



CITY COUNCIL AGENDA REPORT

MEETING DATE: MARCH 2, 2010

ITEM NUMBER: IX-1

SUBJECT: FISCAL YEAR 2009-2010 MID-YEAR BUDGET REPORT

DATE: FEBRUARY 26, 2010

FROM: CITY MANAGER'S DEPARTMENT, FINANCE DEPARTMENT

PRESENTATION ALLAN L. ROEDER, CITY MANAGER

BY: BOBBY YOUNG, BUDGET & RESEARCH MANAGER

**FOR FURTHER INFORMATION Bobby Young, Budget & Research Manager at
CONTACT: (714) 754-5241**

RECOMMENDATION(S):

Adopt/Amend Proposed Management Recommendations and Strategies

BACKGROUND:

At the regular City Council Study Session of February 9, 2010, staff provided the City Council and the public with a detailed status report on the current condition of the FY 2009-10 Operating Budget (see Exhibit A). As you will recall, the City approached preparation of the FY 2009-10 Operating Budget in the face of arguably one of the nation's worst recessions. Added to the impact of double-digit declines in two of the City's three major revenues (Sales Tax and Transient Occupancy Tax), the City had also become reliant in recent years in utilizing a portion of its Fund Balance for Operating expenses (principally Capital Improvement Projects and Capital Outlay Purchases). The combination of these factors necessitated a very different approach to preparation of the Operating Budget from that used in prior years.

In reaction to the preceding, the City Council acted in April 2009 by approving a 10-Point Budget Management Strategy to align expenses with estimated revenues. As approved, the strategy identified a combination of Operating Budget reductions, salary & benefits cuts and modest revenue increases totaling \$20,092,121. While not all of the strategies were ultimately implemented by the City Council and other strategies did not yield the estimated results, the resulting savings still exceeded original estimates resulting in a savings of \$22,000,000.

Unfortunately, the economy continued its decline as reported at mid-year, resulting in a shortfall of \$9,000,000 for the current fiscal year. As a consequence of the continuing revenue decline, management has presented to the City Council a series of additional recommendations and strategies to address this imbalance. Those strategies are as follows:

1. A freeze on filling all current vacancies (except Police Patrol, as needed, and Sworn Fire to meet minimum manning);
2. A freeze on Capital Outlay Purchases and Capital Improvement Projects using General Fund Revenues;
3. A moratorium on new programs and services, expansion of existing programs and services, and new projects requiring General Fund support;
4. A review of Equipment Replacement Fund reserves;
5. Initiation of discussions with Employee Associations regarding wages and benefits;
6. Preparation of tax schedules with alternatives and supporting resolutions for the Transient Occupancy Tax (TOT) and Business License Tax for the November 2010 ballot; and
7. Submission of all Programs and Services to the City Council for budget prioritization.

At this time, management is seeking City Council confirmation of the above strategies and solicitation of additional approaches to be considered in addressing the continuing financial downturn.

ANALYSIS:

Since presentation of the mid-year financial report, all City Departments have actively participated in preparing an assessment of the impact of the recommended strategies. At this point in time, management has identified potential reductions amounting to \$5,000,000 of the needed \$9,000,000 in budget reductions based on the proposed strategies. The following is an overview of each strategy to date.

1. A freeze on filling all current vacancies (except Police Patrol, as needed, and Sworn Fire to meet minimum manning)

At present, the City has a total of 70 full-time positions that are currently vacant. This represents a combination of vacancies that occurred as a result of the early retirement incentive (except for sworn Fire which will occur at a later date) as well as positions previously vacated due to normal retirement or separation from service. Exhibit B provides a detailed breakdown by Department of each vacancy by position and the impact of leaving each position vacant as recommended under this strategy. The additional savings (above that estimated under the 10-Point Plan) is \$500,000 for the balance of the current fiscal year. This estimate is based on filling a very limited number of the 70 positions vacant as follows:

- Public Services Department - Associate Engineer (CIP Project Manager)
Contract Administrator (Parks)
(3) Senior Maintenance Worker positions
(Signs & Markings, Street sweeping, Parks & Parkways)
- Development Services Department – Plan Checker
- City Managers Department – Administrative Secretary (Clerk’s Office)
- Fire Department – Battalion Chief (Admin/Training)
- Administrative Services Department – (3) Communications Supervisors

The above is based on balancing needed expenditure reductions against service to the public. To the degree the City Council and the public believe that leaving other vacancies will result in an unacceptable level of service, additional on-going budget reductions will have to be accomplished to off-set any decision to fill those proposed vacancies.

