

**City Council Work Session on
FY 2018 – Social Services, Health &
City Personnel**

Presentation to Petersburg City
Council

April 12, 2017

Work Session Focus: Social Services, Health & City Personnel

We will detail Social Services, Health & Personnel in the FY2018 Budget.

Agenda

Working Session to Review FY 2017 – 2018 Budgets:

1. FY18 General Fund Budget Overview
2. Overview of General Fund Revenues
3. Social Services Budget
4. Working with the Health Department
5. City Personnel and Benefits

Transparency

1. Presentations available on City website:
<http://www.petersburgva.gov/index.aspx?NID=846>

FY 18 Budget Overview

- **The FY18 Budget represents the comprehensive set of priorities for the City, and defines how the City will spend and manage resident funds.**
- **It is based on meetings with each department leader, discussions with Council members, and data reports from OpenGov.**

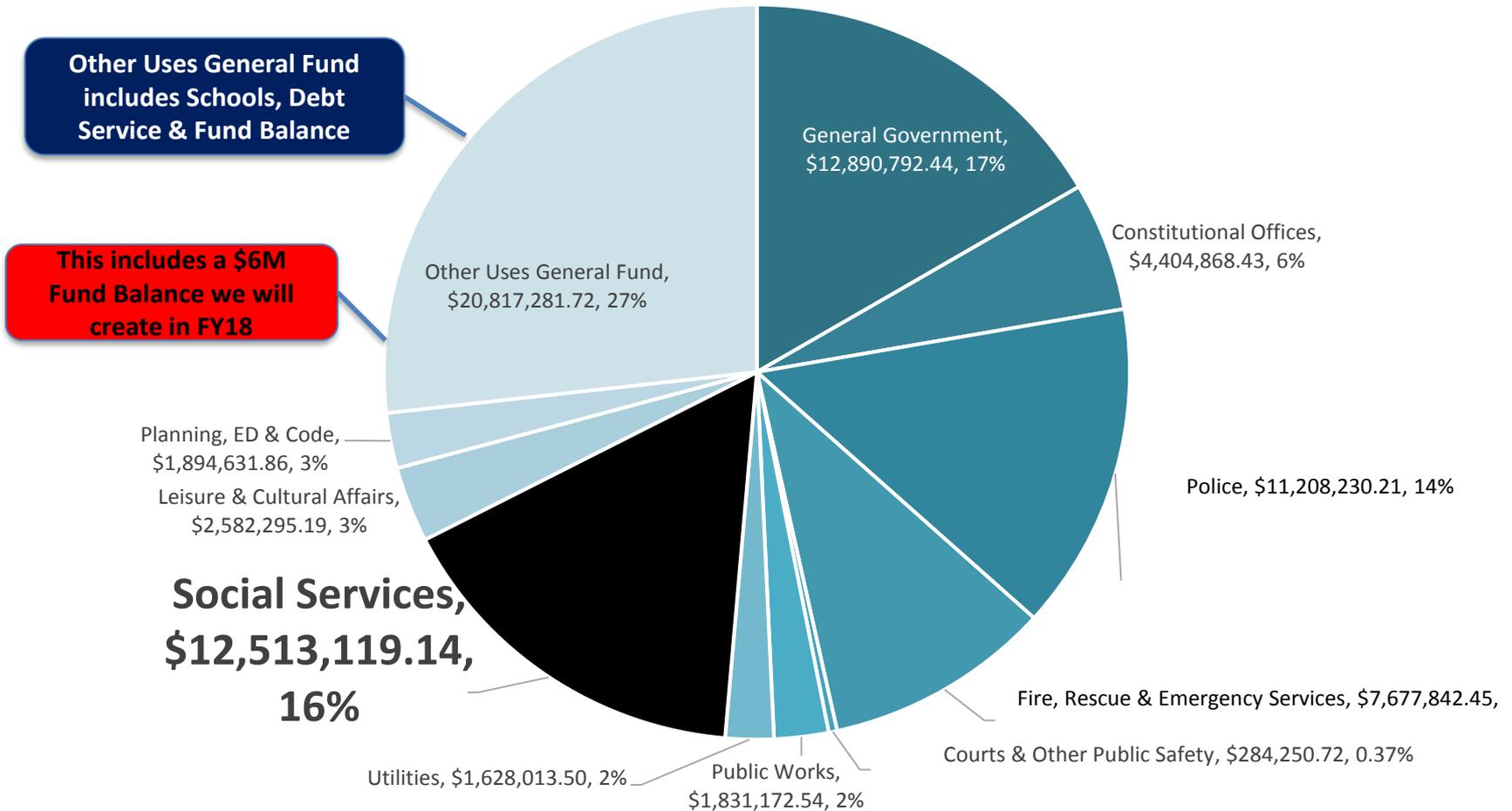
Here's what we did:

