



CITY OF

Richmond CALIFORNIA

ITEM F-2: FY2020-21 Budgeted Vacancies and Budget Balancing Proposals

Richmond City Council Special Meeting
Finance Department
June 9, 2020

ITEM F-2

PROVIDE direction on vacant positions and which budget balancing proposal to implement - City Manager's Office/Finance Department

Agenda

- Budget Updates
- Vacancy & Overtime 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

Budget Updates

Budget Updates

#	Strategy - General Operating Items	FY2019-20 Estimated Cost Savings	FY2020-21 Estimated Cost Savings
	<u>BEGINNING DEFICIT</u>	(\$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
	ESTIMATED COST SAVINGS - May 26, 2020	<u>3,877,983</u>	<u>15,433,314</u>

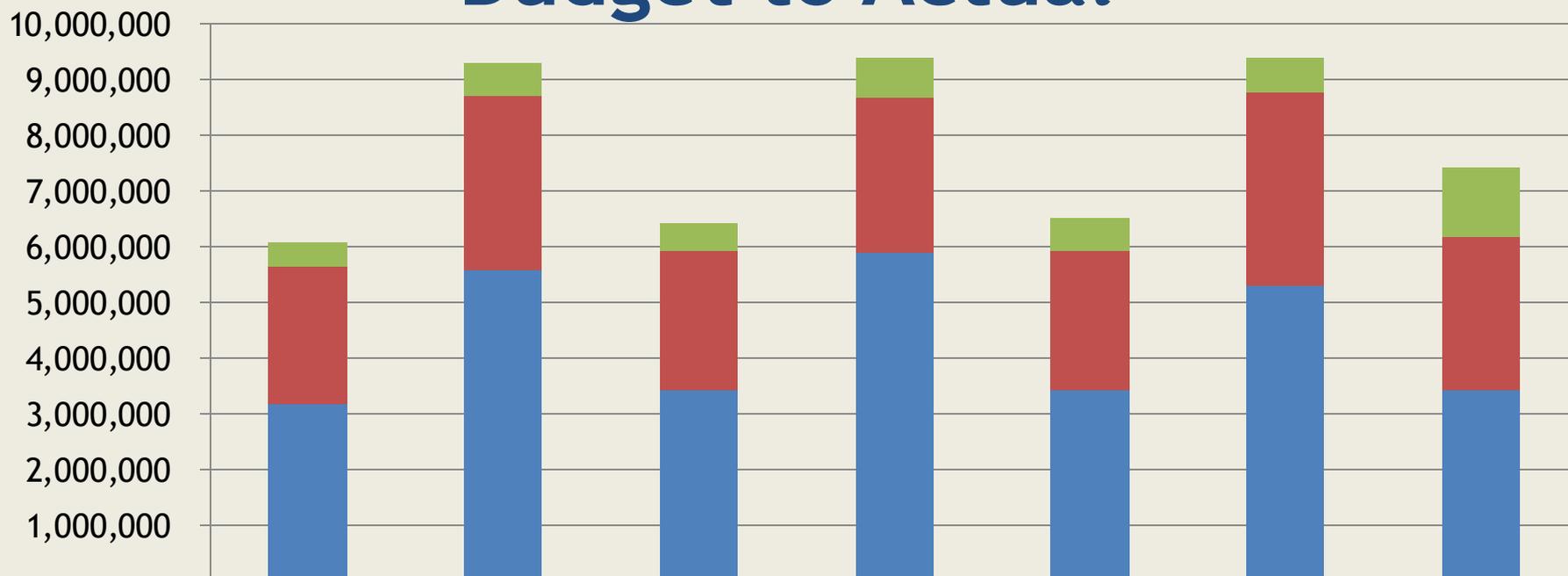
Budget Updates cont'd.

#	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		308,800
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	Unanticipated documentary transfer tax receipt	1,095,764	
	ADDITIONAL ESTIMATED COST SAVINGS - June 2, 2020	<u>1,095,764</u>	<u>4,644,776</u>
	TOTAL "Bucket 1" ESTIMATED COST SAVINGS	<u>4,973,747</u>	<u>20,078,090</u>
20	Police Lieutenant was inadvertently marked for hiring freeze		(286,249)
	REVISED TOTAL "Bucket 1" ESTIMATED COST SAVINGS	<u>4,973,747</u>	<u>19,791,840</u>
	REMAINING DEFICIT BALANCE	(\$1,987,793)	(\$9,752,031)

