

FY 2012 BUDGET POSITION PAPER

APRIL 2011

ELIMINATED AND NEW POSITIONS; REINSTATED FUNDING

Overview

General Fund revenues have been declining for three fiscal years in the City's two major revenue sources, Real Estate Taxes and State Revenue. The FY 2009 Operating Budget was built as the recession began, with optimism that the depth and length of the fiscal crisis would be shallow and brief. The FY 2010 budget took into consideration the declining revenue sources for locally generated revenue. In addition, the Commonwealth of Virginia instituted several rounds of permanent state revenue reductions. From FY 2009 to FY 2011, General Fund revenues have decreased more than \$22 million, or 5.1%. In response to this problem, the City Manager instituted a hiring suspension in September 2009. The savings from the resulting position vacancies along with other expenditure reductions have been used over the past fiscal years to close the gap created by the declining revenue streams.

The City Manager instructed all departments to review their current staff structure with the objective of eliminating positions where possible. Greater use of part-time, temporary, or contractual employees was to be incorporated into departmental reorganizations. Non-conventional job sharing was encouraged, as well as including attrition credits (an Attrition Credit reduces a Department's budget for salaries and fringe benefits based on an anticipated lag time between an employee termination and when a new employee is hired) to reflect anticipated vacancy savings. As part of this restructuring, positions that assumed greater job duties or responsibilities would be considered for reclassification to higher pay grades, so long as net savings were achieved. Minimizing layoffs was another objective. With the most recent reinstated hiring freeze that had been in place for 19 months, vacant positions were again scrutinized for elimination in the upcoming budget.

Issues

Positions Eliminated, Attrition Savings

To balance the FY 2012 Operating Budget, the City Manager has recommended more than \$11.1 million in *Current Service Level* budget reductions in the General Fund. One of the elements of these reductions was the elimination of ten (10) positions, only four (4) of which are vacant. The remaining six (6) positions have active, full-time

employees in those allotments. Table One details by department and position reductions made for FY 2012.

Due to the magnitude of the revenue-expenditure gap, it was necessary to eliminate positions in other operating funds and/or to institute a reduction factor for vacancies. In the Solid Waste Fund, five (5) positions are recommended for elimination. These positions will be eliminated through regular attrition and are part of the recommended changes to the residential Bulk Waste Collection program.

The total number of positions recommended to be eliminated in FY 2012 is fifteen (15). From FY 2009 through FY 2011, 233 positions, or nine percent of the full-time workforce, have been permanently eliminated citywide (along with other reductions in Part Time and Temporary employee staffing levels). This information is detailed in Table Two.

In conjunction, reductions for normal vacancy savings, an Attrition Credit, were included for five consecutive fiscal years. For the larger operating departments (e.g., Police, Fire, Parks), this has been the practice since FY 2008. As the City continued to experience greatly reduced revenue streams, attrition savings have been applied to other departments with a more moderate vacancy level (e.g., Libraries, Sheriff). In addition, for the first time in FY 2012, an Attrition Credit of \$200,000 was added to the Nondepartmental cost center of the General Fund for smaller departments that have occasional, but infrequent, vacancy savings. These attrition savings amount to \$5.4 million in the General Fund and \$8.5 million citywide for FY 2012. This total amount is \$2 million higher than the current fiscal year, as detailed in Table Three. Part of this increase is attributable to adding a first-time Attrition Credit of \$830,000 combined for the Stormwater Management, Wastewater, Solid Waste, and Recreation Revolving Funds.

Reduction-In Force

To implement the FY 2012 budget reductions, the City Manager will announce a Reduction-In-Force (RIF) immediately after the FY 2012 budget is adopted by City Council. The process of implementing the RIF with respect to occupied positions will require coordinated activities between department heads and the Department of Human Resources. The Department of Human Resources staff will work with affected employees to determine if they can be placed in a vacant position for which they are qualified. In situations where such a placement may not happen, the Human Resources Department will offer additional placement services such as resume' assistance and employment counseling.