1. Reorganized the operating structure of government.
2. Reinstated the 10% pay cut for all employees and raised compensation to at least the minimum pay ranges to compete with other jurisdictions.
3. Planned for modest revenue growth.
4. Outsourced many City operations ***which may result in reduction of force.***
5. Created level funding for schools.

The Budget is available on-line at www.petersburg-va.org

FY 18 Budget Overview

The Proposed Budget for all departments and fund types is **\$77,732,448**. *Note: this includes a one time \$6M revenue event.*



We plan to create a \$6M revenue event. These funds will go directly to the City's Fund balance.

FY 18 Budget Development Policies

- 1. The City will strive to maintain diversified and stable revenue streams to protect the government from fluctuations in any single revenue source.**
- 2. Current revenues will fund current expenditures.**
- 3. The City will pursue an aggressive policy seeking collection of delinquent fees.**
- 4. The City will prepare and annually update a 5 year financial forecast model.**
- 5. Expenditure and revenue projections will be developed quarterly and reviewed with Departmental Directors, the City Manager, and City Council.**
- 6. The City will budget for operating subsidies, if any, to its golf, mass transit or other funds requiring annual support from the General Fund.**
- 7. Once the City Manager proposes the budget, the City Council can only make recommended changes that keep the budget in balance.**

Social Services

- Move to Social Service Presentation

Employee Benefits

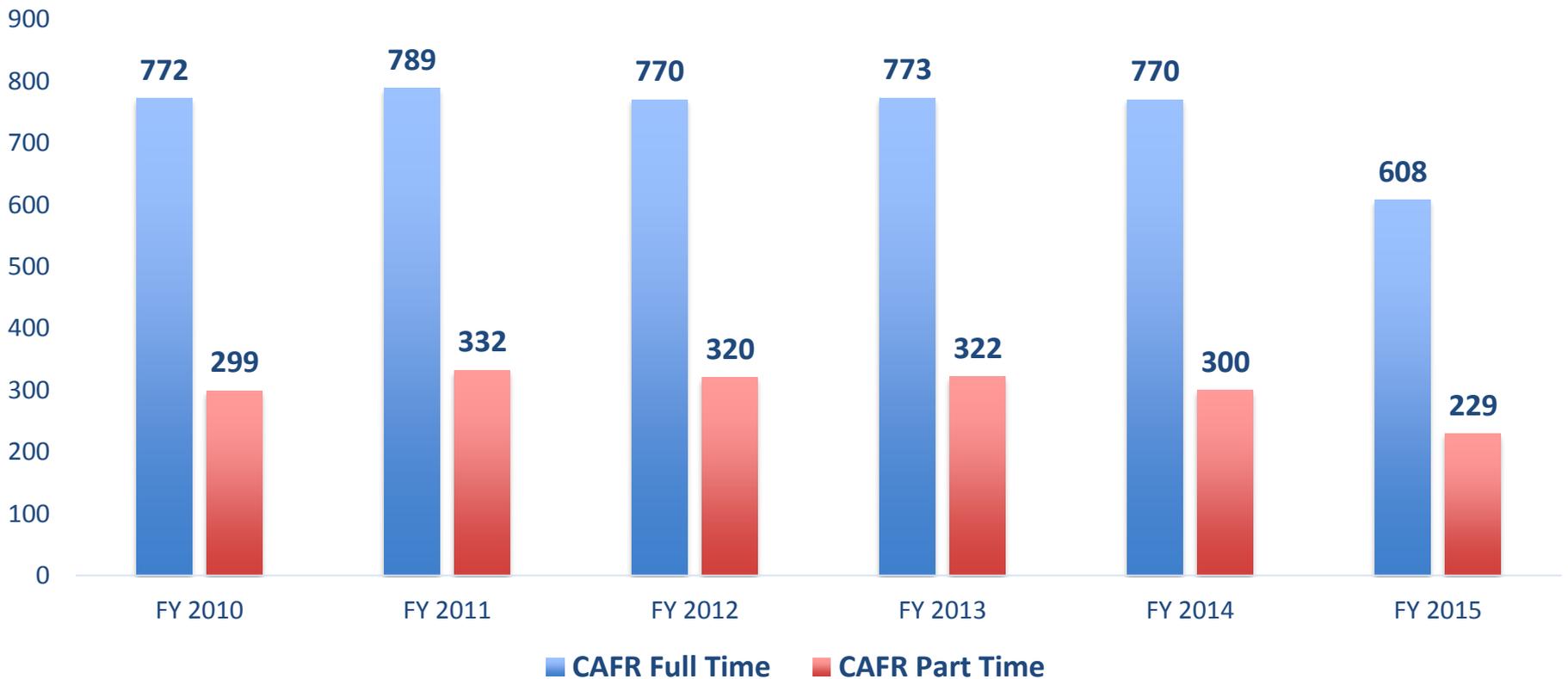
- Benefits Provided by the City:
 - Medical
 - Dental
 - Retirement (Virginia Retirement System)
 - Life Insurance
 - Various optional plans (457 Deferred Compensation, Flexible Spending Account, AFLAC, etc.)
- Changes made to medical plans to offset a 14% cost increase:
 - Changed from the Key Advantage Expanded to the Key Advantage 1000
 - Deductible went from \$100 to \$1,000
 - Higher co-payment
 - Lower premium

