



Date: February 1, 2019
To: Civil Service Commission
From: David Honey, Interim Executive Director
Subject: **Recommendation to Approve Civil Service Department Proposed Fiscal Year 2019-2020 Budget**

The Fiscal Year 2019-2020 (FY 20) Budget development process has begun earlier this year, due to implementation of the City's new Enterprise Resource Planning project (LBCOAST) and the Civic Center move, which are anticipated to require significant staff time and investment. Civil Service staff has completed Base Budget entry and has developed proposed staffing enhancements and solutions for meeting budget reduction targets. This staff report outlines the City's fiscal outlook, the Civil Service Department's Base Budget for FY 20, and the Civil Service Department's Proposed Budget changes for FY 20.

City Fiscal Outlook

At the City Council Study Session on December 18, 2018, the Department of Financial Management provided an update on the preliminary fiscal status of FY 20. At that time, there were no updates to the FY 20 General Fund projections, but potential items for new costs and offsets were identified, including additional public safety investments and revenue increases. The first formal budget projection for FY 20 will be presented in March, 2019. Prior to that, significant uncertainty remains, including the viability of new revenue sources, potential significant cost increases, and the outcome of negotiations with the City's bargaining groups. As a result of these uncertainties, Financial Management has issued budget reduction targets that are large enough to provide options for a balanced budget depending on the above factors.

FY 20 Base Budget

The Civil Service Department's FY 20 Base Budget represents the budget prior to any reductions, enhancements, or negotiated salary increases. The Department's FY 20 Base Budget is \$2,933,336 (97% of which is in the General Fund). Personnel costs comprise \$2,274,176 (78% of the budget), while the remaining \$659,160 supports materials, services, supplies, and interdepartmental costs.

FY 20 Budget Reduction Target

As noted above, each City department was issued a General Fund reduction target, which may be required to balance the City's FY 20 Budget. The Civil Service Department's budget reduction target is \$99,591. The Department proposes to meet this target by eliminating one vacant Personnel Assistant II position in the Administration/Support Services Division. Fully loaded costs (salary and benefits) for this position are \$85,351. There will be service impacts associated with this reduction, including potentially longer times for the processing of personnel transactions and certification of eligible lists to City departments. The balance of \$14,240 would be met through a reduction in the Department's budget for materials, services, and supplies.

Proposed FY 20 Budget Enhancements

The submittal of budget enhancements, such as additional budgeted positions, is discouraged due to the fiscal uncertainties for FY 20. However, enhancements will be considered if a critical need can be identified. Accordingly, I am proposing to request two additional Personnel Analyst II positions, at a total fully loaded cost of approximately \$250,000.

The Department currently has 6 budgeted Analyst positions, each assigned a full workload of examinations. Due to the Citywide need to fill vacant positions, there is a backlog of 16 examinations that have not yet been assigned to an Analyst. This backlog is often cited as a key point of delay in filling positions and would be greatly reduced with the addition of two staff positions. Therefore, the proposed additional staffing levels would benefit all City departments in that they would be able to fill their positions more expeditiously. This enhancement would also allow the Civil Service Department to improve its proactive recruitment and outreach efforts as we continue to strive to attract highly qualified applicants who are reflective of our community.

Recommendation

Staff recommends Commission approval of the above proposed reduction solutions and enhancements. If approved, staff will transmit the reductions and enhancements to the Department of Financial Management by the due date of February 15, 2019.