

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
SUBJECT: FISCAL YEAR 2015-16 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) 2015-16 adopted budget and the FY 2015-16 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 fund a number of projects during the current fiscal year. These requests have been identified and prioritized by City staff as those that should be approved and begin now rather than wait until the next fiscal year. Most of this budget amendment is to fund one-time expenditures with General Fund reserves, of which there is a sufficient amount to support the requests. In addition, there are nominal requests for ongoing General Fund and non-General Fund resources which can be supported under the City's current financial situation.

BACKGROUND

The principle budget development period for the City begins with budget planning in November and December and leads to the budget adoption in June, and funding available on July 1 of each fiscal year. The focus from staff during this process is long-term budget planning to sustain City operations and meet Council goals. During the year, however, issues arise that require a more immediate response rather than waiting until July for funding. Rather than each individual request coming to the Council at different times during the year, staff combined these requests into one request that is presented to the City Council as a Mid-Year Budget Adjustment.

In addition to addressing high priority needs throughout the organization, this item also gives staff the opportunity to review with the City Council the status of General Fund reserves, and to make adjustments to revenue estimates.

PRIOR COUNCIL REVIEW

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

ANALYSIS

This City has a City Council policy that states that unassigned reserves in the General Fund must be at least 15% to 17% of General Fund expenditures. Currently, the City's General Fund has an unassigned fund balance of \$33.5 million. This amount is approximately \$12.3 million more than the 17% reserve requirement. In addition, the City has received over \$6.3 million from the former Redevelopment Agency repayment of City loans, and over \$1.9 million from the residual of the sale of the Hyatt. These two items increases the amount of unassigned reserves over the 17% reserve requirement to approximately \$20.5 million.

The principle factors for the growth in General Fund reserves are higher than budgeted revenue receipts (including unanticipated one-time revenue), lower expenditures than budgeted, and the accumulation of prior year unassigned fund balance. For FY 2014-15, General Fund revenue came in approximately \$5.4 million more than budgeted; General Fund expenditures were approximately \$4.2 million less than budgeted. This \$9.6 million, combined with the prior year's fund balance in excess of the 17% requirement, plus the one-time revenue from the former Redevelopment Agency, equals the current unassigned reserves.

Staff has developed a list of mid-year requests that are intended to address immediate operational needs, or to get a significant head start on implementing the request. In addition, this budget amendment is intended to address customer service needs in Planning and Economic Development (PED). The PED requests all align with the Process Improvement Action Plan (PIAP) initiatives brought forth through the Management Partners study completed earlier this year.

The list is laid out in the following format: General Fund requests, totaling \$3,997,000 of one-time funding and \$109,100 of ongoing funding; Planning and Economic Development (PED) requests, totaling \$1,050,000 of one-time and \$201,000 of ongoing General Fund resources with \$111,000 of that amount offset by expenditure reductions; and Non-General Fund ongoing requests of \$109,700. Please note that the ongoing amounts shown below are an annualized amount to show the full cost of the request. Because there are only three months left in the year, current year appropriations, if approved, would be a prorated share of the full year's cost.

General Fund Requests

1. **Bathroom Maintenance and Repair (\$190,000, One-Time).** This request will fund a project that will make bathroom repairs to various City facilities beginning this fiscal year. These projects include the addition of changing tables to City Hall restrooms (rooms 8 and 10) which are currently available to the public.

2. **Outside Attorney Support (\$25,000, One-Time).** The City Council authorized the use of outside attorney for use in a current appellate case, and this would provide the funding for those services.
3. **Corporation Yard Security (\$184,000, One-Time).** Staff reviewed and prioritized options to increase security at the Municipal Service Center - North Corporation Yard. The request would address the top three priorities which include installing Key Card Access at several points of entry at the Yard, and upgrading surveillance cameras. In addition staff is proposing to replace the main entry gates. Work would begin in the current fiscal year with completion anticipated by the end of the summer.
4. **Roseland Street Repair (\$648,000, One-Time).** This request is to reconstruct a number of City streets in the Roseland area that have a Pavement Condition Index (PCI) rating of 25 or lower. The work is planned for a section of Sunset Avenue, Baker Avenue, McMaster Lane, and Emerald Court.

Approximately \$100,000 would be used in the current fiscal year to begin preliminary design, which should be completed by the end of the current fiscal year. The bid process and contract approval would occur in FY 2016-17, and the actual reconstruction work to be completed during the 2017 construction season.