Reinstated Funding – Public Safety Concerns

In preparing this budget, there was continued emphasis on public safety. No elimination of uniformed public safety positions that have direct citizen service contact was recommended. However, one (1) management level position, a vacant Police Captain position was cut from the proposed budget. By eliminating this position, salary and fringe benefits savings were used to partially fund seven (7) previously unfunded Police Officer allotments. Funding these seven positions places more sworn police officers on the street. For the Fire Department, in preparation for the opening of the replacement Fire Station #3 in the Brentwood section of the City, twelve (12) new Firefighter/Medic positions were established in the current year. These positions will be fully funded for the first time in the FY 2012 budget. Finally, the Juvenile Services Department continues to reorganize positions to more efficiently and effectively operate. This reorganization includes the elimination of funding for one (1) management level position of Assistant Director, while retaining the position allotment. Based on a FY 2010/2011 consultant study recommending additional Juvenile Services Counselor positions, two (2) Juvenile Services Counselor positions will be added to the Department in the upcoming fiscal year. Funding for these positions is offset by the Assistant Director reduction mentioned above.

New Positions in the General Fund

Given the financial challenges, the increase in actual new positions was limited to three (3) positions. Two of the new positions are indentified above as the Juvenile Services Counselor positions. The only other new position being added is a Digital Services and Branch Manger Librarian. This position will be converted from a current part time slot, and will be responsible for overseeing the integrated library system, VIRTUA, for the computer lab curriculum, the Library system's webpage and social media management, among other duties.

New Positions in Other Operating Funds

A total of ten (10) positions were created in the user fee funds of Stormwater Management and Wastewater. The federally mandated regional sanitary sewer evaluation and repair consent order continues to be a major factor in increasing costs and requires the new positions to address continually increasing demands. The positions listed below are necessary in anticipation of existing and new mandated programs:

- an Operations Superintendent to share oversight of 17 work crews;
- a Maintenance Specialist and a Maintenance Mechanic II to implement and maintain the new valve maintenance program;
- an Instrumentation/Control Specialist and an Electrician to more effectively maintain 183 pump stations and associated equipment;
- an Inflow Infiltration Technician and an Equipment Operator to perform increased flow monitoring work;

- an Engineer III to perform additional Consent Order engineering work; and
- a GIS Programmer Analyst and Environmental Specialist.

Funding Strategy

The General Fund savings from the eliminated positions, along with the aggregate attrition credit, is \$6 million dollars in salary and fringe benefits costs. For the other operating funds, a combined vacancy savings of \$3.1 million is included in the FY 2012 budget. The majority of this savings comes from Public Utilities (Waterworks), where a \$2.2 million attrition credit is applied. Total combined savings from position reductions and attrition is \$9.1 million in FY 2012.

The full cost for FY 2012 of the three (3) General Fund new positions is \$133,726.

Impact

The total change of eliminated, transferred, and new General Fund positions represents a net reduction of seven positions from the FY 2011 Revised Budget. The total City position allotment (not including Schools) is recommended at 3,360 for FY 2012. The City has had some form of hiring freeze since FY 2008/2009. The City Manager cautions that there is a practical limit to continuing to ask employees to do more with less; there are diminishing returns for remaining employees to provide similar levels of service. With this proposed budget, the City is close to the point where any other positions cannot be eliminated without the elimination of programs, services, or other City functions. The current workforce has been assuming the responsibilities of the eliminated positions over the past three years with no relief in the workload burden. From this point forward, an eliminated position will need to be associated with a specific service to either citizens or internal city users that will be forgone. Realistically, there will be a level of degradation of service in some places as there are fewer people tasked with providing service. With the application of additional attrition credits, even greater care will be necessary in monitoring next year's Operating Budget expenditures.

TABLE ONE
ELIMINATED and NEW POSITIONS

	Filled	Vacant	Total
GENERAL FUND			
Reductions*			
Sr Programmer/Analyst - Information Technology		-1	-1
Law Clerk - Circuit Court	-1		-1
Police Captain - Police		-1	-1
Building Maintenance Technician - Adult Corrections	-1		-1
Site and Subdivision Technician - Engineering		-1	-1
City Community Market Coordinator - Parks, Recreation & Tourism	-1		-1
Library Materials Specialist - Libraries & Information Services	-1		-1
Information Services Specialist - Libraries & Information Services	-2		-2
Administrative Assistant II - Development		-1	-1
General Fund - Total Reductions	-6	-4	-10
Additions			
Juvenile Services Counselor - Juvenile Services			2
Digital Services Manager - Libraries & Information Services			1
General Fund - Total Additions			3
GENERAL FUND - Net Total Additions/Reductions			-7

