



CITY OF

Richmond CALIFORNIA

ITEM H-1: Additional Cost Savings and Budget Balancing Proposals

Richmond City Council Meeting
Finance Department
June 2, 2020

ITEM H-1

APPROVE staff recommendations on additional cost savings,

RECEIVE budget balancing options,

PROVIDE direction to staff on which options to implement and/or modifications on the options to bring back to the City Council during a special meeting on June 9, 2020

Agenda

- Additional Cost Savings
- Vacancy Review
- Budget Balancing Proposals
- Next Steps

Budget Goals

- Structurally balanced budget
- Preserve services to the extent possible
- Consider impacts of COVID-19 on services
- Minimize staff reductions
- Increase cash reserves to policy level
 - Maintain bond ratings

Updated Cost Savings

Cost Savings

#	Strategy - General Operating Items	FY2019-20 Estimated Cost Savings	FY2020-21 Estimated Cost Savings
	BEGINNING DEFICIT	(\$6,961,540)	(\$29,543,872)
1	Credit card processing fees		90,000
2	Eliminate festivals	11,000	300,000
3	Discontinue Fire consulting contract		100,000
4	Eliminate 1% across-the-board cost of living adjustments		1,300,000
5	Institute hiring freeze for some positions/vacancy savings	2,408,000	3,154,211
6	Reduce department operating budgets	1,113,001	1,427,952
7	Reduce pool cars	5,000	20,000
8	Eliminate matching funds for campaigns		100,000
9	Fund community programs with ECIA funding		325,000
10	Reduce recreation programs	340,982	991,278
11	Reduce insurance reserves to 70% confidence level		3,029,873
12	Reduce equipment/vehicle replacement		1,295,000
13	Fund information technology replacement with a capital lease		3,300,000
	TOTAL ESTIMATED COST SAVINGS	3,877,983	15,433,314

Additional Cost Savings

#	Strategy - General Operating Items	FY2019-20 Estimated Cost Savings	FY2020-21 Estimated Cost Savings
14	Additional vacancies for hiring freeze		3,110,376
15	Additional reductions to department operating budgets		303,800
16	Eliminate replacement of Fire pumper		795,000
17	Eliminate replacement one street sweeper		280,000
18	Move one Code Enforcement Officer to Planning fund		150,600
19	Reduce part-time temp staff; move books/materials to library fund		236,000
20	Unanticipated documentary transfer tax receipt	1,095,764	
	TOTAL ADDITIONAL ESTIMATED COST SAVINGS	<u>1,095,764</u>	<u>4,875,776</u>
	REMAINING DEFICIT BALANCE	(\$1,987,793)	(\$9,234,782)

Union Recommendations Implemented

- Institute recommended budget balancing strategies including:
 - Vacancy savings/hiring freeze totaling \$6.2M
 - Reduce I.T. replacement by \$3.3M
 - Reduce vehicle replacement by \$2.4M
 - Reduce insurance reserves to 70% confidence level

Union Recommendations Not Implemented

- Reduce reserves
- Institute hard hiring freeze of all vacancies
- Postpone compensation study

Vacancy Review

Vacancy Summary

Positions	Hiring Freeze	Requested to Fill	Total
Non-Sworn	\$3,371,286	\$1,822,064	\$5,193,350
Sworn	2,816,962	2,910,024	5,726,986
Total	\$6,188,248	\$4,732,088	\$10,920,336

Non-Sworn Vacancies Marked for Hiring Freeze

Position	Estimated Cost Savings
<u>FINANCE:</u>	
ACCOUNTANT II	\$147,114
SENIOR BUDGET ANALYST	161,879
SENIOR ACCOUNTANT	161,879
<u>LIBRARY:</u>	
LIBRARY ASSISTANT I	100,121
LIBRARY AIDE I	29,165
LIBRARIAN II	131,204
<u>COMMUNITY SERVICES:</u>	
COMMUNITY SERVICES DIRECTOR	246,441
<u>CITY MANAGER'S OFFICE:</u>	
ECONOMIC DEVELOPMENT ADMINISTRATOR	185,421

Non-Sworn Vacancies Marked for Hiring Freeze cont'd.