No normal—even with position control

1. Personnel figures are reported inconsistently.
2. Lack of proper controls historically.
3. FY 18 Figures for Full-Time are accurate; historical figures, especially FY 17, are not.
4. Part Time Figures (in general) are not accurate.
5. Human Resources and Finance are working through a Quality Control Check of the Position Allocation Charts in the Budget.
6. Once this effort is complete, an updated chart will be provided to City Council—prior to budget adoption.

Historical Personnel Numbers per CAFR

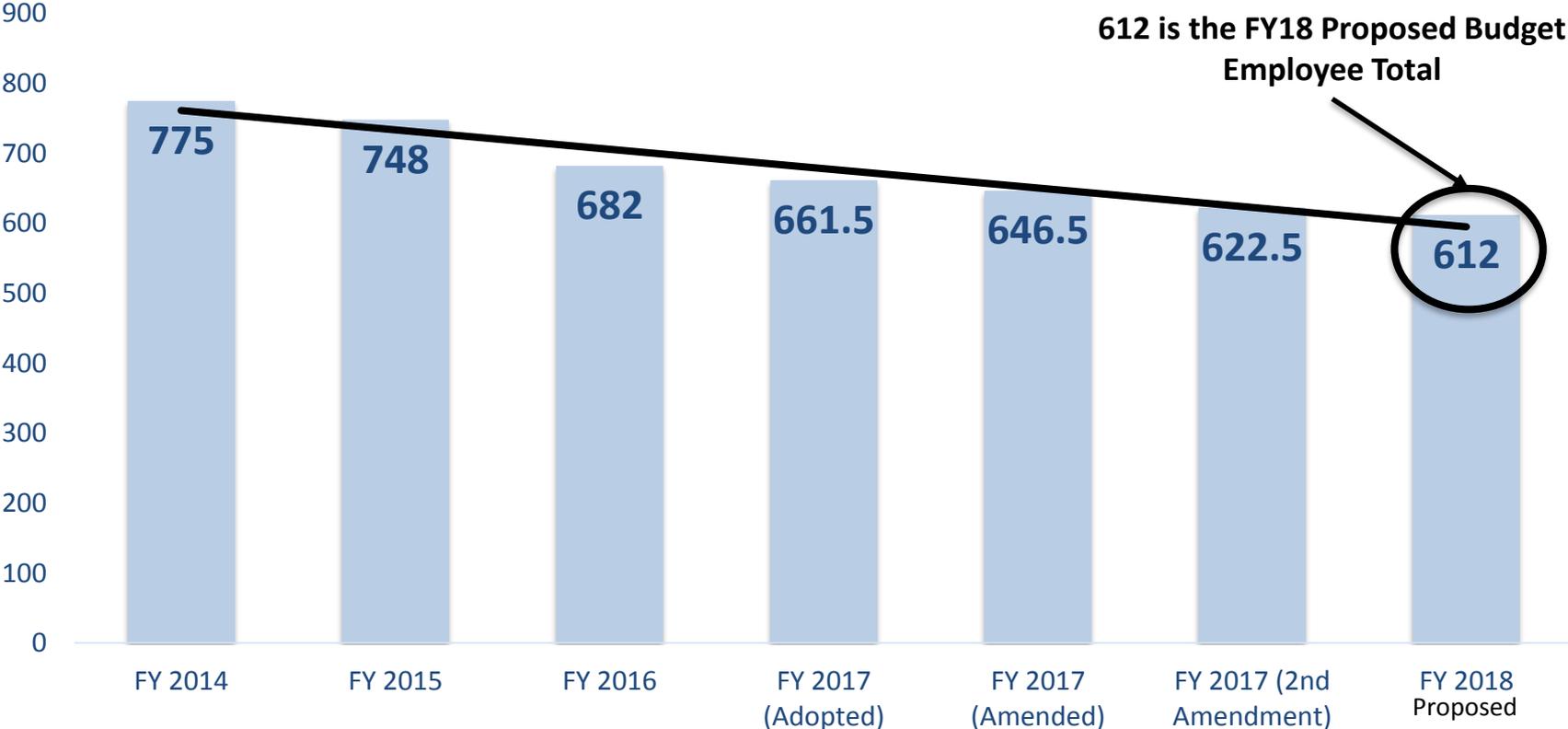
FY10 – FY15 CAFR Employee Totals, not in FTE