2. A freeze on Capital Outlay Purchases and Capital Improvement Projects using General Fund Revenues

Management has thoroughly reviewed all current appropriations utilizing General Fund revenues in the Capital Improvement Funds. A total of \$1,467,000 in appropriations has been identified and are recommended to be de-appropriated and moved back to the General Fund. Please be advised that these are one-time budget reductions. The detailed breakdown is as follows:

- Fire Station Design - \$250,000
- City Entry Sign - Harbor Blvd - \$70,00
- Joanne Bike Street Trail - \$700,000 (will look for alternative funding source to go with existing grant)
- Skateboard Park II - \$420,000
- Other miscellaneous projects - \$27,000

Total - \$1,467,000

3. A moratorium on new programs and services; expansion of existing programs and services; and new projects requiring General Fund support

This proposed strategy does not result in reducing current expenditures, but rather prevents adding expenses and further stretching limited financial/personnel resources beyond current levels.

4. A review of Equipment Replacement Fund reserves

Management has taken a very detailed look at the Equipment Replacement Fund (ERF) to ascertain whether additional reductions from those previously made can be accomplished without seriously jeopardizing maintenance and replacement of equipment. By no longer charging the City's General Fund for equipment maintenance charges, \$1,450,000 in savings can safely be accomplished. As with the proposed reductions from the Capital Outlay and Capital Improvement Funds, these are one-time budget reductions.

In addition to reviewing the ERF, management also undertook a detailed review of the Self-Insurance Fund to determine whether a reduction in the current appropriation level would be prudent. By no longer charging the City's General Fund for general liability, worker's compensation and unemployment for the remainder of the fiscal year, an additional \$1,700,000 in savings can safely be accomplished. It is important to note that this reduction does not mean that the City is not funding its general liability, worker's compensation and unemployment insurance obligations but is reducing the amounts set aside for these purposes. As with the ERF recommendation and certain other strategies, this is a one-time de-appropriation.

5. Initiation of discussions with Employee Associations regarding wages and benefits

Pending City Council direction, management has not initiated discussions with employee associations regarding wages & benefits. All four associations were advised of the report prepared for the mid-year budget review and encouraged to view the video of the Study Session presentation that is available on the City's Website. As noted at the Study Session, management does not believe that sufficient time exists to reopen labor agreements and negotiate salary/benefits adjustments to have an impact in the current fiscal year. The City is scheduled to Meet & Confer with three of the four existing labor units beginning next Spring. However, we do believe it imperative to bring employee associations into the general discussion of the current budget shortfall due to its potential for impacting upcoming negotiations. Further, employee associations can be a valuable source of ideas for further cost-saving ideas.

6. Preparation of tax schedules with alternatives and supporting resolutions for the Transient Occupancy Tax (TOT) and Business License Tax for the November 2010 ballot

As with the preceding strategy, management has not initiated any discussions on these subjects pending City Council direction. Additionally, these items cannot be implemented during the current fiscal year for purposes of budget reductions. However – much like initiating discussions with employee associations – management believes that beginning discussions with the local business community and hotel interests now to explore options for possible November 2010 ballot measures is important. Taking into account the fact that virtually all of the steps taken to date to maintain basic municipal services have all come by way of budget reductions and the fact that no local taxes have been increased in over 20 years, this is a necessary step at this time. It does not mean that ballot measures will be submitted for the 2010 General Election – strictly that options will be developed, discussed with the business community and presented to the City council for consideration.

7. Submission of all Programs and Services to the City Council for budget prioritization

This strategy is designed to assist with decision-making in addressing the current budget shortfall as well as the anticipated, very difficult budget discussions upcoming for FY 2010-11. To date, the City has largely absorbed necessary budget reductions through operating budget cuts, reductions in salaries & benefits and holding positions vacant. The City is at a point where further budget reductions – whether in staffing, materials, supplies or other operating expenses – will result in a lowered level of service. This is occurring at present, but generally not where it directly impacts services to the public. Absent a substantial improvement in the current economy or an infusion of additional revenue by way of a rate increase or new tax source, further budget reductions will be needed for the foreseeable future. This will leave the City with one of two options – (a) reduce/eliminate programs and services or (b) reduce the cost of providing those programs and services. Generally speaking, the later will be a function of labor negotiations which the City is legally obligated to follow. The former – reduce/eliminate programs and services – is largely within the discretion of the City Council in consultation with the public.



CITY COUNCIL STUDY SESSION REPORT

MEETING DATE: February 9, 2010

ITEM NUMBER:

SUBJECT: FISCAL YEAR 2009-2010 MID-YEAR BUDGET REPORT

DATE: FEBRUARY 4, 2010

FROM: FINANCE DEPARTMENT/FINANCIAL PLANNING

PRESENTATION BY: BOBBY YOUNG, BUDGET & RESEARCH OFFICER

FOR FURTHER INFORMATION CONTACT: BOBBY YOUNG, BUDGET & RESEARCH OFFICER
(714) 754-5241

RECOMMENDED ACTION:

1. Receive and file the Fiscal Year 2009-2010 (FY 09-10) Mid-Year Budget Report.
2. Provide information to staff regarding Council's expectations for next year's budget.

