



City Council Staff Report

May 19, 2015

ITEM

Staff Report: City of National City Revised Fiscal Year 2016 Preliminary Budget

BACKGROUND

At its regular meeting on Tuesday, February 3, 2015, City Council authorized two workshops be scheduled to review, discuss, and consider the preliminary budget – the first on April 28th and the second on May 26th. (The workshop initially scheduled for May 26th was rescheduled for May 19th.) At the April 28th workshop, staff presented to the Council the Fiscal Year 2016 Preliminary Budget summary, which reflected an approximate use of fund balance (excess of expenditures and transfers out over revenues) of \$1,424,814 for the City’s General Fund and overall deficit (i.e., all funds combined) of \$3,396,874.

During the workshop, the Council gave preliminary direction to staff to include appropriations for staffing changes proposed to add net 5.97 full-time equivalent (“FTE”) positions to the City-wide staff complement approved for Fiscal Year 2015. Council also directed staff to include \$500,000 appropriation moved from the Gas Taxes Fund to the General Fund, \$100,000 for an updated Fee Study, and \$50,000 for a homeless outreach pilot program. The proposed appropriations reflect those amounts. In addition, staff previewed further budget additions and adjustments and sought Council direction. Additional adjustments were later identified as necessary by staff. This preliminary budget includes all such changes.

DISCUSSION

Expenditures

The initial preliminary General Fund appropriation total was \$45,249,723, including transfers out of \$2,022,683. Initial total City expenditure estimates totaled \$84,188,627.

The impact of funding the proposed staffing changes included in the preliminary budget delivered to Council at the April 28th Budget Workshop was \$511,884, allocated as follows:

General Fund (addition of 4.67 FTE’s)	\$404,066
Parks Maintenance Fund (addition of 1.0 FTE’s)	\$ 69,934
Sewer Service Fund (reduction of 1.0 FTE’s)	(\$ 13,063)
Information Systems Maintenance Fund (addition of 0.5 FTE’s)	\$ 50,947

During the global economic downturn, City departments exercised fiscal prudence in a number of areas, including operating at minimum staffing levels. The fiscal year 2011 budget authorized the full-time equivalent (FTE) of 443.07 positions. In following years, through managed attrition, the staffing numbers were reduced across all City departments, including reductions in fire and police sworn safety. Over time, the reductions in staffing, though necessary during the time of the recession, have adversely impacted the City's operations, increasing response and turnaround times and increasing reliance on and costs associated with the use of outside consultants. The Mid Fiscal Year 2015 and Fiscal Year 2016 budgets include modest increases in staffing intended to begin to address these concerns. At a proposed staffing level of 366.11 FTEs, the Fiscal Year 2016 operating staffing levels will still be significantly below those of Fiscal Year 2011.

As proposed, the Fiscal Year 2016 includes a proposed staffing increase of 7.97 FTEs. The proposed increases and the justifications for such, by department, include the following:

City Attorney

- **Senior Assistant City Attorney:** The City Attorney's Office is requesting a full-time Senior Assistant City Attorney position be funded based on the increased work load. The City Attorney's Office has had a retired annuitant attorney (25 years of experience) working on special projects, but her limited duration assignment is concluding. Accordingly, there will be two attorneys to handle all the day-to-day legal work of the City. The City Attorney's Office is responsible for providing the legal advice to the City. The City Attorney's Office reviews all contracts, drafts resolutions and ordinances, and advises all City departments on legal matters. The Office assists the City Council, boards and commissions, and City staff on conflict of interest and Brown Act issues. The City Attorney or the Deputy City Attorney attend all meetings of the City Council, workshop meetings of the City Council, CDC-HA, Successor Agency, Planning Commission, and Community and Police Relations Commission ("CPRC"). In connection with these meetings, the Office advises on procedural and due process as well as other legal matters during the meetings, reviews and/or prepares all ordinances adopted by the City Council, and reviews and/or prepares all resolutions adopted by the Council and boards and commissions. The City Attorney or the Deputy City Attorney provide new board and commission members individual trainings on the Brown Act, Rosenberg's Rules of Order, and the Political Reform Act, as well as periodic trainings on these matters to the boards, commissions, and committees. In addition, the City Attorney's Office is responsible for the legal defense of all lawsuits filed against the City and its officials and employees. These include suits for damages arising out of alleged dangerous conditions of public property, police false arrest, excessive force, civil rights suits, employment, grievances, writs of mandate, and other alleged negligence by City officers and employees. The City Attorney manages, oversees, and directs the outside defense counsel who handle these types of suits.