Vacancy & Overtime Review

General Fund Overtime

Budget to Actual



	Budget	Actual	Budget	Actual	Budget	Actuals Thru May 2020	Budget
	FY17-18		FY18-19		FY19-20		FY2020-21
Total	6,082,701	9,300,146	6,439,863	9,398,357	6,520,038	9,409,898	7,420,971
Non-Sworn	426,787	576,989	496,930	727,503	577,105	643,580	1,247,952
Fire-Sworn	2,486,914	3,153,480	2,509,914	2,760,261	2,509,914	3,467,633	2,740,000
Police-Sworn	3,169,000	5,569,677	3,433,019	5,910,592	3,433,019	5,298,685	3,433,019

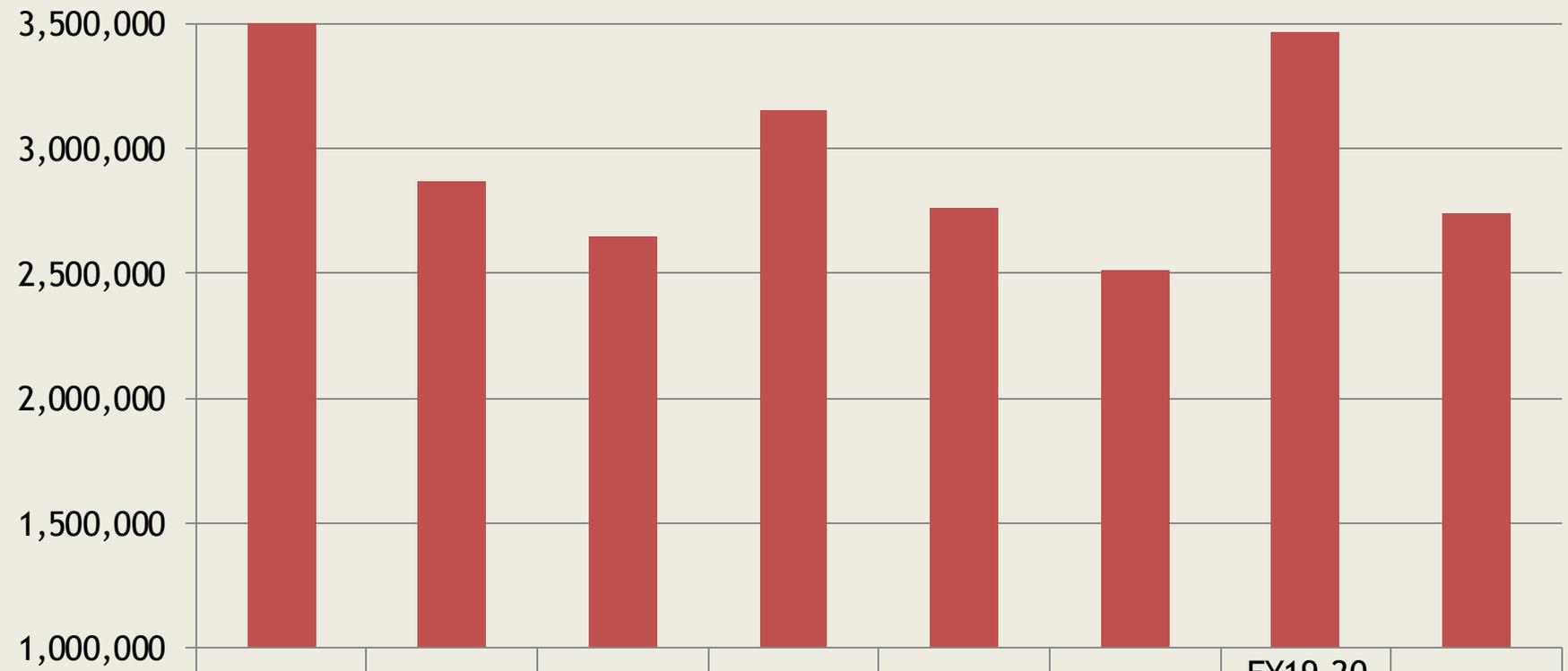
FY2020-21 General Fund Overtime Budget

Department	Budget
<u>Non-Sworn:</u>	
City Clerk	14,000
Community Services	13,250
Finance	6,000
Information Technology	4,000
Library & Cultural Services	1,000
Public Works	401,191
Police	808,511
Subtotal	1,247,952
<u>Sworn:</u>	
Fire	2,740,000
Police	3,433,019
Subtotal	6,173,019
Total	7,420,971