Position	Estimated Cost Savings
<u>PUBLIC WORKS:</u>	
ADMINISTRATIVE AIDE	128,227
DIRECTOR OF INFRASTRUCTURE MAINTENANCE & OPERATIONS	235,554
BUILDING TRADES WKR I	129,563
ELECTRICIAN	149,340
GROUNDSKEEPER/GARDENER	117,203
MAINTENANCE WORKER II	126,399
MAINTENANCE WORKER I	117,203
COMBINATION EQUIPMENT MECHANIC	144,091
SENIOR CIVIL ENGINEER	179,619

Non-Sworn Vacancies Marked for Hiring Freeze cont'd.

Position	Estimated Cost Savings
<u>POLICE:</u>	
PAYROLL SPECIALIST	113,926
ADMINISTRATIVE AIDE	126,079
ASSISTANT POLICE PROPERTY TECHNICIAN	116,535
CRIME SCENE TECHNICIAN	123,458
CRIME ANALYSIS TECHNICIAN	117,369
YOUTH PROGRAM SERVICES ASSISTANT	121,561
PUBLIC INFORMATION OFFICER	161,934
TOTAL NON-SWORN	3,371,286

Sworn Vacancies Marked for Hiring Freeze

Position	Estimated Cost Savings
<u>POLICE:</u>	
POLICE OFFICERS (7)	1,630,657
POLICE CAPTAIN	320,176
POLICE LIEUTENANT	286,249
<u>FIRE:</u>	
DEPUTY FIRE CHIEF	350,397
FIREFIGHTER	229,484
TOTAL SWORN	2,816,962
GRAND TOTAL ALL POSITIONS - HIRING FREEZE	6,188,248

Non-Sworn Vacancies Requested to Fill

Position	Estimated Cost Savings
<u>CITY ATTORNEY:</u>	
CITY ATTORNEY	275,927
<u>FINANCE:</u>	
BUDGET ANALYST I	130,217
PAYROLL SUPERVISOR	157,454
<u>PUBLIC WORKS:</u>	
PARKS CONSTRUCTION & MAINTENANCE WORKER*	13,248
EQUIPMENT OPERATOR (2)*	26,496
<u>CITY MANAGER'S OFFICE:</u>	
ENVIRONMENTAL MANAGER (Partially funded by ECIA)*	166,725
<u>TRANSPORTATION:</u>	
MANAGEMENT ANALYST II (Grant-funded term position)*	149,361

Non-Sworn Vacancies Requested to Fill cont'd.

Position	Estimated Cost Savings
<u>POLICE:</u>	
CRIME SCENE TECHNICIAN	123,458
POLICE RECORDS SPECIALIST	116,462
SENIOR ACCOUNTANT	161,879
PARKING ENFORCEMENT REP	118,422
COMMUNICATIONS DISPATCHER I (2)	244,892
COMMUNICATIONS DISPATCHER II	137,523
TOTAL NON-SWORN VACANCIES TO FILL	1,822,064

Sworn Vacancies Requested to Fill

Position	Estimated Cost Savings
<u>POLICE:</u>	
POLICE OFFICERS (8)	1,863,608
POLICE SERGEANTS (4)	1,046,416
TOTAL SWORN VACANCIES TO FILL	2,910,024
GRAND TOTAL ALL POSITIONS - TO BE FILLED	4,732,089

Sworn Overtime

- Mostly attributable to:
 - Injury leave
 - Vacancies
 - Time off backfill

Budget Balancing Proposals

Unknown Factors That May Further Impact the FY2020-21 Budget

- COVID-19
- Property Taxes
- Chevron operations

Financial Challenges

- Economic downturn combined with COVID-19
- Rising pension costs
- Unfunded deferred maintenance/improvements
- Reserve level below policy target
- Negative fund balances