BACKGROUND:

The focus of the mid-year budget review presentation is primarily the City's General Operating Fund revenues and expenditures. The vast majority (over 81%) of the City's activities are accounted for within this fund. Other special revenue fund budgets, such as the Gas Tax, Community Development Block Grant (CDBG) or HOME Funds, do not usually require adjustments at mid-year due to the specific nature of the resource allocations and program requirements. When revenues for these special revenue funds are not fully expended during the year, balances are carried forward for re-appropriation in the subsequent years' budget process. Adjustments to other funds are submitted to Council on as needed basis periodically throughout the year.

The budget is the City's spending plan. The City Council adopted the FY 09-10 budget on June 16, 2009. At that time, the world's economy was contracting and the City's revenues were decreasing. Therefore, included in the adoption of the FY 09-10 budget was a 10 Point Budget Management Plan to help reduce expenditures in light of the worsening economy and declining revenues. If all aspects of the 10 point plan were realized, the estimated impact was \$20.1 million. To varying degrees, the City has taken action on all 10 points of the plan. A summary of each is detailed below.

Unfortunately, since adoption of the budget (June 2009), the economy has continued to decline. This is marking the second full year the economy has been in a recession period and the City having to address financial concerns. Staff is continuing to analyze the impacts to the City and has made recommendations below. Also, as of now, the Governor's proposal for the State's Budget does not appear to have any short term General Fund impacts. However, it will continue to be an area of concern until a formal budget is adopted.

ANALYSIS:

The following is an update on the implementation of the 10 point Budget Management Strategies.

1. **Reduce department operating budgets by an additional 5% for an average reduction of 10% by departments from the prior fiscal year. Original estimate - \$6,318,134.**
 - From an amended budget in FY 08-09 of \$120.9 million to an adopted budget in FY 09-10 of \$102.4, the City reduced the General Fund budget by \$18.5 million or 15.30%. Since items #2, #3 and #7 were all assumed at the time of adoption, with the removal of those items the final adopted amount would have been \$107.5 million and the reduction would be approximately \$13.4 million or 11.08%

2. **Negotiate reduction in employee compensation equating to approximately 5% of salary. Original estimate - \$3,623,663.**
 - The City successfully negotiated a reduction in employee compensation equal to 5% by way of furloughs for all employees except Costa Mesa Firefighters Association (CMFA) employees. Although the furloughs did not start simultaneously with the fiscal year, the furloughs will continue for 26 pay periods (the equivalent of one fiscal year) for a total savings of \$3.0 million. It is anticipated savings of approximately \$2.5 million will be recognized in FY 09-10, therefore the remaining \$500,000 of savings will be recognized in FY 10-11.
 - Since the City negotiated a new contract with CMFA, the savings from that plan will happen as soon as retirements take place and positions are left vacant. With 12 positions held vacant at an approximate budget amount of \$150,000 each for an annual savings of \$1.8 million, the savings will offset the cost of the retirement plan change from 3@55 to 3@50 (approximately \$700,000 per year) for a net savings of approximately \$1.1 million a year.

3. **Reduction of \$1 million in non-reimbursable overtime for Police and Fire departments. Original estimate - \$1,000,000.**
 - The Police Department is taking a strategic approach to reduce non-reimbursed overtime. Because the department is also having to schedule furloughs, management - while ensuring all basic services are still provided - is allowing overtime only when absolutely necessary.
 - The Fire Department has shifted to a variable staffing model as per the new contract because of the current reduction of staff (as discussed in #4 below), which should produce a reduction in overtime.

4. **Negotiate suspension of minimum manning requirements in the Fire Department in order to accomplish the aforementioned reduction in overtime. Original estimate - \$0.**
 - The City successfully negotiated a reduction in minimum manning requirements in the Fire Department from the previous level of 32 personnel per shift. As per the new contract with CMFA, current variable staffing levels are at 30 per shift and upon the implementation of 3@50 and the close of a Retirement Incentive window, staffing will then be at a minimum 28 per shift. The current change to variable staffing is producing a savings in overtime by giving the shift command the ability to not immediately backfill for vacant positions because of retirements

or vacation/sick leave. The reduction comes from having a staff of 3 (instead of 4) fire personnel on 2 of the 8 apparatus.

5. **Seek Federal Stimulus funding for ten police officer positions to be eliminated due to Police Department budget reductions. Original estimate - \$1,052,010.**
 - Unfortunately the City of Costa Mesa was not selected for Federal Stimulus funding for Police Officers in the COPS Hiring Recovery Program (CHRP) by the Department of Justice (DOJ) thereby reducing estimated revenues by \$1.05 million (see below). This federal program had funding of \$1 billion and was reported to have received applications in excess of \$7 billion. Although the City was not initially selected, staff is continuing to track this grant in case more funding becomes available.

