecasting. Key to effective budgeting, the City conservatively forecasts future revenues and expenditure needs and constantly tracks those assumptions.

Risk Management. The risk management program includes special funds for reserves to cover potential losses, risk control programs and activities, and self-insurance pools.

Goal

Goal G5. An easily understood, transparent, and accountable municipal finance system that implements The Ontario Plan, safeguards the City's assets, and maintains the public's trust and confidence.

Policies

G5-1. Departmental Budgeting Requests. We require each department to submit an annual budget request free from reliance on one-time revenues (except for specific grant funded projects) and unsustainable revenue and deficit spending.

G5-2. Department Budget Limitation. We will not commit to spending more than a conservative projection of recurring revenues for the City as a whole.

G5-3. Limitations on Fund Transfers. The City Manager may transfer budgeted amounts between departments within any fund; however, we require the City Council approve any revisions that alter the total expenditures of any individual fund.

G5-4. Cost Allocation Plans. We account for costs for administration, employment benefits, risk management, and support services through special funds, including reimbursements from special projects, funds, and contracts based on an annual cost allocation plan.

G5-5. Investment Objective. We require safety of principal as the foremost investment objective; investment decisions shall seek to minimize net capital losses on a portfolio basis.

G5-6. Investment Maturities and Available Resources. We will mitigate market risk by limiting the weighted average maturity of the fund consistent with the approved investment policy; the City's fund will be structured to ensure that the City's projected expenditure requirements for the next six months can be met with a combination of anticipated revenues, maturing securities, principal and interest payments and liquid instruments.

G5-7. Fund Balance Target. We expect the annual budget to maintain a minimum unreserved general fund balance in accordance with policies established and from time to time revised by City Council resolution; we maintain this unreserved fund balance to deal with unanticipated disruptions to cash flow and do not otherwise use this reserve.

G5-8. Deferred Maintenance. We acknowledge current and cumulative deferred maintenance, if any, in the annual budget document.

G5-9. Comprehensive Debt Strategy. We pursue a strategy to avoid or minimize bonded indebtedness against the General Fund and to finance capital improvement projects on a pay-as-you-go basis and through special funds, or, if warranted by magnitude and/or lifespan, through applicable special financing districts and mechanisms.

G5-10. General Fund Purpose. We pursue a strategy to allocate general fund resources toward the City's provision of basic municipal services.

G5-11. Transparency. We expect our City's budget and annual financial report documents to maintain the highest standards for clarity and content.

G5-12. Investment Strategies. We utilize the Treasurer's Investment Policy to establish strategies that guide how the City invests short-term cash flow and invests longer-term reserves.

G5-13. Finance Department Responsibility. We require the Financial Services Agency review and analyze City Council staff reports to determine potential fiscal impacts.