

City of Huntington Beach

**FISCAL YEAR 2019/20 PROPOSED BUDGET**

**“Shaping the Future”**



May 20, 2019

**Presented by the Finance Department**

# FY 2019/20 Proposed Budget

- Follow up from May 6<sup>th</sup> Study Session
  - Police Department Budget
  - Succession Planning Funding
  - BICEP Update
  - Finance Commission

# POLICE DEPARTMENT MANAGEMENT STAFFING

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## Highlights

- ❑ Proposed FY 19/20 Budget
- ❑ Historical Staffing Levels
- ❑ Management Partners Review
- ❑ Comparison of Comparable Police Departments
  - Span Of Control

# FY 2019/20 Proposed Budget - Police

## Maintains Historic Span of Control

Description	Amount
Restore funding for Lieutenant position that was defunded in FY 2018-19	295,000
Incremental difference between Lieutenant and Assistant Chief of Police	137,830
<b>Total</b>	<b>\$432,830</b>

# FY 2019/20 Proposed Budget - Police

## Historic Staffing Levels – Police Lieutenant

FY 09/10 Actual	FY 10/11 Actual	FY 11/12 Actual	FY 12/13 Actual	FY 13/14 Actual	FY 14/15 Actual	FY 15/16 Actual	FY 16/17 Actual	FY 17/18 Actual	FY 18/19 Adopted	FY 18/19 Revised*	FY 19/20 Proposed
9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	8.00	9.00

\* Cost to restore position that was defunded in current fiscal year = \$295,000.



# Background on Lieutenant Position

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- Management Partners Study from 2018 found challenges with the command staff not being unified and several other findings related to management deficiencies. As part of implementing solutions, an Assistant Chief position was created from a Lieutenant position through an agreement with the Police Management Association to make every effort to restore the Lieutenant position in budget process for FY 2019-20.

Rank	Fontana PD	Pasadena PD	Irvine PD	Santa Monica PD	Torrance PD	HBPD	Beverly Hills PD
Assistant Chief	0	1	1	1	1	1	1
Police Captain	3	3	3	3	3	3	3
Police Lieutenant	10	14	11	11	14	8	9
Police Sergeant	23	34	30	32	33	26	23

# Excerpt From Agreement Between the City and the HBPD Police Management Association October 22, 2018

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- ▶ “Rather, the City will make its best efforts to refund that position by July 2019 as part of the budget development process. The City agrees that if the defunded Police Lieutenant position is not refunded, the City will not add another position to the Table of Organization or refund a defunded position for the Police Department until that Police Lieutenant position is refunded first.”

**FY 2019/20 Proposed Budget**

# **Succession Planning**



# CASE IN POINT: HUNTINGTON BEACH

- In the City of Huntington Beach, an entire third of the workforce, 280 staff, are eligible to retire today
- That is in addition to a record high of **48 retirements in 2018**
- These retirements will be across all Departments, including 62 public safety employees
- The resultant impacts will affect the workforce and community:
  - Loss of institutional memory within the organization
  - Increases in overtime spending until vacancies are filled
  - Productivity and performance delays as the organization struggles to run several recruitments at once
  - Increased workloads for staff until vacancies are filled
  - Potential delays in providing service to the public



# Challenges to Replenishing Talent

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- ▶ Public sector hiring and promotional practices
- ▶ One-size-fits-all approach
- ▶ Budgetary challenges restrict the ability to **add** new positions to the City's workforce
- ▶ If positions cannot be added, the positions remaining are even more essential
- ▶ Labor force supply

# Succession Planning

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- Goals:
- Create a proactive plan
- Utilize 'best practices'
- Streamline organizational functions
- Optimize department structures through attrition
- Net neutral budget costs
- No increases in Table of Organization
- Multi-phased approach
- Limited Departmental Impact for FY 19/20:
- City Attorney
- City Manager
- Community Development
- Finance
- Public Works

# Succession Planning

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- ▶ Succession planning involves planned development activities for a group of high potential staff to perform in key critical leadership positions.
- ▶ Changes to department structures: adding, deleting, and modifying classifications.
- ▶ A competitive process for key positions is still utilized.
- ▶ A formal competency assessment or selection process will be used to select the most qualified candidates.



# Citywide Succession Planning Efforts

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- ▶ Human Resources has streamlined the hiring and promotional process so that movement to a higher position is easier and faster.
  - ▶ Numerous classifications have been modified to allow for a promotion from one position to another by streamlining promotional opportunities for internal candidates
  - ▶ This allows for promotions based on meeting the minimum qualifications needed for the higher position and the minimum year(s) experience required
  - ▶ This has ostensibly eliminated in many instances the extensive and costly process to conduct an internal or external open and competitive testing and recruitment process when it is clear an internal candidate is qualified to do the job
  - ▶ Numerous classifications have been modified for the new “Flexible Staffing” model



# Citywide Succession Planning Efforts

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## ► Internal Only Processes

- The City has agreed to post ALL open positions within the MEA internally first to allow internal employees first dibs for all City positions. The INTERNAL ONLY process is five days. There is no posting of the position outside of the organization during this period.
- Targeted Succession Planning Efforts have been employed in the past at all levels
  - For Line Staff
    - Senior Accounting Technician to Payroll Specialist
    - Accounting Technician Supervisor to Business License Supervisor
    - Modification of Deputy City Clerk
  - For Professional and Managerial Positions
    - Principal Accountant to Finance Manager for Accounting
    - Senior Budget Analyst to Senior Finance Analyst
    - Senior Finance Analyst to Project Manager
    - Senior Administrative Analyst to Principal Personnel Analyst in Police