FY15 CAFR was the recent year for a completed CAFR.

Personnel Numbers per Budget

FY14 to Proposed FY18 Budgeted Full Time Employees



Total City Employees have steadily declined and we continue to find the right balance of full time, part time and outsourced staffing in FY18

High Level Personnel Figures-What we know

- According to the last active employee report (3/27/17), there are 656 total employees on the payroll.
 - Full-time 499; Part-time 157
- The number of employees enrolled in healthcare is 410 based on 4/11/2017 report from the payroll system.

Why Personnel Numbers may be higher than Comparables

- Two areas where we may differ:
 - City of Petersburg offers regional services:
 - Transit
 - Circuit Court
 - Community Corrections
 - City of Petersburg maintains its own Utility System

What FY 18 does?

- Reduction of 70 Positions from FY 16—Mostly Vacant
- 20 new positions added
- Police/Fire able to recruit for vacant positions
- 22 Full-Time Positions Eliminated (17 Filled; 5 Vacant)
 - 9 Filled Part-Time Positions Eliminated

FY18 Proposed Outsourcing

- The Budget considers outsourcing for one of two reasons: risk/liability reduction or operational enhancements/efficiency.
- Goal is to ensure that talent remains in the City and finds a place in a new role.
 - Vacant position in City
 - Through contractor; City requiring bidders to work with displaced workers

FY18 Proposed Outsourcing

- **Office of the City Attorney** [risk/liability reduction]
 - Recommendation in Proposed '18 Budget = eliminate the vacant, Assistant City Attorney position and increase the outside counsel to \$200K thereby increasing our ability to access a wide range of legal competencies.
 - We believe the City Attorney and the City would benefit from contracting with one firm that can provide an array of legal services specific to municipal government. Therefore, this firm could supplement the legal services of the City Attorney's Office.

FY18 Proposed Outsourcing

- **City Manager's Office** [operational enhancement]
 - The budget assumes the continuation of outsourcing the public information function, a position that was vacated during FY 17, at a cost of ~\$120K.
 - Outsourcing this function allows the City greater access to promoting its stories and allows the City to capitalize on the professional network in and around Richmond. A firm with expertise can also assist in developing a professional message on the City - with a focus on the positive things that are happening in the City.
 - Simultaneously the firm can leverage their extended capacity to provide advice over the full spectrum of communications needs.

FY18 Proposed Outsourcing

- **Risk Management** [risk/liability reduction and operational enhancement]
 - The City currently has a full-time Risk Manager pay and benefits cost of ~\$92K. The City currently outsources the coverage and analysis function of risk management to BB&T for a cost of \$35K. Total spend is \$127K.
 - Recommendation in FY '18 Budget = eliminate the 1.0 filled position at a cost of ~\$92K and contract the full risk management services for a total cost of \$50K. Total Spend is \$50K; a \$77k cost reduction.
 - This area also provides a leverage resource for staying fully abreast of best practices with respect to training, awareness and risk mitigation.

