

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
SUBJECT: FISCAL YEAR 2016-17 BUDGET AMENDMENT
STAFF PRESENTER: DEBORAH LAUCHNER, CHIEF FINANCIAL OFFICER,
FINANCE DEPARTMENT

AGENDA ACTION: RESOLUTION

RECOMMENDATION

It is recommended by the City Manager and the Finance Department that the Council, by resolution, amend the Fiscal Year (FY) 2016-17 adopted budget and the FY 2016-17 salary plan and number of authorized positions as set forth in Exhibit A of the resolution.

EXECUTIVE SUMMARY

The purpose of this item is to request approval to amend the current FY 2016-17 adopted budget, salary plan and number of authorized positions. City staff prioritized a number of funding requests to address critical needs affecting the City over the next six months. The funding requested is coming from the General Fund, and is necessary for the remainder of the fiscal year as further described below. In addition, staff is also recommending approval of changes to recently-studied personnel classifications.

BACKGROUND

The mid-year budget amendment is a mechanism by which the City Council amends the current fiscal year budget to address needs that have arisen outside the normal budget process. City staff developed an initial list of needs, which was then pared down by the City Manager during the final review process. As a result, this amendment focusses on critical needs facing the City between January and June. The source of funding for this amendment is from the unassigned fund balance of the General Fund.

PRIOR COUNCIL REVIEW

This item has not been previously reviewed by the City Council.

ANALYSIS

This City Council has a policy that states the unassigned fund balance in the General Fund must be at least 15% to 17% of General Fund expenditures. Currently, the City's

General Fund unassigned fund balance is approximately \$12.8 million more than the 17% reserve requirement.

As with last year, actual revenue receipts higher than projected in the budget drives the unassigned fund balance amount. The General Fund received approximately \$10.4 million more revenue than budgeted; much of that being one-time, unanticipated revenue. General Fund expenditures were less than budgeted by almost \$481,000.

Staff reviewed mid-year budget requests with a focus on critical needs coming up in the next six months. This included the cost of a special June election, and addressing specific professional services costs that are exceeding budget due to circumstances beyond the departments' control. Staff also found ways to address budget impacts through cost neutrality. All requests that fell outside of these types of needs are to be included for consideration during the regular budget process.

The total net additional appropriations requested in this item is \$1,100,550. In addition, Human Resources has performed position classification studies, and while these reclassifications will require no additional funding in the current fiscal year, the City Council does need to approve the changes to the adopted salary plan and number of authorized positions. All of these requests are detailed below.

Cost Neutral Requests

1. Fire Department – Wildland Fire Reimbursement (Additional Revenue: \$539,600); Miscellaneous Expenditure Additions (\$539,600)

The Fire Department receives reimbursement from the State for staff and equipment costs incurred when responding to wildland fires. The reimbursement for this year will be \$539,600 more than the budgeted reimbursement revenue. Staff recommends recognizing this additional revenue, and then increasing appropriations to pay for various wildland fire-related costs, including overtime, workers' compensation, and Medicare totaling \$251,107. Staff also recommends increasing appropriations in the amount of \$288,493 to be used for partial payment of negotiated holiday pay in the amount of \$359,400. The department will absorb the additional \$70,900 from salary savings within the department's existing budget. The total of these appropriations equal the additional reimbursement revenue making this request cost neutral.

2. Planning and Economic Development (PED) – Building Plan Review Fees (Additional Revenue: \$200,000); Additional Building Inspection and Plan Check Consulting (\$200,000)

PED – Engineering Fees (Additional Revenue: \$300,000); Additional Engineering Inspection and Plan Check Consulting (\$300,000)

Planning and Economic Development (PED) supplements inspection and plan check services with outside consulting services. In the case of inspection services,

consultants are used to meet workload demands and provide faster inspection turnaround times. This is also the case for plan check services.

Funding was provided to PED last year for consulting services, which will not last through the end of this fiscal year. The amount requested with this item will pay for the services for the remainder of this fiscal year.

These services are paid for with increased revenue from the services provided. Building related revenue is exceeding estimates, and is sufficient to pay for these services. Engineering plan check consulting is used on certain projects with developers paying for the services. This guarantees a faster response than what can be guaranteed for in-house engineering plan checking.