Sworn Overtime

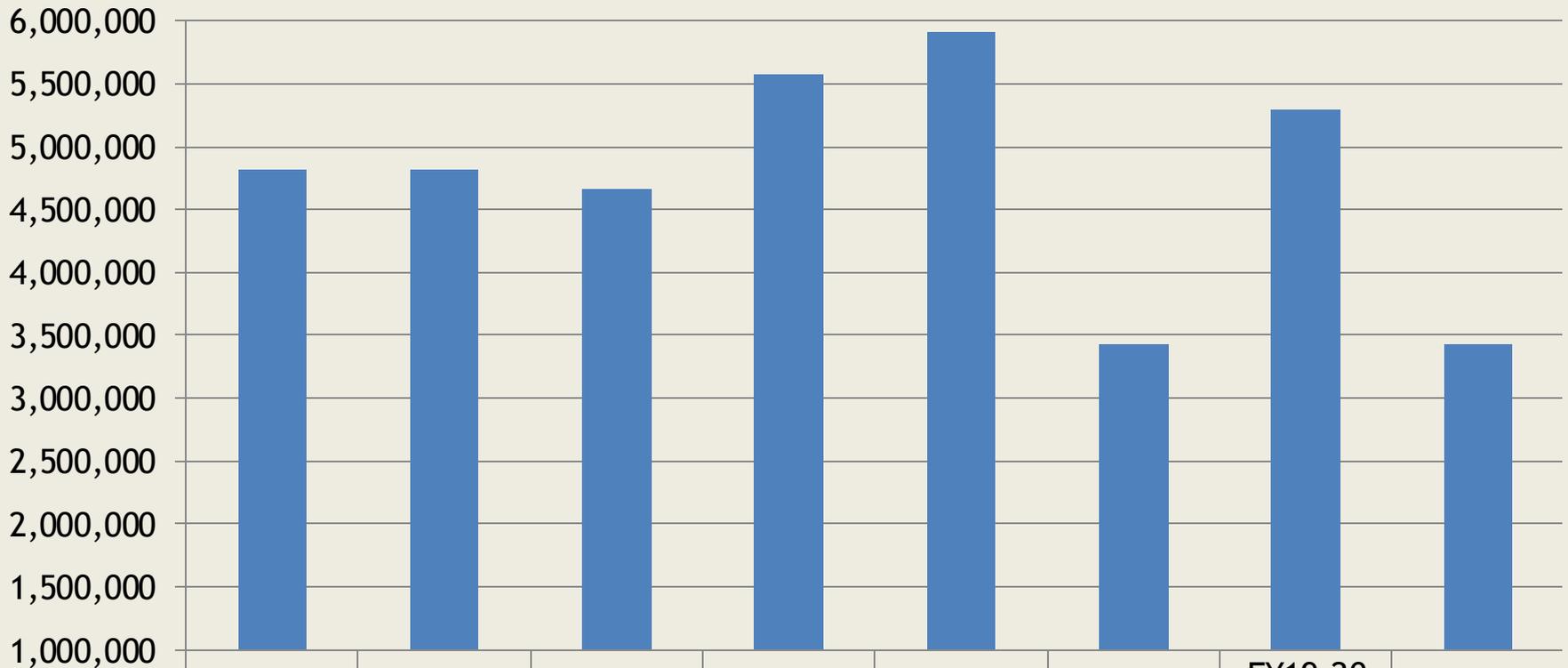
- Mostly attributable to:
 - Injury leave
 - Vacancies
 - Time off backfill

Fire Sworn Overtime



	FY14-15 Actual	FY15-16 Actual	FY16-17 Actual	FY17-18 Actual	FY18-19 Actual	FY19-20 Budget	FY19-20 Actual thru May 2020	FY20-21 Budget
■ Sworn OT	3,552,237	2,867,689	2,652,102	3,153,480	2,760,261	2,509,914	3,467,633	2,740,000
Sworn FTEs	94	91	90	91	90	89	89	89

Police Sworn Overtime



	FY14-15 Actual	FY15-16 Actual	FY16-17 Actual	FY17-18 Actual	FY18-19 Actual	FY19-20 Budget	FY19-20 Actual thru May 2020	FY20-21 Budget
■ Sworn OT	4,824,229	4,814,269	4,660,207	5,569,677	5,910,592	3,433,019	5,298,685	3,433,019
Sworn FTEs	196	184.5	182	177.5	178	178	178	178