While the demands and responsibilities falling upon the office have steadily increased over the past 10 years, staffing levels have not. It is worthwhile to note that the Office has undertaken efficiencies and streamlining efforts to do more with less. In addition, a former Senior Assistant City Attorney position was reclassified to a Deputy City Attorney position.

This past year the Office has handled approximately 240 requests for legal services from departments, 55 public records act requests, has managed, overseen and directed all litigation, and drafted 181 resolutions. These numbers do not include work regarding employment or labor matters, matters for the City Council, trainings, presentations, or meetings attended. The Office is on target this upcoming year to exceed this number of requests for legal services from the departments, is undertaking major revisions of municipal code chapters, and will be providing presentations and trainings on contracts, Brown Act, Public Records Act, and Political Reform Act.

The full-time position cost of approximately \$185,000 (salary and benefits) will be partially offset by approximately \$60,000 for the part-time special projects limited duration position. The current staffing levels cannot meet the increasing legal needs of the City. In order to fill the gap, excess day-to-day work would need to be performed by outside counsel. The cost for outside counsel would range from \$250-\$350 per hour, for the type of work to be handled by a Senior Assistant City Attorney. Accordingly, using the low end of the range at \$250/hour and the high end at \$350/hour, for only 20 hours of work per week, the cost would range from \$260,000 to \$364,000 per year; and, for 40 hours of work per week the cost would range from \$520,000 to \$728,000. Having the work performed by a full-time position is much more cost effective. The full-time position will allow us to continue providing the level of service for the transactional work needed by the City in its day-to-day operations.

Community Services

- Recreation center staffing: In February, 2015 the YMCA notified the City of National City that they could no longer partner with the City to operate Camacho Gym Recreation Center. With no operator, the facility is currently closed. On March 3, 2015 the City Council of the City of National City authorized City staff reopen Camacho Gym. A minimum of 3.0 full-time equivalent (FTE) positions are required to operate the facility. This includes a full-time Recreation Center Supervisor and several part-time recreation staff. Facility hours are approximately 3 pm to 8 pm Monday through Friday, 10:30 am to 3:30 pm on Saturday and 11 am to 4 pm on Sunday. Staffing Camacho Gym with 3.0 FTE means there will be 2 part-time staff members onsite for each shift.

The Recreation Center Supervisor is responsible for coordinating programming at Camacho Gym, which includes working with community groups to offer classes, camps, sports, arts and crafts, special events and various recreational activities. In addition, the Recreation Center Supervisor oversees part-time recreational staff, monitors the budget and develops marketing materials for Camacho Gym. The Recreation Leader III position works closely with the Recreation Center Supervisor and coordinates programming at Camacho Gym and maintains records on facility use. The Recreation Leader II position organizes and conducts recreational classes and the Recreation Leader I assists with such classes. The Recreation Aide position issues athletic equipment and assists with setting up and conducting recreational programming.

Engineering & Public Works

- Associate Civil Engineer: The position is needed to assist Engineering & Public Works Department with managing Capital Improvement Program (CIP) projects. Grant funds will be used to offset General Fund expenditures associated with this position to the maximum

extent possible. For example, \$50,000 in existing grant funds have been set aside to partially fund this position for Fiscal Year 2016. Additional General Fund savings for this position should be realized through less reliance on consultants for project management and the receipt of new grant awards over the course of the fiscal year.