6. **Offer PERS Retirement Incentive to create vacancies to (1) reduce the number of personnel that may be laid off as a result of reductions in departmental operating budgets and (2) create additional vacancies needed for budgetary purposes (assumes total of 50 employees opting to retire of which 25 positions would be eliminated). Original estimate - \$3,485,000.**
 - The City began offering the Retirement Incentive of 2 years additional service credit on August 18, 2009. The window to take advantage of the incentive closed December 31, 2009. A total of 54 employees took advantage of the incentive. Preliminarily, management staff has determined 40 positions can remain vacant. The attrition savings (budgetary impact) from these 40 positions is estimated to be \$3.6 million.

7. **Suspension of the Retiree Health Savings (RHS) Plan (contributions are comprised of 1% by employer and 1% by employee). Original estimate - \$508,764.**
 - The City successfully negotiated the suspension of the RHS plan with all represented and non-represented employees for a period of 26 pay periods. The suspension began with the pay period of August 29. Since the suspension did not start at the beginning of the fiscal year, it is estimated the City will recognize a savings of about \$420,000 in FY 09-10 and the remaining \$80,000 in FY 10-11.

8. **Implement various cost recovery programs including resident EMS fees, inspection fees, and Police and Fire Cost Reimbursement Fees. Original estimate - \$959,700.**
 - On May 5, 2009, City Council authorized staff to implement a Motor Vehicle Accident Cost Recovery Program, which seeks reimbursement of staff time and materials, mostly by the Fire Department, when responding to an auto accident. It is estimated this new program will generate approximately \$180,000 in new revenue for the City's General Fund.
 - On June 2, 2009, City Council authorized staff to implement a Hazardous Materials Disclosure Late Fee, which is estimated to generate approximately \$4,000 in new revenue for the City's General Fund.
 - Also on June 2, 2009, City Council adopted a resolution for Fire Prevention User Fees and Charges which established a flat rate for those fees rather than the 1997 Uniform Administrative Code tables. Because of this change in calculation, an estimate of the increase in revenue could not be completed.

- Other programs proposed but not adopted: Apartment Inspection Fees, Business Inspection Fee, and modification of Emergency Medical Services (EMS) billing without regard to residency.
 - The total estimated increase in revenue due the change of fees is approximately \$180,000. Analysis of the Fire Prevention User Fees will be completed when more data is available.
- 9. Renegotiate/extend the Golf Course Operator's agreement for a greater share of the revenues and institute formula adjustments to the greens fees. Original estimate - \$244,850.**
- The City successfully renegotiated the Golf Course Operator's agreement with Mesa Verde Partners with the approval of City Council on June 16, 2009. The new agreement provides that 2.5% of greens fees be directed to the City's General Fund – approximately \$122,500, and that the City receive one half of the existing balance available for golf course capital improvements – approximately \$175,000, for a total increase of revenues in FY 09-10 of \$297,500.
- 10. Utilization of undesignated unreserved General Fund Balance. Original estimate - \$2,900,000.**
- As adopted, the projected use of fund balance was \$4.65 million. Some of the items produced a savings (items #1, #2, #3, #4, #6, #7, parts of #8, #9) while others did not (items #5 and parts of #8), the resulting projected use of fund balance would have been \$3.0 million (see below).

As mentioned the original estimated impact of the 10 Point Plan was \$20.1 million. Now that action has been taken on all points, staff estimates the budgetary impact to be \$22.0 million.

Based on staff's analysis of the current year's operating revenues and expenditures and, based on information and input provided by all departments, staff recommends the following adjustments to the FY 09-10 budget:

Revenues

Sales Tax: Analysis of the first six months of sales tax receipts shows a continued decline of 7.1% compared to first six months of the prior fiscal year (08-09). At this time last year, the 08-09 fiscal year was down 14.0% compared to the first six months of 07-08. The total reduction in sales tax revenue for the first six months compare to 07-08 is a decline of 21.1%. Sales tax data for the past holiday season will not be available until the first week of March, 2010. However, based on national economic data, it is estimated retail sales only increased by about 1% during the fourth quarter of 2009. Unfortunately, this is not enough to offset the continued decline in auto sales which is about 17% of overall sales tax collections. The State Department of Finance has estimated the statewide decline for FY 09-10 to be 7% compared to FY 08-09.

Another aspect of the City's Sales Tax revenue is the Triple Flip Backfill payment. These payments are estimated by the State on an annual basis, and adjusted the following year for any over or under payments based on actual sales activity. The State Department of Finance has estimated this decline for FY 09-10 to be 27.6% compared to FY 08-09.