Vacancy Summary

Positions	Hiring Freeze	Requested to Fill	Total
Non-Sworn	\$3,371,286	\$1,822,064	\$5,193,350
Sworn	2,530,713	3,196,273	5,726,986
Total	\$5,901,999	\$5,018,377	\$10,920,336

Vacancies Recommended to Freeze (34)

- Accountant II
- Administrative Aide (2)
- Assistant Police Property Technician
- Building Traders Worker I
- Combo Equipment Mechanic
- Community Services Director
- Crime Analysis Technician
- Crime Scene Technician
- Deputy Fire Chief
- Director of Infrastructure Maintenance & Operations
- Economic Development Administrator
- Electrician
- Firefighter
- Groundskeeper/Gardener
- Librarian II
- Library Aide
- Library Assistant I
- Maintenance Worker I/II
- Payroll Specialist
- Police Captain
- Police Officer(7)
- Public Information Officer
- Senior Accountant (2)
- Senior Budget Analyst
- Senior Civil Engineer
- Youth Program Services Assistant

Vacancies Recommended to Fill (28)

- Details on slides 16-23

Police - Sworn

Position	Total Salary & Benefits Costs for Positions Requested to be Filled	Justification
POLICE LIEUTENANT	286,249	Not filling this position will result in overtime costs. Would like to promote into this position in FY2021.
POLICE OFFICER (8)	1,863,608	There are currently 15 police officer vacancies. It's expected that there will be retirements this year as well as officers leaving to work at other departments. Our officers have already expressed burnout because of mandatory overtime requirements due to a shortage of staffing. We need to continue hiring for these positions or we will not have enough officers to respond to emergency calls for service. We are already at a point where we are not able to do investigative follow up on many of our property crimes because we had to reduce our investigations staff to fill the void we have in patrol. Not hiring these positions will result in additional overtime costs as there is a minimum staffing requirement in the RPOAMOU. We've frozen 7 positions and will continue the hiring process for 8 throughout FY2021
POLICE SERGEANT (4)	1,046,416	There are four police sergeant positions open. Not filling these positions will result in overtime costs as per agreement, we have to have supervisors to oversee our officers. I would like to promote into these positions in the next FY2021.

Police - Non-Sworn

Position	Total Salary & Benefits Costs for Positions Requested to be Filled	Justification
CRIME SCENE TECHNICIAN	117,369	Freezing it will result in less investigative capacity for our detectives.
COMMUNICATION DISPATCHER I/II (3)	382,415	Not hiring these positions will result in additional burnout of staff (they've been working mandatory overtime due to a shortage of staffing for a year) and additional dispatchers leaving for other departments. Overtime would have to be used to fill the shift shortages. Recommend filling one vacancy this fiscal year and the remaining two in fiscal year 20-21.
PARKING ENFORCEMENT REPRESENTATIVE	118,422	This position is a revenue generating position. Not filling this position will result in a loss of revenue to the city.
POLICE RECORDS SPECIALIST	116,462	Currently, two people going through the background process for this position. Not filling this position will result in overtime costs for the current staff. PD has already given up two of these positions in recent years due to budget cuts and is at absolute minimum staffing for 24/7 coverage.
SENIOR ACCOUNTANT	161,879	The police department is in desperate need of an accountant. The police department accounts for the largest budget in the city. Many of PD's grants require this position and the department is at risk of losing additional funds (has already incurred losses) as a result of not having an accountant. This position is needed as soon as possible.

City Manager's Office

Position	Total Salary & Benefits Costs for Positions Requested to be Filled	Justification
ENVIRONMENTAL MANAGER	166,725	<p>Will be funded by ECIA under the energy efficiency and climate action strategy, and by franchise fees. This position was converted to a lower compensation range (previous staff person held the role of Environmental Services Manager). If necessary, can attempt to delay filling until ~1/2021. Will be funded by Environmental and Community Investment Agreement (ECIA) under the Energy Efficiency and Climate Action Strategies, and Franchise Fees in accordance with adopted City Council policy direction to improve the environmental quality and implement the Climate Action Plan. If the City Council prefers to hold off fill this position, some duties can be performed by other staff.</p>

City Attorney's Office

Position	Total Salary & Benefits Costs for Positions Requested to be Filled	Justification
CITY ATTORNEY	275,927	Per the City Charter, the City Attorney is a required officer position in the City selected by the City Council.