- Senior Park Caretaker: Presently, Public Works Parks Division has 3.0 Senior Park Caretakers, one to supervise each of National City's three large Community Parks (El Toyo, Kimball and Las Palmas). A fourth Senior Park Caretaker is needed to supervise all of National City's landscaped roadway medians, bulb-outs and outlying areas which have expanded significantly in recent years as a result of traffic calming and streetscape projects.

Finance

- Budget Technician (working title): This is a proposed new position intended to assist in the development, monitoring and reporting of the City's finances consistent with the City's adopted strategic objectives. Under the current structure, there is 1.0 position responsible for the administration of the City-wide budget process. Given the complexity of municipal budgeting and the City's budget structure, the workload is such that the Finance Department's ability to prepare and analyze accurate and timely submissions of the annual budget and on-going budget monitoring reports is compromised by the current limited staffing level. The proposed position is intended to, in a paraprofessional capacity, assist the budget analyst in assembling, analyzing, formatting and organizing the City's budgetary components during the development of the annual budget (a six month process) and in the development and analysis of monthly and quarterly budget monitoring reports. Such reports are essential in managing the City's financial stability, allowing for early detection and course corrections should actual revenues and/or expenditures deviate significantly from projections. Current limited staffing can cause delays in such identification and corrective actions. The longer it takes to identify and make a correction, the greater the cost of the correction.

In addition, the position will provide paraprofessional administrative support to other areas of the Finance Department, including assisting in: the preparation of documents required for the accurate and timely completion of the City's audit processes and Comprehensive Annual Financial Report (CAFR); the preparation of investment reports; and the gathering of documents responsive to Public Records Act requests.

With the department's efforts to increase and enhance financial reporting, this position is critical in ensuring the necessary work is completed in a timely manner with a lesser likelihood of errors. It will also enable Finance to deliver a higher level of service and transparency to the City Council, the City Manager, other departments and the public.

Neighborhood Services

- Administrative Secretary: The Neighborhood Services Department provides a variety of direct to resident services including code enforcement, graffiti abatement, parking enforcement and the processing of Temporary Use Permits. In addition, the department currently staffs what has been designated as the primary customer service counter for City Hall. The requested position is needed to assist the Neighborhood Services Department with multiple duties in an effort to increase operation efficiency and decrease workload pressures

associated with these functions. The Administrative Secretary will assist in acting as a contact between Neighborhood Services and the City's licensing and permitting data management system vendor (currently Cartegraph). This will aid the Code Enforcement Unit in creating case files and entering new cases to more efficiently document code violations.

In addition to the above, this position will also provide additional customer service coverage by answering phone calls as well as assisting residents who visit the customer service window; receive code, parking, and graffiti complaints, and distribute complaints to appropriate units; oversee clerical personnel in creating a speedy timeline in processing and filing submitted Temporary Use Permits (TUPs) and invoices; manage the Neighborhood Services webpage with updated information and new permit documents for public access; and manage Excel spreadsheets of expired and current TUP's, homeless encampments and code enforcement project logs. All of these duties as outlined will enable Neighborhood Services to improve operational efficiency and enhance direct customer service.

Planning

- Assistant Planner: The need for an Assistant Planner is justified due to current workload and project prioritization. The current workload, including discretionary permits, business licenses, building permits, and counter/phone contact generally takes all the available time of the limited current professional planning staff (2.0 positions).

When the counter is busy or if there is a glut of permits, licenses, etc., timelines suffer. Building permit reviews often exceed 30 days and business license reviews take longer than the target timeframe of one week. There have been extended wait times at the counter due to both workload and employee absences which could be remedied with the addition of another employee.

Additional staff will allow for enhanced review and analysis of discretionary permits; there are several "back-burner" projects, as well as updates, that need to be addressed that are difficult to get to in a timely manner; and added staff would allow for a reorganization of staff duties so that second-tier priorities can be addressed. Finally, adding staff would allow for current planning staff assist with advanced planning which will in turn decrease the workload of the advance planning staff.