Based on analysis of the first six months and the fact the City is continuing to experience a decline, it is recommended to reduce the Sales Tax Revenue projection by \$3.81 million and Sales Tax Backfill projection by \$2.25 million for a total reduction of \$6.06 million.

Transient Occupancy Tax (TOT): Analysis of the first six months of transient occupancy tax collections shows a continued decline of 15.9% compared to first six months of the prior fiscal year (08-09). At this time last year, the 08-09 fiscal year was down 12.5% compared to the first six months of 07-08. The total reduction in sales tax revenue for the first six months compare to 07-08 is a decline of 28.4%. This decrease is reflective of the continued decline in discretionary income generally used for leisure travel due to the recession.

Based on the analysis of the first six months and the fact the City is continuing to experience a decline in TOT collections, it is recommended to reduce the Transient Occupancy Tax revenue projection by \$1.14 million.

Further reductions in revenue estimates include \$598,000 for Red Light Camera, \$500,000 for Investment Earnings, \$1.05 million in Other Reimbursements due to the lack of Federal Stimulus funding for Police Officers (item #5 of the 10 Point Plan). Total reductions to all revenue accounts is \$7.1 million.

Expenditures

Each department has provided feedback on its year-to-date budget performance as projected through the fiscal year-end. In total, expenditures across all departments are projected to stay within the current amended appropriations for this fiscal year, except as noted below.

As it relates to the implemented furlough program and suspension of the RHS program, as previously discussed, because both did not start until about September 1, 2009, the City will only realize 10 months of savings and the remaining 2 months would be recognized in FY 10-11. The budgetary impact of the delay in savings is the inclusion of \$589,800 in appropriations to the 09-10 budget.

Included in the FY 09-10 adopted budget was an amount to begin funding the City's retiree medical obligation. However, given the City's financial constraints, the decision was made to continue funding these obligations on a pay-as-you-go basis rather than prefunding. Based on this decision, appropriations for the Retiree Medical account can be reduced by \$650,000.

Also, since the City's Red Light Camera system has only been operating at two intersections, total payments to the vendor are expected to be less. It is recommended the appropriation for these services be reduced by \$800,000.

The estimated reduction in FY 09-10 appropriations as a result of the PERS 2 year Retirement Incentive is approximately \$3.6 million. This is based on the fact that a total of 53 employees took advantage of the program and it is currently estimated a total of 40 positions will be left vacant for the remainder of the year.

It is also recommended to increase both revenue and principal and interest appropriations for the Police Facility Expansion debt service payment that was not included in the budget. Since the project was completed under budget, it was anticipated the remaining funds from the project would be used to make the debt service payments. The City will be using the extra funds to make the payment, however must record both the expenditure and offsetting revenue in the amount of \$2,086,004 in the General Fund.

Summary

The FY 09-10 budget was adopted with a planned appropriation from General Fund available fund balance of approximately \$4.6 million. However, this amount did not include any savings from the PERS 2 Year Retirement Incentive. Following adoption of the budget and during the first six months of the fiscal year, the economy appears to still be in a recessionary period. This recession continues to impact two the City's largest revenue sources, Sales Tax and Transient Occupancy Tax.

Exhibit A summarizes revenues and appropriations both as adopted and as revised. The net result of these reductions in revenue estimates and appropriations will increase the amount of the planned appropriation from General Fund available fund balance from \$4.6 million to \$9.3 million.

ALTERNATIVES CONSIDERED:

No alternatives were considered.

FISCAL REVIEW:

The attached Exhibit A summarizes the proposed adjustments in revenues and expenditures to the current year's adopted operating and capital improvement budget reviewed herein. Including the recommended adjustments, the estimated use of General Fund fund balance has increased from \$4.6 million to \$9.3 million.

LEGAL REVIEW:

No legal review is required for this item.

CONCLUSION:

In June 2009, Management proposed and the City Council adopted a budget for FY 09-10 that included a 10 Point Budget Management Plan. To varying degrees, the City has taken action on all 10 points. While only a couple did not produce a savings, many of them have been successful. Even though the City has worked diligently to reduce expenditures, the continuing recession has further eroded to City's revenues. Over the first six months of the fiscal year, Sales Tax has further decreased by 7.1% and Transient Occupancy Tax has decreased by 15.9%. It is projected that decreases in these two revenue sources will continue, leading staff to recommend reducing the projected estimates for all revenue sources by \$7.1 million.

Staff is also recommending a decrease of budgeted appropriations in the amount of \$2.4 million. This decrease is mostly related to the expected attrition savings from the PERS 2 Year Retirement Incentive. It also includes a reduction for Red Light Camera expenditures and prefunding of the City's Retiree Medical Program.

Staff is committed to ensuring the City continues its conservative fiscal practices; adopts sound, responsible, financial plans; and maintains its high-level of service delivery to the community in the most cost-effective and efficient manner possible. In addition, staff is now compiling departmental budget requests for the next fiscal year. As such, staff requests that Council provide feedback regarding its priorities and expectations for FY 10-11 to help guide the development of the proposed budget.

