2000 Main Street,
Huntington Beach, CA
92648

City of Huntington Beach

File #: 20-2009 **MEETING DATE:** 11/16/2020

REQUEST FOR CITY COUNCIL ACTION

SUBMITTED TO: Honorable Mayor and City Council Members

SUBMITTED BY: Oliver Chi, City Manager

PREPARED BY: Oliver Chi, City Manager
Dahle Bulosan, Chief Financial Officer

Subject:
Adopt Ordinance No. 4221 to amend Section 2.76.010 of the Huntington Beach Municipal Code related to exclusions from competitive service (Fiscal Year 2020/21 Reorganization Plan in Response to COVID-19)
Approved for introduction November 2, 2020 - Vote: 7-0

Statement of Issue:
Ordinance No. 4221 approved for introduction on November 2, 2020, requires adoption.

Financial Impact:
The Separation Incentive Program is estimated to save the City's General Fund $6 million in Fiscal Year 2020/21, and in excess of $6 million annually in future years.

Recommended Action:
Adopt Ordinance No. 4221, "An Ordinance of the City of Huntington Beach Amending the Huntington Beach Municipal Code by Amending Section 2.76.010 Thereof Related to Exclusions From the Competitive Service."

Alternative Action(s):
Do not approve the recommended Citywide Reorganization plan and direct staff accordingly. In accordance with Personnel Rule 12-4, if an amendment to the City's Classification Plan is rejected by the City Council, the City Council is to refer such amendments or revisions to the Personnel Commission with reasons for rejection and its recommendation thereon.

Analysis:
Citywide Reorganization Plan

On June 29, 2020, the City Council approved a balanced FY 2020/21 Budget with significant budget cuts made to address the financial challenges due to the COVID-19 pandemic. $21.03 million in General Fund budget cuts were identified to address a $20 million revenue shortfall. The City Council approved the use of a Separation Incentive Program (SIP) to reorganize the City's operations

to balance the City's budget. The SIP provides $1,500 for every year of service plus 6-months' worth of insurance coverage as an incentive for employees to separate from the City. An adequate level of participation in the program is required for the FY 2020/21 budget to remain balanced.

Based on the results of the SIP, coupled with the proposed citywide reorganization plan the General Fund budget is balanced. A total of 97 individuals (34 sworn and 63 non-sworn) participated in the program. Altogether, the reorganization plan contemplates reductions to the City workforce by 33 positions, from 964.25 positions to 931.25 positions. The proposed plan will not result in service level impacts and includes fully restoring sworn public safety positions. The following are key components of the reorganization plan:

- Larger scale reorganization in the Public Works Department
- Community Services and Library Departments will merge into one operation
- Information Technology and Human Resource operations will be combined into a single Administrative Services Department
- Additional operational adjustments to the Community Development, Finance, Police and Fire Departments
- Use of 960 program to bring back retirees in public safety operation as a way to fill permanent positions temporarily to realize savings and address business continuity needs. The 960 program allows the City to hire retirees at a lower pay rate and without benefits.

City Administration met and conferred with representatives of the Huntington Beach Municipal Teamsters (HBMT), Huntington Beach Management Employees' Organization (MEO), and the Huntington Beach Marine Safety Management Association (MSMA) to discuss the proposed reorganization plan and corresponding positional adjustments. All parties have agreed to the proposed side letters of agreement (Attachments 1 - 3). Included in the proposed side letters are updates to the City's Classification Plan resulting from the positional adjustments outlined in the FY 2020/21 Reorganization Plan.

Additionally, City Council authorization is requested to approve Ordinance No. 4221 amending Section 2.76.010 of the Huntington Beach Municipal Code to implement the positional adjustments outlined in the FY 2020/21 Reorganization Plan for at-will positions (Attachment 4), along with the amended Non-Associated Employees Salary Resolution (Attachment 5).