3. Information Technology (IT) – Addition of 1.0 FTE Senior IT Technician (CMedia).

This request is for an additional position in IT to oversee the broadcast of City Council meetings. When the City cancelled its contract with CMedia, it needed to ensure government-related broadcasts, namely the broadcast of City Council meetings, continued through this fiscal year. The City plans to accomplish this by bringing the broadcast operation in-house for at least the remainder of the fiscal year. Two former CMedia employees were hired on a temporary basis, and the request of a Sr. IT Technician will add oversight to this team.

Funding for current year exists in current appropriations for the Sr IT Technician, and the temporary positions, along with closed-captioning services. Providing these services beyond the current fiscal year will be discussed with Council and included in future budget proposals.

4. Police Department – Weapons Replacement (Additional Revenue: \$95,597; Additional Expenditure: \$95,597).

In conjunction with the Purchasing division, the Police Department completed the sale of obsolete service weapons, receiving revenue in the amount of \$95,597. Staff recommends recognizing this revenue, and authorizing the appropriation of \$95,597 to purchase replacement service weapons.

General Fund Expenditure Requests

1. City Clerk – Election Costs (November 2016 costs \$25,550; June 2017 costs \$500,000)

This request will pay for unanticipated costs associated with the November election, and costs associated with a special election in June 2017. These costs are intended for the referendum on the rent control ordinance and cannabis

business tax ballot measure. Because these items were not anticipated during budget development, there are no existing appropriations to pay for them and the costs will result in the department going over budget at the end of the year.

2. Human Resources – Professional Services (\$150,000)

There is a need to add professional services funding to Human Resources prior to the end of the fiscal year. Currently, the department does not have sufficient budget to support professional services needs for the current year. There were more department head-level recruitments than anticipated, as well as other consulting needs. The department did not budget enough to cover these additional costs. The department is requesting funding estimated at \$150,000 for consulting to support the upcoming labor negotiation process.

3. City Council – City Attorney Contract (\$425,000)

The City has been filling the vacant City Attorney position on a contract basis, and will continue doing so until a new City Attorney is selected. The contract services provide not only City Attorney services, but also support for the Roseland Annexation, and a potential cannabis tax.

The salary savings used to pay for this contract has been exhausted, and staff estimates that additional funding of \$425,000 will be needed to fund the contract until a new City Attorney is appointed by the City Council.

Position Reclassifications

1. Finance – Storekeeper to Store Specialist

The Purchasing division has two positions: a Stores Specialist, and a lower level Storekeeper. In May 2016, Human Resources completed a study of both the Storekeeper and Stores Specialist classifications and determined that while the job descriptions were appropriate; however, if there were enough higher-level work available to justify two (2) Stores Specialists, then it would be worthwhile to reclassify the Storekeeper position. The Storekeeper position became vacant recently. Due to increasing workload, the need for more flexibility with regard to the contract administration, the revival of the internal construction crew which will increase the volume of goods and services contracts to be administered, the need to locate specialized materials and equipment beyond what is reasonable for one (1) position, and an increase in the need to prepare specifications and obtain price quotes for services, supplies and parts, all of which are outside the scope of the Storekeeper classification, the Finance Department is requesting to reclassify the vacant Storekeeper position to a Stores Specialist position.

The Storekeeper position is currently vacant and reclassification of this position to Stores Specialist will not impact a current employee. The mid-year budget impact FY 2016-17 is \$1,700, which can be absorbed by the current year budget from salary savings. The ongoing annual budget impact estimate is \$3,400.

2. Finance – Accounting Assistants to Payroll Specialists

At the request of the Finance Department, a job class and salary review of the Accounting Assistant position assigned to the Payroll Division was conducted by the Human Resources Department. The study concluded that the job duties for the Accounting Assistant classification in Payroll has changed significantly enough to warrant a new classification of Accounting Assistant specific to Payroll.