BOBBY YOUNG
Budget & Research Officer

ATTACHMENTS: Exhibit A – Mid-Year Budget Report Summary

Copy to: City Manager
All Department Directors

CITY OF COSTA MESA
MID-YEAR BUDGET REPORT SUMMARY
GENERAL FUND
FISCAL YEAR 2009-2010

	Adopted Budget	Mid-Year Revised	Favorable (Unfavorable) Change
Estimated Revenues (includes transfers)	\$ 97,755,588	\$ 97,755,588	
Mid-Year Proposed Adjustments - BA 10-XXX	-	(9,145,615)	
Transfer for principal and interest payment		2,086,004	
Revised Estimated Revenues	<u>\$ 97,755,588</u>	<u>\$ 90,695,977</u>	<u>\$ (7,059,611)</u>
Adopted Appropriations (includes transfers)	\$ 102,408,209	\$ 102,408,209	
Miscellaneous budget adjustments		33,490	
Furloughs carried into FY 10-11		589,800	
Council Policy 300-1 Retiree medical not prefunded		(650,000)	
Reduce red light camera contract		(800,000)	
Increase for principal and interest payment - offsetting rev		2,086,004	
Attrition savings - including impacts from PERS 2 Year		(3,636,273)	
Total Estimated Expenditures at Year-end	<u>\$ 102,408,209</u>	<u>\$ 100,031,230</u>	<u>\$ 2,376,979</u>
Estimated Use of Fund Balance	<u>\$ (4,652,621)</u>	<u>\$ (9,335,253)</u>	<u>\$ (4,682,632)</u>

City Manager Department

Service impacts from leaving position vacant

Administration

Increased workload for City Manager and Assistant City Manager which reduces ability to provide services for existing requests. Reduce ability to quickly support the City Council with research, speeches, letters, projects and staff reports. Will reduce legislative advocacy program to a significantly lower level for service. Shift responsibility of OC Public Library system and Costa Mesa Conference and Visitors Bureau to others.

Legislative and Public Affairs Manager

Reduce support for general requests from the City Council, City Manager and Assistant City Manager. Further reduce legislative advocacy program, letters will only be prepared at the specific request of a City Council member. Alter current process for responding to complaints to a standard adopted letter acknowledging receipt of complaint. Eliminate newly created K-9 Clean-up program. Suspend the Community News publication for a period of time. Reduce ability to issue press releases. Reduce support to the 1st Battalion, 5th Marines Support Group.

Management Analyst

City Clerk

Reduce quality and depth of City Council minutes to the legally required minimum of Action Only minutes. Reduce service hours to the public from 8 hours per day to 4 hours per day. Eliminate City Hall tours. Expand the length of time for responding to public records request to the legally maximum allowable time. Increase consultant help with the city election in June and the general election in November.

Administrative Secretary

Housing and Community Development

Neighborhood Improvement Manager

Grant funded position. Currently filled with part-time employee completing job duties.

Office Specialist II

Grant funded position. Currently filled with part-time employee completing job duties.

Finance Department

Service impacts from leaving position vacant

Administration

Little impact to the public and other departments. Duties have been dispersed to the City Manager, Assistant Finance Director and Budget and Research Officer. Currently both the Assistant Finance Director and Budget and Research Officers are receiving move-up pay for taking the duties and responsibilities of a higher position. There is also the public perception of the absence of a Director of Finance.

Finance Director

Budget & Research

Little impact to other departments. Duties are being maintained by the Budget and Research Officer and Budget Specialist. Longer response times to budget adjustment requests and to conduct specific analysis.

Budget Analyst

Treasury

Impact to other departments, however no impact to the public. Duties are being maintained by Code Enforcement Officers. Change in duties were pre-arranged with the Development Services Department, and do not appear to be causing issues. However, further reductions in Code Enforcement could effect service level and the number of business license inspections.

Business License Inspector

Administrative Services Department

Service impacts from leaving position vacant

Administration

Limited impact on service to the community or other departments. Certain duties and clerical support are being handled by the Administrative Secretary in HR. Currently the Administrative Secretary is receiving move-up pay for taking the duties of a higher position.

Executive Secretary

Telecommunications

Impacts could be minimal, but could be very noticeable during high volume times. Also, impacts to operations (i.e. overtime costs, fatigue, proper supervision, morale) would be of concern. Maintaining this vacancy would result in increased overtime costs and possible fatigue issues in order to provide required and proper supervision in the Telecommunications Center. Working overtime shifts in addition to an employees' full work week will produce issues in finding fills and fatigue as "qualified" employees are required to work more overtime.