5. **Unanticipated Strike Team Costs (\$540,000, One-Time).** This request is to increase appropriations in Fire Operations for costs incurred by sending strike teams to work on numerous wild fires. The City budgets \$400,000 annually for this, and so far in FY 2015-16 the costs are \$930,000. This funding is fully offset by revenue.
6. **Courthouse Square Reunification Project (\$2,410,000).** This request is to provide the General Fund portion of the cash funding for the project. The proposed financing plan for the reunification project provides for 50% of the approved project or \$5,000,000 to be funded with current resources. The current resources include funds from the Water Fund (\$644,687), Wastewater Fund (\$645,707), Parking Fund (To Be Determined), Gas Tax Fund (\$800,000) and General Fund (remaining amount). There currently exists a prior appropriation of \$500,000 from the General Fund. Since the amount of Parking Funds is yet to be determined based on the engineer's cost estimate, we will appropriate parking funds with the FY 2016-17 budget process. Parking Funds, once known, will reduce this request by an equal amount and the funds will be returned to the unassigned fund balance.
7. **IFAS Support (\$109,100, Ongoing).** This request is for a full time Technology Application Specialist to help address programming issues relative to the IFAS financial and payroll system software, with about 80% of the position's time dedicated to Payroll. Adding this position will help manage the impacts on the payroll system caused by the various employee unit contracts, address issues

with the timecard system, and allow the Payroll Manager to spend more time supervising the Payroll section. The annual, ongoing cost for the position is \$65,500 to the General Fund, and \$43,600 to enterprise funds, and the cost would be allocated through the City's IT Rate Model.

Planning and Economic Development (PED) Requests

1. **Citizen Access Portal (\$39,000, One-Time).** This is software for PED that would allow citizens improved access to permit information, aligning with the PIAP initiatives for "Increasing Communication and Customer Service" and "Accela Software Optimization." The software will also improve community access to information, which is a City Council goal.

The software is integrated with the City's permit tracking software (Accela) and can be ordered and implemented prior to the end of the current fiscal year. The Citizen Access Portal will provide customers with a user-friendly maps-based platform that links to Planning and Building Permit records. The software is accessible by anyone with an internet web browser, increasing public transparency of permit records and enhancing opportunities for customer self-service. This request is for the one-time cost of the software; the annual subscription cost will be included as part of the FY 2016-17 budget.

2. **Queuing Software (\$60,000, One-Time).** This request is for one-time funds to purchase hardware and software associated with a Customer Queuing and Appointment Scheduling system. This system would be utilized at the front counter and will organize the flow and routing of counter customers, and increase predictability of wait times. The scheduling component of the system will provide customers with the ability to book appointments to work with staff. This system would be an improvement over current operations and can be transferred to the Service Hub when it opens.

Purchasing the system now will allow staff to use it at the PED front counter and work out any bugs before putting it to use in the Service Center. It will also allow the purchase process to begin in the current fiscal year with the possibility of having a system in place by the beginning of the next fiscal year. This request is for the one-time cost of the software; the annual subscription cost will be included as part of the FY 2016-17 budget.

3. **Accela Support (\$351,000, One-Time).** This request will provide funding, in advance, for three years of Accela support in PED by hiring a limited term Technology Application Specialist (TAS). This position will assist PED and other departments with transitioning from the Permits Plus tracking system to Accela Automation by providing day-to-day technical support; addressing data migration

and configuration issues; developing metrics and reports to provide productivity and performance measure tracking tools; enhancing workflows and system screens to provide better process efficiencies; optimizing and extending access for staff and the public; and providing general support and training for staff and public use of various tracking and outreach software.

Adding this position on a full time basis will specifically enhance service to the public by increasing the development permit information and functionality available online, as well as provide staff with the technical support needed to work with customers. The position will be split as follows: 80% PED, 8% Fire, 4% HCS, 4% R&P, 2% TPW, and 2% Water. Duties are currently being performed by a temporary employee.

4. **Process Improvement Consulting Services for Planning (\$100,000, One-Time).** This request for one-time consulting services to perform process improvements that align with the PIAP strategic customer service initiative of “Pre-Application Meetings and Entitlement reviews.” The request would provide consulting services to address zoning, design review, and policy updates consistent with the approved February 23, 2016 City Council report item, “Housing Series 2 – Process Improvements.” Approving funding now will allow the work on these process improvements to continue during this fiscal year and into FY 2016-17.
5. **Plan Check and Inspection Consulting Services (\$500,000, One-Time).** This request for one-time consulting services aligns with PIAP strategic customer service initiative of “Plan Check and Inspection Team.” This initiative is intended to gain efficiencies by reducing staff overlap between building and engineering plan check teams.

Specifically, this request will address the immediate increased demand for services related to increased residential and non-residential development activity. Services provided with this funding will assist with the review and inspections of permits, and as such will reduce wait times for permit turn-around times. Approval of the funds now will ensure they will be used in the current fiscal year.