As a result of the study, Human Resources recommends the City establish the classification of Payroll Specialist with an annual step salary range of \$51,969 - \$54,562 - \$57,222 - \$60,091 - \$63,025 in Unit 7 – Technical. There are two (2) incumbents currently performing the work in Payroll who will be assigned to this new classification. The mid-year budget impact FY 2016-17 is \$1,500 which can be absorbed by the current year budget from salary savings. The ongoing annual budget impact estimate is \$3,100.

3. PED – Economic Development and Housing Manager to Economic Development Manager

In a late 2015 reorganization, the Economic Development division was reassigned from the previous Economic Development & Housing department to the former Community Development department, which became the Planning & Economic Development department. This move included the manager of the Economic Development division that had been classified as Economic Development and Housing Manager.

Planning and Economic Development and Human Resources have developed a job description based on current and anticipated responsibilities of the Economic Development Manager position. Human Resources staff completed a salary study.

A new classification titled Economic Development Manager in Unit 18 is recommended with an annual salary range of \$105,064 - \$131,362. The position to be assigned to this new class is currently vacant with a City employee in an acting assignment. The mid-year budget impact FY 2016-17 is \$5,000, which can be absorbed by the current year budget from salary savings. The ongoing annual budget impact estimate is \$10,000.

4. Santa Rosa Water – Department Sr. Programmer Analyst to Department Information Technology Supervisor

The Water Department requested and received approval for the addition of one Senior Programmer Analyst (SPA) in their budget for FY 2016-17. The primary reason for the addition of this position was to provide direct supervision to the Asset Management Team's five technical staff, comprised of one Department Programmer Analyst, two Technology Application Specialists, and two Department Technical Coordinators. After careful consideration, a review of similar classifications both internal and external to the City, and in conference with the Information Technology Department, it was determined that the Senior Programmer Analyst job classification would not, in fact, be the most appropriate classification for the duties assigned to this position. The primary purpose of the SPA classification is to design operating procedures and policies for the Programming unit in IT, and it does not directly supervise staff. Department Information Technology Supervisor will primarily be supervising technical staff and providing information technology support for a number of programs, but would not be programming or conducting analysis.

Human Resources recommends the establishment of a new classification titled Department Information Technology Supervisor (DITS). It is recommended that DITS remain a Professional level staff position with the same salary range of \$83,968.00 - \$102,080.00 annually. Funding exists in the current year budget and there is no annual budget impact as a result of this new classification.

5. Santa Rosa Water – Supervising Engineer to Water Reuse Engineer

The Water Department requested and received approval for the addition of one Supervising Engineer in the budget for fiscal year 2016/17. The primary reason for the addition of this position was to coordinate and monitor the planning, design, permitting and implementation of operational and infrastructure projects within the Water Reuse division. This position will be providing oversight of external service providers and consultants and serve as a liaison between City staff and external service providers and consultants working on operational and infrastructure projects. After careful consideration, it was determined that the classification of Supervising Engineer was not an appropriate fit for the duties that will be assigned to this position. The primary purpose for the Supervising Engineer classification is to supervise City engineering staff in their work and to perform the more complex professional engineering work. The Water Reuse Engineer will not be directly supervising City staff, and will instead be providing oversight to external providers in the completion of engineering and infrastructure projects limited to Water-related and Subregional activities.

Human Resources recommends the establishment of a new classification titled Water Reuse Engineer. It is recommended that WRE be a single position, Mid-Management level classification with the same salary range of \$94,904.00 - \$121,909.00 annually. Funding exists in the current year budget and there will be no annual budget impact as a result of this new classification.

FISCAL IMPACT

One-time General Fund requests will draw down unassigned General Fund fund balance, from approximately \$12.8 million to approximately \$11.7 million. The unassigned General Fund fund balance will still be sufficiently above the 17% required by Council policy. The request for IT will have an ongoing impact which will be addressed in the FY 2017-18 Proposed Budget.

ENVIRONMENTAL IMPACT

This action is exempt from the California Environmental Quality Act (CEQA) because it is not a project which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, pursuant to CEQA Guideline Section 15378.

BOARD/COMMISSION/COMMITTEE REVIEW and RECOMMENDATIONS

Not applicable.

NOTIFICATION

Not applicable.

ATTACHMENTS

- Resolution/Exhibit A (FY 2016-17 Budget Amendment)

CONTACT

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