Communications Supervisor (3)

Staff of the Telecommunications Center is as follows: (1) Police Radio, (2) Fire Radio, (3) Call Taking, (4) Back-up/spill over for other 3 work stations and (4) Supervisors.

Police Department

Sworn Pos.

Service impacts from leaving position vacant

Administration

Duties divided between two positions. Longer response times to inquires from citizens, the media, Council members and other law enforcement agencies.

1 **Chiefs Adjutant - Sergeant**

Currently duties have been designated to other employees. However this is not a long term solution as this position requires extreme confidentiality with many subject matters including the main administrative support for the Professional Standards Unit and Airbourne Law Enforcement Board of Govers.

Executive Secretary

Technical Services

At this point, impact is minimal because duties absorbed by the Administrative Lieutenant and Training Sergeant.

Police Training Administor

Current vacancy is one, this would reduce staffing by two. Can function with two vacancies, but OT will be impacted.

Senior Police Records Technician

This position is currently under recruitment. The current vacancy is impacting inventories, that in-turn, is impacting inventory space requirements. Supervision for this function is currently being fulfilled utilizing both the Training Sergeant and the Record Bureau Administrator. Daily supervision is really necessary for this function as part time supervision can not give the attention Prop&Evid requires.

Property and Evidence Supervisor

Field Operations

Patrol

These three vacant positions are spread throughout the twelve partol teams covering a 24/7 operation. The vacancies may lead to a reduction in service levels, increased response times, and additional OT usage due to other patrol officers taking furlough time off as well as regular time off for vacations, sick leave, training and court attendance. It is also dependent on officers who may be off due to injury or admin leave.

2,3,4 **Police Officer (3)**

Police Department

Sworn Pos.

Service impacts from leaving position vacant

Field Operations Administration

Reduction in programs offered to schools and the community. Reduced staffing for Citizens Academy and additional reliance on volunteers who may not have the requisite skills.

Crime Prevention Specialist

Minimal impact, duties have been reassigned to existing staff.

Management Analyst

Support Services

Detective Bureau

Higher caseloads for other detectives. Less time to work on each case may lead to reduction in case clearances and arrests.

5 **Police Officer**

Traffic Bureau

Reduction in traffic enforcement, reduction in citations, reduction in number of traffic collisions investigated leading to more traffic collisions investigated by Patrol Officers - leading to less time for proactive patrol and possibly greater response times to all calls.

6,7,8,9 **Police Officer (4)**

Reduced coverage at the police department's front desk, reduced parking enforcement (including street sweeping enforcement), reduced report writing and traffic collision investigation, requiring sworn patrol officers to perform those duties.

Community Services Specialist

A.B.L.E.

Increased overtime expenditures to cover shifts. Increased fatigue of existing pilots, reduced training opportunities for other pilots.

10 **Police Helicopter Pilot**

Fire Department

Service impacts from leaving position vacant

Fire Suppression

Impacts include decrease in overall efficiency and after hours activity. Currently the duties are being maintained by the Deputy Chief of Operations.

Admin/Training Battalion Chief

The duties of these Engineer positions are currently being filled by other Engineer personnel on an overtime basis.

Fire Engineer (3)

Based on the contract with Costa Mesa Firefighters Association, the Fire Department is operating with variable staffing because of these vacancies.

Variable staffing results in one or two engines/quint being staffed with three instead of four personnel on a daily basis. The service reduction is a decrease in Paramedic engines from five to four, and decrease in response time for advanced life support capability, and a decrease in operational efficiency/safety due to duties of four-person crews being accomplished by three person crews.

Firefighter Paramedic (3)

Development Services Department

Service impacts from leaving position vacantAdministration

Limited impact to services provided to the community and other departments. Duties have been assigned to the Building Official and the Principal Planner - Planning Administrator. Currently, both the Building Official and Principal Planner are receiving move up pay for taking the duties of a higher position.

Assistant Development Services DirectorPermit & Plan Check

Minor impact through June 30, 2010. Limited supervision for counter and plan check staff. Reduced customer service through minimum quality control and inconsistent enforcement. Further customer service reduction through the end of 2010 with no training in preparation for the new codes. **Sustantial impact after 1/11 with no licensed professional at this key position:** ineffective one-stop permit service, all complex technical decisions deferred to consultants or Board of Appeals.

Chief Plans Examiner

Substantial impact. No over the counter minor plan check, minor projects turn around time increase from over the counter to 3 weeks. Close public counter during lunch hour.

Plan CheckerBuilding Technician

Limited impact. Currently using contract staff to provide counter support.

Permit Processing Specialist

Limited impact. Currently using contract staff to provide counter support.

InspectionSenior Combination Inspector

Limited impact. Defer most complex jobs to Chief of Inspection.

Building Inspector

Limited impact. Workload absorbed by other building inspectors.