6. **Front Counter Support (\$90,000, Ongoing).** This request is for a full time CD Technician position that would be used to expand the front counter hours of operation and assist with permit routing, processing and public information. This request aligns with the PIAP initiative “Integrated Service Center,” and will specifically address customer service issues and wait time at the front counter. The position can be filled using an existing CD Technician list.
7. **Building Inspector (\$110,000, Ongoing, offset by reduction in outside consultant costs).** This request is for an additional full time Building Inspector to address building inspection workload and keep inspection wait times to a minimum. This request aligns with the PIAP initiative “Plan Check and Inspection

Team,” and will reduce the ongoing reliance and costs associated with consultants. The position can be filled from an existing Building Inspector list, and the cost of the position will be offset by a reduction in contracted Building Inspector funding.

Non-General Fund Requests

1. **H2O Program Support (\$109,700 Ongoing).** Request is for an Administrative Technician in the Finance Department to administer the new H2O program that provides water bill relief to low income residents. This program and 0.5 FTE of the position to administer the program has been approved by the Board of Public Utilities, and the cost is paid for by Santa Rosa Water using Cell Tower revenue. The remaining 0.5 FTE will provide support to Water Billing, and is also paid for by Santa Rosa Water.

Position Studies and Reclassifications

The Human Resources department perform personnel-related studies during the year. Staff intends to schedule these types of studies on the City Council agenda twice during the year, as opposed to scheduling them on an ad hoc basis throughout the year. Under this plan, these items would be scheduled on the City Council agenda during the budget process and as part of a Mid-Year budget item such as this one. Four such studies are included in this report, and while there is no need to amend the budget for FY 2015-16 as a result of these studies; the incremental budget increases for the current fiscal year can be paid for out of the existing budget appropriations for each department. The changes, however must be called out and included in the resolution because they require amendments to the City’s Classification and Salary Plan.

1. Housing and Community Services Technician (Equity Adjustment)

Human Resources staff completed a classification study in October 2014, which recommended a 4.5% increase in salary for the Housing and Community Services (HCS) Technician based on an internal equity issue between the HCS Technician classification and other similar classes within the City. Of the 4.5% salary adjustment recommended by the study, a 3% equity adjustment was given to the classification as a result of labor negotiations. The remaining 1.5% equity adjustment, effective upon City Council action will complete the recommendations of the study.

Funding exists in the Housing and Community Services budget to pay for this adjustment in the current fiscal year, and the annual budget impact of approximately \$9,774 will be included as part of the FY 2016-17 budget.

2. Network Systems Analyst (Reclassification)

Human Resources staff completed a classification study of the Senior Information Technology Technician classification in June 2015. This classification currently exists in

the Information Technology department. The classification study took into account the work performed by this classification in the City's evolving technical environment (i.e., working in a large, complex data system and network infrastructure as opposed to an outdated mainframe structure), and recommended a new classification be created titled Network Systems Analyst. The study also recommended that three existing Senior Information Technology Technicians be reclassified to the new classification because they have been performing these higher level duties for over a year. Additionally, the meet and confer requirements of the Meyers-Milias-Brown Act have been met with SRCEA.

Funding exists in the Information Technology Internal Service Fund budget for the current year to pay for the reclassification, and the annual budget impact of approximately \$44,380 will be included as part of the FY 2016-17 budget.

3. Legal Assistant (Equity Adjustment)

Human Resources staff completed a salary study of the Legal Assistant classification in December 2015, to determine whether the current salary range is appropriate for the level of responsibilities of the class. This classification was initially created in 1994, and responsibilities of the job have grown since then. There are currently two positions in this classification, equating to 1.9 FTE.

The independence of action and decisions, consequence of error, complexity of duties and knowledge required are higher than other administrative classifications in the City with similar salary ranges and is more in line with higher-paid classifications. It was also found that the classification is more appropriately placed in the Technical Unit rather than the Confidential Unit it is currently in, as they are not normally apprised of information leading to decisions of City management affecting employee relations.

Funding exists in the current year budget to pay for this adjustment, and the annual budget impact of approximately \$14,434 will be included as part of the FY 2016-17 budget.

4. Executive Management Assistant (Reclassification)

The City Manager's Office is proposing the reclassification of an existing position from Executive Assistant to the City Manager to Executive Management Assistant. Under this proposed reclassification, the Executive Management Assistant would be expected to perform a wide variety of higher-level professional analytical and research activities for the City Manager's Office including studies of complex City policies and procedures, program services, City organizational structure, and broad community issues. This position will also directly support the City Manager and Deputy City Manager.

The ongoing annual budget increase as a result of this reclassification is approximately \$14,000. There is sufficient appropriations in the current year budget to pay this reclassification; the full annual impact will be included as part of the FY 2016-17 budget.

FISCAL IMPACT

One-time General Fund requests will draw down unassigned General Fund reserves. There is currently sufficient reserves to accommodate these requests while remaining above the 17% General Fund reserve policy. Ongoing General Fund requests will have an ongoing impact which will be addressed in the FY 2016-17 budget where there is sufficient funding to sustain the requests. There is sufficient revenue to pay for the non-General Fund requests.

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 2015-16 Budget Amendment)

CONTACT

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