Police

A Police Lieutenant and a Dispatch Supervisor are needed to meet the current needs of the community and Police Department. The Lieutenant position allows the Department to increase the management presence resulting in greater accountability and career development.

The Communication Center is a 24 hour operation and a vital component to police operations. The Dispatch Supervisor is a civilian career position that would enhance the morale and efficiency of The Communication Center since it would allow continuity in supervision, career opportunities for current Dispatchers and reduce staffing issues in the sworn ranks. The Unit is currently budgeted for 12 full-time and 2 part-time police dispatchers, who are currently supervised by a sworn police sergeant.

The National City Police Department, like many police departments in the nation did not escape the impacts of the economic turmoil. Budget constraints, city staff furloughs, early retirements

and other economic crisis required adjustments to police operations. As a result a realignment of the department structure was made in order to adjust to the staffing reductions resulting from the economic conditions. Emphasis was placed on the retention of priority services to the community.

- **Police Lieutenant:** In response to the staffing reductions, and as early retirements occurred, the Police Department went from having six Police Lieutenants to four and has operated as such since 2010. As a result the four remaining Police Lieutenants are required to manage additional department units and employees. The workload impacts have been felt throughout the Department, resulting in increased employee workload stress and various project delays and vital projects being put on hold. The addition of a lieutenant would enhance management oversight and accountability which are critical to meeting the needs of the community and minimizing civil liability. In addition the additional lieutenant would assist in the following areas:
 1. Provide the opportunity for career development and mentoring of supervisors and officers.
 2. Better meet the needs of the community by focusing on crime trends and community service needs, thus improving the quality of life for our residents.
- **Dispatch Supervisor:** Effectively staffing and supervising the Communication Center has been an on-going challenge for the Police Department for many years. In response to addressing recent issues within the Communication Center the ‘Organizational Network’ was recently hired to review and provide recommendations on how to improve the overall efficiency and improve morale among the employees.

Based on employee interviews and surveys, the ‘Organizational Network consultants concluded that our current method of having a Police Sergeant supervise the Communication Center was not effective and provided the below reasons:

1. Sergeants lack the technical knowledge and job requirements and thus cannot provide helpful feedback or coaching to dispatchers.
2. Sergeants are not certified to run the system, thus cannot fill in for dispatchers for emergencies, unexpected absences or other necessary variances in work scheduling.
3. The continual turnover with Sergeants creates a "revolving door" quality in supervision. Consequently, whatever continuity a Sergeant might provide is lost.

According to the “Organizational Network’ consultants most police departments in California have already moved to having civilian managers or supervisors for their dispatch centers and recommended the same for the National City Police Department. This trend was recently confirmed with other police departments in the region. Out of the 11 police departments surveyed, only one had a police Sergeant and or lieutenant overseeing the Communication Center. The remaining 10 police departments utilized a professional staff supervisor or manager.

Effectively staffing the police department continues to be a challenge, which has become more complex in recent years. Ensuring that adequate, consistent and effective management/supervision oversight is in place is crucial to daily police operations. Adding an

additional Police Lieutenant and Dispatch Supervisor will increase our ability to service our community more effectively and improve employee relations throughout the organization. This will lead to increased community support and strengthen community partnerships, which is currently being tested throughout the nation.

In addition to the recommended staffing changes already included in the preliminary totals, the Council tentatively authorized two additional positions with a combined total cost of \$165,127, \$8,601 less than previously estimated, as well as \$65,000 in other adjustments: a \$55,000 Provision for Contingency appropriation and \$10,000 correction (increase) to internal service charges related to leased fleet vehicles. Further staff review of preliminary appropriations also resulted in revisions. Corrections of previous estimates increased General Fund appropriations by an additional \$377,600 and decreased combined appropriations of other funds by \$374,364. The tables below summarize these changes.

