

**REPORT TO MAYOR/REDEVELOPMENT AGENCY CHAIR
AND COUNCIL/AGENCY BOARD**

**TO THE HONORABLE MAYOR/REDEVELOPMENT AGENCY CHAIR
AND CITY COUNCIL/AGENCY BOARD:**

DATE: May 4, 2009

SUBJECT: FISCAL YEAR 2009-2010 BUDGET WORKSHOP

Report in Brief

In an atmosphere of continued deterioration in the global, national, and local economies, the City of Concord must plan its revenue and expenditure strategies for the coming year, Fiscal Year (FY) 2009-10. Much has been written and said about the challenges facing everyone in this economic environment and staff has been working tirelessly to develop options, recommendations and strategies to address the continuing downturn. This annual budget workshop will be unlike any in recent memory because of the completely different financial situation the City is facing. As the economy devolves, the City's reactions must also evolve. Thus, the information presented this evening is the best we have at this point in time, but it is subject to change as we both develop additional options and react to outside forces changing the economic landscape.

Discussion

Overall the economy is continuing its degradation. The City Council has been very proactive in preparing for this particular downturn. Beginning with the year end adjustment for FY 2006-07, the City Council has set aside funds to address what was then seen as a downturn, though the severity was not fully anticipated. In that process, the City Council authorized setting aside almost \$2.3 million in anticipation of future budget needs.

The FY 2008-09 budget reflected cuts of approximately \$2.7 million when fully implemented and anticipated the use of reserves to balance the budget for the first time since the reserves were established. As FY 2008-09 continued to deteriorate, it soon became apparent that additional adjustments would be necessary to ensure fiscal sustainability for the City.

In January, 2009, the City Manager presented the mid-year budget review in which an additional \$4 million reduction in General Fund impact was proposed. This plan with only minor adjustments was approved and implemented by the City Council on February 2, 2009. The City Council also approved a change in Policy and Procedure No. 129, *Budget and Fiscal Policies*, which has allowed staff to plan for a phased use of reserves and contingencies to a floor of 15% over the 10-Year Plan.

Building on the work done to modify the FY 2008-09 budget at mid-year, staff has been working diligently both to understand and anticipate the depth of the economic downturn and to address the effect in a meaningful and substantive way. All facets of the revenue picture are underperforming leaving few options for creativity in generating additional resources. Thus, staff has been looking at ways to reorganize operations, to reduce staff and to cut expenses in a way that will still allow for excellent customer service, albeit sometimes at a lower level.

The magnitude of the budget problem which the City faces requires almost constant attention. To that end there are many “threads” of ideas being explored. Some are more easily developed than others. Because of this, the discussion below reflects both preliminary findings on some ideas and more thorough explanation and impact on others. The budget problem will not be completely resolved in a single budgetary cycle and solutions will continue to evolve.

Framework:

The Council has established a number of guiding principles to aid staff in preparing an expenditure reduction plan that reflects the City’s Mission, Vision and Values:

Thoughtful – Measured change over time, appropriate to the magnitude of the problem.

Transparent – Information to be shared openly, with rationales and decisions explainable and understandable.

Respectful of Employees – Recognize through the process that employees are the City’s most valuable asset, and that all employees are equally valued.

Equitable – To the extent feasible, impacts are spread across all employee groups, both represented and non-represented.

Effective Communication – Share information regularly and openly with the employees and the public.

Flexible – Innovative approaches to budget reduction strategies are encouraged.

Below is a list of key assumptions made by the Executive Team in preparing these budget reduction proposals:

Equity - All employees are affected in a roughly proportional way.

Measurement - A “starting point” has been established of April 1, 2009. The assumptions used and built upon for this report and the FY 2009-10 budget and 10-year plan are those understood on April 1, 2009.

Implementation – Unless reflected in the FY 2008-09 Mid-Year Adjustments, the anticipated implementation date for the proposed reductions will be no earlier than July 1, 2009.

Revenue Increases – As a practical matter, most significant increases in revenue would require voter approval. Voter approval takes time and is unlikely to be an available option to us in the short term. Timing of such a request may also be bad, given the condition of the economy, the upcoming Mt. Diablo School District Parcel tax, and the recent state-wide city sales tax increase. Other more minor sources of revenue increases, such as increasing fees and service costs, are being explored as part of this budget proposal.

Use of Reserves – The phased-in use of reserves has already been implemented as a part of the mid-year budget adjustments by the amendment of Policy and Procedure No. 129, *Budget and Fiscal Policies*. In this action the City Council has approved the temporary reduction of Contingencies and Reserves from an aggregate 30% to 15% over the course of several years. Being ever mindful of the necessity of having adequate reserves, the City Council has also directed that, when appropriate, the reserve level is to be re-established at the higher level. To use more reserves than allowed by this change without significant expenditure cuts would not reflect appropriate stewardship of the City's resources.

Expenditure Reductions – Expenditure reductions are the main tool available to the City to address the City's current budget deficit.