ZA/Code Enforcement

Limited impact. Duties and responsibility assigned to Principal Planner - Zoning Administrator. Currently the Principal Planner is receiving move up pay for taking the duties of a higher position.

Chief of Code Enforcement

Limited impact. Workload absorbed by other Code Enforcement Officers. Reactive enforcement only.

Code Enforcement Officer (2)Code Enforcement Officer - CDBG

Substantial impact. Reactive enforcement only in all CDBG areas.

Public Services Department

Service impacts from leaving position vacant

Transportation
Transportation Planning

It is recommended to fill Associate Engineer position and leave Assistant Engineer position vacant. Also secure consultant services for signal timing and on-call management of traffic signal system. Otherwise, significant impact to the day to day operations of the Transportation Services Division. Impacts may include significant delays at peak hours due to inadequate signal timing management, reduction in repairs and service to the existing CCTV cameras, delay in securing local and regional grant programs.

Associate and Assistant Engineer

Engineering
Parks

It is recommended to combine Eng Tech I position with part-time Fairview Park Administrator into full-time Contract Administrator. All duties will be maintained by Contract Administrator. Loss of the position will result in the Division's diminished ability to conceptualize park projects in-hous and produce professional renderings of those concepts.

Engineering Technician I

Development/Permits

Limited impact. Workload has been distributed to other qualified staff, including Senior Engineer and City Engineer. This distribution will impact the availability of those positions to respond to resident, City Council or other requests requiring staff time to address. This vacancy will also require other personnel to provide more front counter coverage, thereby reducing response time and processing time on capital projects.

Engineering Technician III

Design

Limited impact. Workload has been distributed to other qualified staff, including Senior Engineer and City Engineer. This distribution will impact the availability of those positions to respond to resident, City Council or other requests requiring staff

Assistant Engineer

Construction

Limited impact. Currently being filled by part time staff to maintain supervision of current projects. Total loss of this position will reduce the quality of constructed projects and will reduce the oversight of permitted work in the field. Further, redistribution of workload will result in greater lead time and possible delays in responding to City Council and resident requests requiring staff time.

Chief Construction Inspector

Public Services Department

Service impacts from leaving position vacant

Maintenance Services

Fleet

Equipment Mechanic II

Limited impact. Workload has been distributed to other qualified staff.

Facilities

Facilities Maintenance Tech

Limited impact. Workload has been distributed to other qualified staff. Reduced response time to Costa Mesa Maintenance facility maintenance requests.

Streets & Traffic Operations

Senior Maintenance Worker - 2 (Signs & Streets)

It is requested to fill 2 Senior Maintenance Worker positions, leaving vacant the positions and providing the reduced service level stated below. Service levels would be lower should these 2 positions not be filled.

The potential service impacts from not filling these 6 positions are:

Street sweeping would be reduced by 50 percent, resulting in the implementation of a bi-weekly sweeping program and no 'special sweeps'. Arterial sweeping would be bi-weekly or monthly depending on availability. Signs would not be changed.

Enforcement issues to be managed by Police Department. Reduction in revenue No quarterly night inspection of arterial street lighting and traffic signal safety lights by Traffic Operations staff.

Reduce bus stop trash receptacle maintenance from two-three times per week to one-time per week.

Eliminate quarterly pressure washing of bus stops not currently completed by the City's contractor.

Lead Maintenance Worker (Streets),

Lead Maintenance Worker (Signs),

2 Senior Maintenance Worker (Street Sweep),

Senior Maintenance Worker (Signs)

Maintenance Worker (Signs)

Reduced response time to Costa Mesa Maintenance facility maintenance requests. priority.

Eliminate non-contract road striping painting to only that necessary to meet Transportation Division work orders.

Public Services Department

Service impacts from leaving position vacant

It is requested to fill Senior Maintenance Worker position, leaving vacant the positions and providing the reduced service level stated below. Service levels would be lower should these positions not be filled.

The potential service impacts from not filling these 6 positions are:

- Reduce weekend park maintenance:
- Reduce shelter rental preparation, pressure washing only as time permits.
- Reduce or eliminate ballfield preparation - no holiday field preparation.
- Reduce weekend litter pick-up and trash receptacle emptying at neighborhood parks (keep three community park services the same - Fairview, TeWinkle, Lions)
- Reduce overall park maintenance levels, just restrooms and grass.
- Reduce non-landscaped area maintenance.
- Eliminate support of after hours or weekend events (Concerts in the Park, Pilot Cup, Fish Fry, Arbor Day, 1/5 Car Wash, Community Run, tournament play at any facility.

Eliminate overlapping graffiti abatement coverage during the week; weekend graffiti abatement would remain the same.

Reduced response time to Costa Mesa Maintenance facility maintenance requests.

Parks & Parkways

Senior Maintenance Worker (Parks)

2 Senior Maintenance Workers (Parks),

4 Maintenance Workers (Parks)