Finance

Position	Total Salary & Benefits Costs for Positions Requested to be Filled	Justification
BUDGET ANALYST I	130,217	Finance must fill one of the two vacancies in the budget division (Budget Analyst I or Senior Budget Analyst) to help manage the budget process, provide needed support to outside departments, and complete reporting requirements.
PAYROLL SUPERVISOR	157,454	This position is critical to mitigate errors with employees' paychecks, assist with payroll budget projections, and to meet various reporting requirements.

Library & Community Services

Position	Total Salary & Benefits Costs for Positions Requested to be Filled	Justification
<u>TRANSPORTATION:</u>		
MANAGEMENT ANALYST II	149,361	<p>This position will be funded by ECIA and is a term position. We will explore the transfer of a current Library & Community Services staff with the requisite skills and experience to fill this job. Will not backfill for transfer. Position to be reallocated to Assoc. Admin. Analyst at the same cost.</p>

Public Works

Position	Total Salary & Benefits Costs for Positions Requested to be Filled	Justification
EQUIPMENT OPERATOR (2)*	13,248	Promotion to keep up with \$5 million Paving Program. <i>*The cost difference is low due to promotions with no back-filling in the previous positions held.</i>
PARKS & CONSTRUCTION MAINTENANCE WORKER*	26,496	Promotion to support maintenance of City's 50 parks. <i>*The cost difference is low due to promotion with no back-filling in the previous position held.</i>

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 Staff and Bargaining Unit Recommendations:

Staff	Bargaining Units
Hiring freeze of some vacancies	Hard hiring freeze of all vacancies
Preserve reserves	Use reserves
Meet and confer items	

Budget Balancing Proposals

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

	Proposal A	Proposal B	Proposal C	Proposal D
Number of staff reductions (non-sworn)	80	40	25	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%
Fire station brownouts	0	\$900,000	0	0

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	2,824,126
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
Subtotal	19,791,840
<u>"Bucket" 2: Meet and Confer with Bargaining Units</u>	
Assumes no accommodations	-
Subtotal	-
<u>"Bucket" 3: Items to Consider After Exhausting Others</u>	
Staff reductions - 80 Non-sworn (based on average cost of \$152,631/employee)	12,210,480
Staff reductions - Sworn	-
Estimated payouts	(2,458,448)
Subtotal	9,752,032
Total Deductions:	29,543,872
Ending (Deficit)/Surplus	0

Proposal B

Beginning Deficit	(29,543,872)
Deductions:	
<i>"Bucket" 1: General Operating</i>	
Staff Recommendations - Council-approved 5.26.2020	15,433,314
Additional vacancies included in hiring freeze	2,824,126
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
Subtotal	19,791,840
<i>"Bucket" 2: Meet and Confer with Bargaining Units:</i>	
SEIU 1021 contributions to OPEB & Medical	594,000
Eliminate professional development for 1 year	280,200
24 Furlough days (~9% salary reductions)	2,535,120
Sworn furlough equivalencies	-
RPOA, Fire 188, RPMA 1% COLA	532,888
Eliminate car allowances	77,860
Fire Station brownouts	900,000
Subtotal	4,920,068
<i>"Bucket" 3: Items to Consider After Exhausting Others</i>	
Staff reductions - 40 Non-sworn (based on average cost of \$152,631/employee)	6,105,240
Staff reductions - Sworn	-
Estimated payouts	(1,273,276)
Subtotal	4,831,964
Total Deductions:	29,543,872
Ending (Deficit)/Surplus	0

Proposal C

Beginning Deficit	(29,543,872)
<u>"Bucket" 1: General Operating</u>	
Deductions:	
Staff Recommendations - Council-approved 5.26.2020	15,433,314
Additional vacancies included in hiring freeze	2,824,126
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
Subtotal	19,791,840
<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% salary 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 - 25 Non-sworn (based on average cost of \$152,631/employee)	3,815,775
Staff reductions - Sworn	-
Estimated payouts	(812,182)
Subtotal	3,003,593
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	2,824,126
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
Subtotal	19,791,840
<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% salary 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)	0
Staff reductions - Sworn	0
Estimated payouts	0
Subtotal	0
Total Deductions:	29,683,595
Ending (Deficit)/Surplus	139,723

Budget Balancing Proposals

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

	Proposal A	Proposal B	Proposal C	Proposal D
Number of staff reductions (non-sworn)	80	40	25	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%
Fire station brownouts	0	\$900,000	0	0

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"> • Provide direction on vacant positions and budget balancing proposals
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 provide direction to staff on which options to implement and/or modifications on the options
- Staff to bring back updates to the City Council on June 16, 2020

Thank you

Questions/Comments