Revenues:

As discussed at the FY 2008-09 mid-year review in January, 2009, the revenue picture for the City has been deteriorating. Virtually all categories of revenue are now projected to be less than originally anticipated both for FY 2008-09 and for FY 2009-10. Staff anticipates that revenues will be down approximately 17% or approximately \$13.8 million in FY 2009-10. The City's revenue reflects the economy. Consumers have little confidence in the economy and are worried about their individual economic health leading them to focus their spending on essentials. Additionally, much of the increased consumer spending over the past several years resulted from the use of home equity, rather than earnings; now that equity is gone, spending has dropped.

Sales Tax - The sales tax picture has worsened significantly. Based upon the latest information available, sales taxes are down approximately 27%, to \$22.6 million. All car sales have declined and so far two car dealers have closed. When compared to the State, Concord has significantly more auto sales tax than the average. In good times this works to the City's advantage, in bad times like this, it exacerbates the problem.

Other sales tax generators are also experiencing declines which lower the City's revenue. The downturn in the construction industry leads to less sales for the City. The only significant increase in sales tax generation achieved when comparing calendar 2008 with calendar 2007 (the latest data available) occurred in the sale of gasoline, truly a double edged sword. The increases were more than offset by additional fuel costs to the City.

Finally, there is little confidence that sales tax will rebound quickly. As stated above, equity driven sales have stopped. Consumer habits seem to have changed. There is anecdotal evidence that this downturn is this generation's "1930's habit adjustment," and that even as economic conditions improve, many people will be less likely to go back to old spending habits.

Property Tax - The City is projecting \$22.6 million for property tax revenue. This represents a 9% decrease from what we originally anticipated for FY 2009-10. While property tax information for next year is not yet available, staff anticipates it staying at this lower number. There were 850 foreclosures in Concord in 2008, an all-time high. Fortunately, while this number is high, it only represents about 2% of the parcels in the City. Usually when there is a downward adjustment to property tax values by the tax assessor, they get adjusted upwards as soon as property values return. In the current environment, however, many properties are being sold in foreclosure or in short sales; the downward adjustments on these properties is permanent, growth will only occur at the 2% a year allowed by Proposition 13.

Business License - Business license revenue follows the economy. This tax is based, for the most part, on gross receipts. Since overall, gross receipts have declined, business licenses have also declined 16% to \$2.9 million.

Other Revenue - Overall the other revenue sources have declined as they also reflect the economy. Each individual source might be small but the overall impact totals a reduction of about \$2.5 million. Items such as the Motor Vehicle In-Lieu tax, fees for services and permits are included in this category.

Expenditures:

Given this decline in projected revenue, expenditure reductions must follow. The effects of the mid-year reductions approved by the City Council in February, 2009, have already been addressed in the proposed FY 2009-10 budget and Ten-Year Plans. Below are expenditure reduction proposals from each Department; they are in various stages of development and all are subject to approval by the City Council. While implementation of many of these expenditure reduction proposals may require meet and confer with the collective bargaining units these discussions have not yet occurred, pending feedback and direction from the City Council. Therefore, the ultimate impacts of any negotiations with the City's employee bargaining units have not been folded into the 10-year budget at this point.

The City Council has directed staff to analyze thoroughly and to pursue an Early Retirement plan which may provide significant savings in positions that remain unfilled. Work has begun on this project, but it is too soon to project the level of savings. The intention is to maximize the use of this program to deal with the budget shortfall. If it is determined that such a program would not generate savings, it would not be offered.

Several expenditure adjustments for the FY 2009-10 which will be implemented on July 1, 2009 have already been made:

- The City Council has voluntarily agreed to forego 10% of their monthly stipend for a savings of approximately **\$8,000**.
- The City Manager, City Attorney and Executive Management staff have agreed to an approximately 9% reduction in pay and compensation. This includes suspension of the pay-for-performance program and a 5% reduction in compensation (via furlough), a suspension of the employer 3% 401(k) contribution, and a suspension of the City-paid \$2,000 flex benefit. The proposed savings from these adjustments total approximately **\$161,000**.

The City Manager is also recommending that the Council implement the following one-year changes to wages and benefits for non-represented bargaining groups, which, if approved by Council, would also be implemented on July 1, 2009:

- Management staff: Forgo 5% of their salaries (via furlough), pay-for-performance, and the \$2,000 flex benefit, for a total savings of approximately **\$436,000**.
- Confidential staff: Forgo “step” increases, 5% of salaries (via furlough), for a total savings of approximately **\$47,000**.

Program and Staffing Reduction Proposals:

During the first three months of this year, the City Manager’s Select Task Force on Budget Stability met to develop ideas for how to address the City’s structural budget deficit. Through that process, all employees were invited to submit their ideas. The Task Force ultimately received 1,178 ideas. After eliminating comments, clustering like ideas, and eliminating ideas that could not be implemented within the next three years, the Task Force had 377 ideas. They evaluated each and prepared a final report that was presented to the Executive Team for review. The Executive Team considered the ideas generated through the Task Force and included those ideas they believe are feasible and appropriate into the recommendations they are presenting to the Council in this report.

Below are the Executive Team recommendations for expenditure reductions. They are presented in alphabetical order by the Department’s name. The savings information presented below are estimates, rounded to the nearest thousand, and reflect annualized figures once full implementation has been achieved. However, many of these proposals would take time to implement, so the City would not capture the full annualized value next fiscal year. This will be addressed in the final budget.