FY18 Proposed Outsourcing

- **Human Resources** [risk/liability reduction and operational enhancement]
 - Recommendation in FY '18 Budget = eliminate the 1.0 filled Fiscal Manager position of ~\$67K (including salary and benefits), add an Administrator position for ~\$77K, and add payroll administration contract (cost is unknown but a time and attendance and payroll processing contract will be paid for from the \$35K in the IT budget and a portion of the VRA funding for technology assessments upgrades, as needed).
 - While this function may or may not costs more to outsource. The array of payroll services provided will add first in Class services for our employees and provide an immediately auditable / analyzable data set, much like is provided in the private sector.

FY18 Proposed Outsourcing

- **City Treasurer** [operational enhancement/efficiency]
 - With both the implementation of delinquent collection contracts and the implementation of lockbox/remittance (that will significantly increase the efficiencies in Treasury), 2.0 filled FT employees are proposed to be eliminated. These positions were added in a prior fiscal year to improve delinquent collection, prior to TACS and Propel being contracted with the City.
 - Recommendation in FY '18 Budget = eliminate 2.0 filled FT employees at a cost of ~\$64K, to offset the duplication of effort and additional cost of Lockbox/Remittance of ~\$150K.

FY18 Proposed Outsourcing

- **Department of Public Works** [risk/liability reduction and operational enhancement/efficiency]
 - As an effort to test the City's cost and performance for janitorial services and facilities maintenance, an RFP has been issued to determine if the private market can provide better service for less cost.
 - Recommendation in FY 18 Proposed Budget = \$500K for a contractor(s) to provide janitorial and facility maintenance services. This recommendation would eliminate 12 Full Time (3 vacant, 9 filled) facilities workers at a cost of ~\$480K and 9 Part Time (Filled) custodial workers at a cost of ~\$94K; total personnel cost = \$574K. Additionally, this recommendation would eliminate approximately \$250K of vehicle and material-related needs, that would be required, if conducted in-house.

FY18 Proposed Outsourcing

- **Leisure & Cultural Affairs** [risk/liability reduction and operational enhancement/efficiency]
 - Through grants to 501C3 or Community-based organizations, the City could leverage its dollars to provide the same, and potentially more, programming than is currently provided for youth and seniors.
 - Recommendation in FY 18 Proposed Budget: For Park & Rec, eliminate 5 FT positions (1 vacant, 4 filled), including the vehicles and materials needed for programming (\$800K), while providing \$500K to 501c3/community-based organizations to provide programming for youth and seniors.
 - This new department places: Parks & Recreation, Library, Special Events, the Golf Course, Grounds and Cemeteries, and the former Cultural Affairs responsibilities into a single organization. This effort aims to realize opportunities for synergy through an aggressive organizational alignment of currently stove piped departments into a single affinity based structure.

FY18 Proposed Outsourcing

- **Other Outsourcing that are being explored, but not anticipated in the budget**
 - **Fleet Maintenance.** The City entered into a contract with Fleet Vehicle Services (FVS) that ended with a settlement agreement in December 2016, after the City's non-payment. The budget proposal anticipates the continuation of outsourcing, but contract with local companies. Each department that has a vehicle has properly budgeted for fleet maintenance costs (this was not the case in FY 17 after the contract with FVS ended).
 - **Finance Department.** Currently, the entire office, except for an Acting Assistant Finance Director and an Accounts Payable clerk is outsourced due to the challenges related to hiring qualified, full-time personnel who are either local or are willing to relocate to the Petersburg area. The budget assumes a fully staffed, compliment of 7, will be in place but this may not be reasonable and the continuation of outsourcing professional finance staff accounts may be warranted. If we are successful in our recruiting efforts, then outsourcing will not be necessary.
 - **HR Department.** The City is currently exploring whether outsourcing the entire HR department is beneficial, both from a cost and operational enhancement perspective.
 - **Utility Billing/Collections.** In order to drive greater collection and enhance our billing operations, the City is pursuing various outsourcing opportunities including the exploration of total outsourcing versus only technology enhancements, for instance. We will complete a professional outsourcing analysis / benefit review prior to making any decision to outsource.

Next Work Session

April 24, 2017 @ 6:30pm

Schools Budget – Operating & Capital

Transparency

- All presentations are available on the City's website:

<http://www.petersburgva.gov/index.aspx?NID=846>

- All City financial data is publicly available on the City's OpenGov website:

<https://petersburgva.opengov.com/transparency#/>