Budget Balancing Proposals

- Key Differences Between Proposals:
 - Number of staff reductions
 - Number of furlough days/% of salary reductions
 - Sworn furlough equivalencies/% of reductions

	Proposal A	Proposal B	Proposal C	Proposal D
# of Staff Reductions (Non-sworn)	76	35	20	0
Salary Reductions due to Furloughs (Non-Sworn)	0%	9%	9%	13.5%
Sworn Furlough Equivalencies	0%	0%	8%	12.5%
Sworn 1% COLA (RPOA, RPMA, Fire 188)	0%	1%	1%	1%

Proposal A

Beginning Deficit	(\$29,543,872)
Deductions:	
<u>"Bucket" 1: General Operating</u>	
Staff Recommendations - Council-approved 5.26.2020	15,433,314
Additional vacancies included in hiring freeze	3,110,376
Human Resources - Additional departmental savings	33,800
Police - Additional departmental savings	200,000
Information Technology - Additional departmental savings	75,000
Fire - Eliminate replacement of pumper	795,000
Public Works - Eliminate replacement of one sweeper	280,000
Code Enforcement - Move one Code Enforcement Officer to Planning	150,600
Library - Reduce part-time temp staffing; move books/materials to a another funding source	236,000
Subtotal	20,314,090
<u>"Bucket" 2: Meet and Confer with Bargaining Units</u>	
Assumes no accommodations	0
Subtotal	0
<u>"Bucket" 3: Items to Consider After Exhausting Others</u>	
Staff reductions - 76 Non-sworn (based on average cost of \$152,631/employee)	11,537,228
Staff reductions - Sworn	0
Estimated payouts	(2,307,446)
Subtotal	9,229,782
Total Deductions:	29,543,872
Ending (Deficit)/Surplus	\$0

Proposal B

Beginning Deficit	(\$29,543,872)
Deductions:	
<u>"Bucket" 1: General Operating</u>	
Staff Recommendations - Council-approved 5.26.2020	15,433,314
Additional vacancies included in hiring freeze	3,110,376
Human Resources - Additional departmental savings	33,800
Police - Additional departmental savings	200,000
Information Technology - Additional departmental savings	75,000
Fire - Eliminate replacement of pumper	795,000
Public Works - Eliminate replacement of one sweeper	280,000
Code Enforcement - Move one Code Enforcement Officer to Planning	150,600
Library - Reduce part-time temp staffing; move books/materials to a another funding source	236,000
Subtotal	20,314,090
<u>"Bucket" 2: Meet and Confer with Bargaining Units</u>	
SEIU 1021 contributions to OPEB & Medical	594,000
Eliminate professional development for 1 year	280,200
24 Furlough days (~9% reductions)	2,535,120
Sworn furlough equivalencies	0
RPOA, Fire 188, RPMA 1% COLA	532,888
Eliminate car allowances	77,860
Fire Station brownouts	900,000
Subtotal	4,920,068
<u>"Bucket" 3: Items to Consider After Exhausting Others</u>	
Staff reductions - 35 Non-sworn (based on average cost of \$152,631/employee)	5,387,143
Staff reductions - Sworn	0
Estimated payouts	(1,077,429)
Subtotal	4,309,714
Total Deductions:	29,543,872
Ending (Deficit)/Surplus	\$0