Following is a summary of the implementation of the adjustments made:

General Fund

Staffing changes (2.0 FTE's)	\$165,127
Provision for Contingency	55,000
Corrections (Personnel & M&O appropriations)	302,600
Refinements to CIP	75,000
<u>Internal service charges</u>	<u>10,000</u>
Total	\$607,727
<u>Previous Total</u>	<u>45,249,723</u>
Revised Total	\$ 45,857,449

Other Funds

Refinements to CIP	\$ (375,000)
Corrections (Personnel & M&O appropriations)	636
<u>Internal service charges</u>	<u>10,813</u>
Total	(\$374,364)
<u>Previous Total</u>	<u>38,938,904</u>
Revised Total	\$ 38,564,540

Transfers from the General Fund to other funds increased by \$32,136 to \$ 2,054,819, as a result of Library Fund, Parks Maintenance Fund, and Nutrition Fund adjustments.

As noted above, revised General Fund expenditures are now estimated to total \$45,857,449. Adding transfers out of \$2,054,819 brings the total General Fund appropriation to \$47,912,268. Appropriations of the City's other funds are projected at \$39,514,540, making the City-wide appropriation total \$87,426,808.

Revenues

Only minor adjustments were made to revenue estimates with other funds rising \$117,004, to \$34,767,191. There were no revisions to General Fund revenue estimates. Total funding, including transfers in of \$3,004,819, is now projected at \$83,617,550.

General Fund Fund Balance

Recent General Fund operational surpluses, in part resulting from the deferral of important projects and other priorities – some for several years, afford the City the opportunity to fund those priorities in the upcoming fiscal year. Those proposed for Fiscal Year 2016 include \$2,125,000 for capital improvement projects and \$315,744 for installment payments for automobile and light duty truck to replace aging fleet vehicles.

Overall, seven capital improvement projects are planned for the upcoming fiscal year, including improvements to the City's Police facility and Kimball Park and traffic monitoring and safety enhancements. Also planned is the continued modernization of the City's aged fleet as noted above, adding fourteen police vehicles, three Fire Department vehicles, one Engineering & Public Works truck, a sewer maintenance truck, and a street sweeper. In total, staff recommends dedicating \$5,232,540, including the above-referenced proposed General Fund commitment, to the City's capital needs.

The above referenced changes to expenditure appropriations plus transfers out results in a net increase of \$639,861 of the previously estimated Fiscal Year 2016 General Fund use of fund balance of \$1,426,866. Combining these totals, a fund balance decrease of \$2,066,728 is anticipated for the upcoming fiscal year, pending the addition of proposed and/or directed expenditures not currently included in appropriation totals.

As noted during the April 28th Fiscal Year 2016 Budget Workshop presentation to City Council, the City's General Fund Unassigned Fund Balance, which represents unobligated assets available to address critical activities, is \$7,797,176. Combining the Fiscal Year 2014 ending Unassigned Fund Balance with the currently estimated Fiscal Year 2015 net use of fund balance of \$422,334 leaves funding of approximately \$7,374,842 to address the critical needs of the City. The currently estimated Fiscal Year 2016 use of fund balance will decrease this total to \$5,308,114 in unassigned fund balance.

FISCAL IMPACT

The change in the fund balance of the General Fund expected as a result of projected revenues and expenditures is a decrease of \$2,066,728. However, due to the surplus in the General Fund resulting from prior City operations, funds are available to address one-time or infrequent capital and other needs of the City, many of which have been deferred for several years, including maintenance on City facilities and the continued replacement of the City's aged fleet.

Combining all Fiscal Year 2016 estimated City revenues and expenditures is expected to result in an overall fund balance decrease of \$3,809,258, due to the impact of the aforementioned one-time or infrequent expenditures. Non-General Fund activities, as a whole, are expected to produce a deficit of \$1,742,530.

COUNCIL DIRECTION

Staff seeks direction on funding the above listed proposed appropriations.