# Succession Planning

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## FINANCE

- Assistant Chief Financial Officer - NEW
- FTE Exchange for vacant Senior Finance Analyst
- Funded via salary savings from prior vacancy exchange (Finance Manager-Fiscal Services for Principal Financial Analyst) and permanent reductions to general supplies budget

## CITY ATTORNEY

- Chief Assistant City Attorney
- Increase to Compensation Range
- Funded via defunding of Senior Trial Counsel and reductions in operating expense for professional services and temporary salaries

# Succession Planning

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## CITY MANAGER

- Establish a Director position for the Office of Business Development
- Transfer of park concessions/lease functions from Community Services
- Realign Assistant to the City Manager compensation due to transfer of former PCTA functions for HBTv
- Exchange Energy Project Manager for a lower position to create budget savings

## COMMUNITY DEVELOPMENT

- Realignment of Planning Manager compensation with new duties
- Realign funding for the position consistent with Building Manager
- Propose budget exchanges to downgrade certain positions and reduce temporary salaries and overtime spending

# Succession Planning

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## PUBLIC WORKS

- Establish Deputy Director of Public Works for second largest department in the City
- Transfer Refuse Management Functions to Maintenance Operations in order to improve operating efficiencies
- Exchange Project Manager for Administrative Services Manager
- Exchange Principal Civil Engineer to Environmental Services Manager to achieve budget savings
- Funded by permanent reductions to operating budget



# FUTURE BUDGET CHALLENGES

## Big Independent Cities Excess Pool (BICEP)



# BIG INDEPENDENT CITIES EXCESS POOL (BICEP)

- The Big Independent Cities Excess Pool (BICEP) Joint Powers Authority was established in 1988 as a way to “risk-share” insurance coverage for medium-to-large cities within the state.
- Membership in BICEP allows municipalities to self-insure, pool their large liability losses and obtain additional insurance through the commercial market.
- Current member cities:
  - City of Huntington Beach
  - City of Santa Ana
  - City of West Covina
  - City of Oxnard
  - City of Ventura

# BIG INDEPENDENT CITIES EXCESS POOL (BICEP)

- Members that have communicated intention to withdraw from BICEP:
  - City of West Covina
  - City of Oxnard
  - City of Ventura
- Continuing BICEP with only two remaining members is not feasible
- Staff is currently analyzing the most cost-effective alternatives to BICEP

# BIG INDEPENDENT CITIES EXCESS POOL (BICEP)

- Estimated insurance premiums will increase significantly in FY 2019/20
- One-time money of \$1.9 million has been set aside to pay for expected FY 2019/20 insurance premium increases
- Identifying ongoing funding for insurance premiums will be built into FY 2020/21 budget

# Finance Commission Actions, Discussions and Recommendations

# Finance Commission

## HMBC 2.109.030 Purpose

- ❑ The Finance Commission shall act in an advisory capacity to the City Council in matters pertaining to financial planning



# Finance Commission

## HMBC 2.109.040 – Finance Commission Duties

- ❑ Review and make recommendations regarding:
  - ❑ Fiscal Policies, Financial Planning and Funding;
  - ❑ Annual adopted budget;
  - ❑ Proposals related to financial matters;
  - ❑ Fiscal impacts of major projects;
  - ❑ Service contracts on an as-needed basis; and
  - ❑ Proposed State or Federal Legislation which impacts the City's finances.
- ❑ Perform such other duties or studies as may be *directed by the City Council*.

# Finance Commission

## Timeline of Recent Actions and Recommendations of the Finance Commission

### ❑ January 23, 2019

- ❑ Requested to have Information Services Director present to the Commission how the department will achieve the requested 1% savings, and to share what new technologies could be utilized and implemented to become more efficient.
- ❑ Requested a discussion of the Community Development Department to discuss the potential outsourcing of Code Enforcement.
- ❑ Requested a discussion on program budgeting to help determine what existing programs are not being utilized, and could be potentially reduced or cut.
- ❑ Suggested the establishment of a subcommittee to meet with City departments and report back to the Finance Commission.

# Finance Commission

## Timeline of Recent Actions and Recommendations of the Finance Commission (continued)

- ❑ February 27, 2019
  - ❑ Recommended that IS explore insourcing opportunities with other cities of the systems that IS has developed such as integration of the CAD systems with Axon body worn cameras, the Public Works work order system, and ELM iPad interfaced to have Information Services Director present to the Commission how the department will achieve the requested 1% savings, and to share what new technologies could be utilized and implemented to become more efficient.

# Finance Commission

## Timeline of Recent Actions and Recommendations of the Finance Commission (continued)

### □ March 27, 2019

- Voted to recommend that the City Council direct staff to issue an RFP to research outsourcing IT Services. *The motion passed 4-2, however, the item was not agendized as an action item on the Finance Commission Agenda and could not be acted upon.*
- Recommended that the Finance Commission continue to meet with Department Heads in future Finance Commission meetings, and requested that the City Manager's Department be placed on the May 22, 2019 Finance Commission Agenda.



# Finance Commission

## Timeline of Recent Actions and Recommendations of the Finance Commission (continued)

- ❑ April 24, 2019
  - ❑ Voted to place on the May 22, 2019 Finance Commission Agenda a request that the City Council do an RFP to research outsourcing Information Services. *The item was approved 6-0-1.*
  - ❑ Voted to request that the Human Resources Department give a presentation to the Finance Commission similar to the one presented by Information Services. *The item was approved 7-0.* The Chair clarified that the Commission wanted the ability to vote to recommend contracting out Human Resources at the conclusion of the presentation.
- ❑ FY 19/20 Public Hearing - June 3, 2019 – Council direction and next steps



# FY 2018/19 PROPOSED BUDGET