The following tables summarize the net changes of the reorganization plan to the Citywide FTE funded positions for FY 2020/21:

Citywide FTE Funded Positions

Department	Adopted FTE FY20/21	Net Change	Revised FTE FY20/21
City Council	1.00	-	1.00
City Attorney	11.00	-	11.00
City Clerk	4.00	-	4.00
City Treasurer	2.00	-	2.00
City Manager	9.00	(1.50)	7.50
Administrative Services	43.00	(10.00)	33.00
Community Development	51.50	-	51.50
Community Services / Library Services	64.25	(4.00)	60.25
Finance	33.00	(2.00)	31.00
Fire	193.00	(6.00)	187.00
Police	345.50	(2.50)	343.00
Public Works	207.00	(7.00)	200.00
Total	**964.25**	**(33.00)**	**931.25**

Attached is the Table of Organization that details all the positional adjustments proposed in the Citywide Reorganization Plan (Attachment 6). In addition, both the current Organizational Chart (Attachment 7) and proposed Organizational Chart (Attachment 8) are included for City Council review.

Together, the SIP and the Citywide Reorganization Plan are estimated to save the City's General Fund $6 million in the current fiscal year and increased savings in subsequent years. A summary of the Estimated General Fund Savings by department is as follows:

Estimated General Fund Savings by Department (in thousands)

Department	FY20/21	FY21/22	FY22/23+
City Manager	$246	$369	$369
Administrative Services	$560	$840	$840
Community Development	$119	$179	$179
Community Services / Library Services	$339	$536	$536
Finance	$75	$112	$112
Fire	$565	($37)	($163)
Police	$585	($329)	($459)
Public Works	$3,480	$5,220	$5,220
Total	**$5,970**	**$6,890**	**$6,634**

Also, additional General Fund savings are being realized through the realignment of certain General Fund funded positions in the Public Works department into appropriate restricted funding sources to perform program eligible services. As part of this shift, an increase in General Fund contributions to the Infrastructure Fund is required to meet the Infrastructure Charter requirement (Section 617) to spend 15% of General Fund revenues on infrastructure on a 5-year rolling average basis.

Based on that situation, additional appropriation and transfer authority from the General Fund to the

Infrastructure Fund of up to $2 million is requested in the current fiscal year to fulfill the Charter requirement. That additional transfer will also allow the City to ensure that every capital initiative contemplated this year continues to be funded.

The SIP costs are estimated to be $4.7 million, and is fully offset by current year vacancy savings, operational adjustments made as part of the Citywide Reorganization Plan, and updated revenue projections. Council approval is requested to approve the proposed Citywide Reorganization Plan to achieve the required savings to balance the FY 2020/21 budget.

Environmental Status:
Not applicable.

Strategic Plan Goal:
Enhance and maintain high quality City services
Strengthen long-term financial and economic sustainability

Attachment(s):

1. Resolution No. 2020-77, “A Resolution of the City Council of the City of Huntington Beach Amending the City’s Classification Plan and Memorandum of Understanding Between the City and the Huntington Beach Municipal Teamsters (HBMT) by Adopting the Side Letter of Agreement”
2. Resolution No. 2020-78, “A Resolution of the City Council of the City of Huntington Beach Amending the City’s Classification Plan and the Memorandum of Understanding Between the City and the Huntington Beach Marine Safety Management Association (MSMA) by Adopting the Side Letter of Agreement”
3. Resolution No. 2020-79, “A Resolution of the City Council of the City of Huntington Beach Amending the City’s Classification Plan and the Memorandum of Understanding Between the City and the Huntington Beach Municipal Employees’ Organization (MEO) by Adopting the Side Letter of Agreement”
4. Ordinance No. 4221, “An Ordinance of the City of Huntington Beach Amending the Huntington Beach Municipal Code by Amending Section 2.76.010 Thereof Related to Exclusions From the Competitive Service” and Legislative Draft
5. Resolution No. 2020-80, “A Resolution of the City Council of the City of Huntington Beach Modifying Salary and Benefits for Non-Represented Employees by Adding the Director and Deputy Director of Administrative Services, Deputy Director of Public Works, Deputy Director of Community & Library Services, & Amending the Classification and Compensation for the Director of Community Services”
6. Table of Organization
7. Adopted FY 2020/21 Organization Charts
8. Revised FY 2020/21 Organization Charts