Proposal C

Beginning Deficit	(\$29,543,872)
Deductions:	
<u>"Bucket" 1: General Operating</u>	
Staff Recommendations - Council-approved 5.26.2020	15,433,314
Additional vacancies included in hiring freeze	3,110,376
Human Resources - Additional departmental savings	33,800
Police - Additional departmental savings	200,000
Information Technology - Additional departmental savings	75,000
Fire - Eliminate replacement of pumper	795,000
Public Works - Eliminate replacement of one sweeper	280,000
Code Enforcement - Move one Code Enforcement Officer to Planning	150,600
Library - Reduce part-time temp staffing; move books/materials to a another funding source	236,000
Subtotal	20,314,090
<u>"Bucket" 2: Meet and Confer with Bargaining Units</u>	
SEIU 1021 contributions to OPEB & Medical	594,000
Eliminate professional development for 1 year	280,200
24 Furlough days (~9% reductions)	2,535,120
Sworn furlough equivalencies (~8% reductions)	2,728,372
RPOA, Fire 188, RPMA 1% COLA	532,888
Eliminate car allowances	77,860
Subtotal	6,748,440
<u>"Bucket" 3: Items to Consider After Exhausting Others</u>	
Staff reductions - 20 Non-sworn (based on average cost of \$152,631/employee)	3,101,678
Staff reductions - Sworn	0
Estimated payouts	(620,336)
Subtotal	2,481,342
Total Deductions:	29,543,872
Ending (Deficit)/Surplus	\$0

Proposal D

Beginning Deficit	(\$29,543,872)
Deductions:	
<u>"Bucket" 1: General Operating</u>	
Staff Recommendations - Council-approved 5.26.2020	15,433,314
Additional vacancies included in hiring freeze	3,110,376
Human Resources - Additional departmental savings	33,800
Police - Additional departmental savings	200,000
Information Technology - Additional departmental savings	75,000
Fire - Eliminate replacement of pumper	795,000
Public Works - Eliminate replacement of one sweeper	280,000
Code Enforcement - Move one Code Enforcement Officer to Planning	150,600
Library - Reduce part-time temp staffing; move books/materials to a another funding source	236,000
Subtotal	20,314,090
<u>"Bucket" 2: Meet and Confer with Bargaining Units</u>	
SEIU 1021 contributions to OPEB & Medical	594,000
Eliminate professional development for 1 year	280,200
36 Furlough days (~13.5% reductions)	3,802,680
Sworn furlough equivalencies (~12.5% salary reductions)	4,604,127
RPOA, Fire 188, RPMA 1% COLA	532,888
Eliminate car allowances	77,860
Subtotal	9,891,755
<u>"Bucket" 3: Items to Consider After Exhausting Others</u>	
Staff reductions - Non-sworn (based on average cost of \$152,631/employee)	-
Staff reductions - Sworn	-
Estimated payouts	-
Subtotal	-
Total Deductions:	30,205,845
Ending (Deficit)/Surplus	\$661,973

Next Steps

City Council Budget Calendar

May 26, 2020	<ul style="list-style-type: none"> • Receive an update on the 5-year budget forecast from Russ Branson Consulting • Accept staff recommendations on budget reductions totaling \$3.9M in FY2019-20 and \$15.2M in FY2020-21
June 2, 2020	<ul style="list-style-type: none"> • Approve staff recommendations on budget reductions for FY2019-20 and FY2020-21 • Receive budget balancing proposals
June 9, 2020	<ul style="list-style-type: none"> • Accept updates to FY2019-2020 and FY2020-21 budgets
June 16, 2020	<ul style="list-style-type: none"> • Accept updates to FY2019-2020 and FY2020-21 budgets • Review proposed balanced budget (with placeholders) and respond to final questions from council
June 23, 2020	<ul style="list-style-type: none"> • Receive proposed balanced budget (with placeholders) and direct staff to finalize documents for approval
June 30, 2020	<ul style="list-style-type: none"> • Adopt the FY2020-21 Operating Budget and FY2020-21 to FY2024-25 Capital Improvement Plan

Next Steps

- City Council to approve additional cost savings

	FY2019-20 Estimated Cost Savings	FY2020-21 Estimated Cost Savings
Additional Savings Identified	1,095,764	4,875,776

- City Council to provide direction to staff on which options to implement and/or modifications on the options
- Staff to bring back updates to the City Council during a special meeting on June 9, 2020

Thank you

Questions/Comments