TABLE ONE
ELIMINATED and NEW POSITIONS, Continued

	Filled	Vacant	Total
OTHER OPERATING FUNDS			
Reductions			
Solid Waste Fund			
Master Equipment Operator - Solid Waste	-5		
Solid Waste Fund - Total Reductions			-5
Additions			
Stormwater Management Fund			
GIS Programmer Analyst			1
Environmental Specialist			1
Stormwater Management Fund - Total Additions			2
Wastewater Fund			
Operations Superintendent			1
Maintenance Specialist			1
Maintenance Mechanic			1
Instrumentation/Control Specialist			1
Electrician			1
Inflow/Infiltration Technician			1
Equipment Operator			1
Engineer III			1
Wastewater Fund - Total Additions			8
<i>Other Funds - Total Additions</i>			10
OTHER FUNDS - Net Total Additions/Reductions			5
TOTAL CITY POSITIONS			
Reductions	-11	-4	-15
Additions			13
Total City Position Change			-2

TABLE TWO
CITY-WIDE POSITIONS ELIMINATED SINCE FY 2009

Department	FY09	FY10	FY11	FY12	
General Fund					
City Manager	-1	-1	-4		
Human Resources		-2	-2		
City Attorney		-1			
Internal Audit		-1			
Commissioner of Revenue			-2		
Assessor			-1		
City Treasurer		-2	-2		
Finance	-1	-1			
Budget		-1			
Purchasing		-3	-1		
Information Technology	-2	-1	-6	-1	
Judiciary			-3	-1	
Commonwealth's Atty		-1	-1		
Police		-5	-7	-1	
Fire	-1	-5	-3		
Sheriff			-5		
Adult Corrections		-4	-7	-1	
Juvenile Services	-15	-9	-16		
Codes Compliance		-1	-1		
Engineering			-8	-1	
Public Works		-10	-13		
Human Services	-9	-3	-7		
Parks & Recreation	-1	-4	-11	-1	
Libraries		-7	-4	-3	
Development		-1	-3	-1	
Planning	-1		-1		
GF Totals	-31	-63	-108	-10	-212
Other Funds					
P & R Revolving			-3		
Vehicle & Equip Services	-3				
Stormwater		-5	-1		
Solid Waste		-2		-5	
Waste Water			-1		
Public Utilities		-11	-5		
Other Funds Totals	-3	-18	-10	-5	-36
All Funds Total					-248

**TABLE THREE
ATTRITION SAVINGS**

<i>DEPARTMENT¹</i>	<i>FY 2008</i>	<i>FY 2009</i>	<i>FY 2010</i>	<i>FY 2011</i>	<i>FY 2012</i>
Police	\$660,000	\$688,642	\$0 ²	\$750,000	\$1,000,000
Juvenile Services	\$340,000	\$340,000	\$336,856	\$271,956	\$271,956
Public Works		\$200,000	\$0 ³		\$350,000
Fire		\$375,282	\$560,062	\$630,000	\$830,000
Parks, Recreation, Tourism		\$367,092	\$382,029	\$515,000	\$654,594
Human Services		\$611,820	\$661,014	\$1,547,418	\$1,800,000
Commonwealth Attorney			\$79,056	\$63,825	\$70,000
Sheriff				\$89,600	\$179,200
Libraries				\$50,000	\$50,000
Engineering					\$50,000
Nondepartmental					\$200,000
<i>General Fund Total Attrition Credit</i>	\$1,000,000	\$2,5852,836	\$2,020,770	\$3,917,799	\$5,455,750
<i>Other Operating Funds</i>				\$2,247,600	\$3,077,600
<i>City Wide Attrition Credit</i>	\$1,000,000	\$2,5852,836	\$2,020,770	\$6,165,399	\$8,533,350

Notes:

¹The attrition amount includes a value for an estimated number of vacancies, which may vary annually. The amount also includes the cost of fringe benefits. The retirement rate changes for each fiscal year and in part, accounts for the amount difference between fiscal years.

²Police Department Attrition Credit eliminated in FY 2010. Twelve (12) Police Officer positions were frozen/suspended to allow for application of Federal Stimulus Package funding.

³Public Works Attrition Credit eliminated in FY 2010 due to adding ten (10) frozen/suspended positions.