Building, Engineering and Neighborhood Services (BENS)

- **Aligning staffing to match the decreased workload in the Building & Current Engineering Sections - \$585,000**

The Building Division and Current Development Section continue to experience reduced workload due to the slowdown in the housing sector. A staffing plan that acknowledges the reduced workload calls for the reduction of a number of positions.

In the Building Division, the plan calls for the reduction of one Building Plans Engineer who performs structural plan review, two Building Inspector positions, and one Senior Building Inspector position. If structural review is required it will be referred to a private plan review firm; this may cause a delay in plan review. One of the two building inspector positions was previously identified for attrition. The reduction of the supervisor position will flatten the inspector series, eliminating a middle position.

In the Current Development Section, the new staffing plan calls for the reduction of one Permit Center Technician and one Associate Civil Engineer. The Associate Civil Engineer position will move to the CIP, transferring some cost from the General Fund to project funds. Increases in workload in the future will be referred to on call consultants or could be handled by limited service staff.

- **Aligning Capital Improvement Program Staffing to Match Capital Project Funding Levels - \$88,000**

The slowdown in the housing sector has affected the revenue stream for the capital projects. The Offsite Street Improvement Program (OSIP) (traffic mitigation fees) and Parkland fees are collected from residential developments and thus were severely affected by the downturn in housing development. Accordingly, a staffing plan was developed appropriate for the workload, which calls for the reduction of one Construction Inspector (this position is part of the City's prior Attrition Plan) and two Assistant Civil Engineers. One position will be offset by the Current Development Associate Civil Engineer position transfer to the CIP group as noted above. Any increases in workload will be handled by consultants.

- **Reduce Pro-Active Enforcement Efforts in the Neighborhood Services Program - \$100,000**

In the Neighborhood Services Division, cost savings could be realized through reduced pro-active enforcement. Currently, Neighborhood Services enforcement is 50% pro-active and 50% complaint driven. If the Division switched to a 25% pro-active and 75% reactive model then one less Neighborhood Services Specialist position would be needed.

City Attorney/City Management/Human Resources

- **Transition Nuisance Abatement Legal Support to In-house Staff - \$100,000**

Four years ago, the City Attorney's Office retained outside legal counsel on an hourly contract basis to handle code enforcement litigation. This litigation falls into two basic categories: (1) civil lawsuits seeking injunctive relief to order property owners to abate public nuisance conditions caused by violations of building codes and other City ordinances, and (2) special proceedings pursuant to California Health and Safety section 11570 et seq. (the drug house abatement statute) seeking court orders to force abatement of public nuisances caused by sales and use of illegal drugs. The average annual cost of this program has been approximately \$100,000. Program costs have been partially offset by recovery of attorney's fees, fines and staff costs averaging about \$60,000 per year. Elimination of the contract for special code enforcement counsel would result in shifting of ordinary nuisance abatement litigation to staff attorneys and cessation of drug house abatement actions.

- **Reorganize Support Staff - \$44,000**

Administrative Services currently pays for and receives ½ the hours of a full time administrative secretary; the other half of her hours are assigned to the Planning and Economic Development Department. This proposal calls for reducing staffing levels by this half-time Administrative Secretary position and reorganization of the Administrative function. All high priority work, such as Council packets and records would still be accomplished, however customer service and support levels would decrease and other Wing A clerical staff would have to pick up lobby support duties.

- **Reduce Printing/Duplication Service Levels - \$71,000**

This is a proposal to reduce the printing/duplication program by one Duplicate/Offset Printing Operator position. This will shrink the function from a three person staff to a two person staff, resulting in a reduction of service levels and an increase in turn around times for non priority items, and less flexibility in the program in general. More materials might have to be sent outside for reproduction.

Community and Recreation Services (CRS)

- **Transition Away from On-Site City Staff at the Keller House - \$75,000:**

A Recreation Program Coordinator will be re-assigned from Keller House operations to a current position vacancy as facility supervisor at Centre Concord. A half-time, clerical support, Recreation Specialist vacancy at Keller House will be eliminated. The Recreation Program Manager assigned to support programs and services at the Keller House and the Monument Community will continue in this assignment but will relocate her office to another CRS facility. The contract Recreation Program Coordinator who supervises the CARES After School Program will continue in this assignment but will also relocate to another CRS facility.

The relocation of CRS staff out of the Keller House facility will open four office spaces for other non-profit and community based organizations (CBO) to be considered as sublet tenants at the Keller House. This strategy will fulfill the original goal of the Monument Community Partnership (MCP) to have the Keller House serve as a multi-service facility which provides community and social services to citizens in the Monument Community. An inter-disciplinary partnership between MCP and other CBO's will help to strengthen the MCP collaborative and provide a consistent revenue source to MCP through a sublet lease arrangement. MCP is currently accepting applications from CBO's who may be interested in leasing office space at the Keller House to provide community and social services or who may be interested in holding assigned office hours through a "hot suite" concept. The First Five Center will continue its operations as planned.

At this time, CRS staff will continue to plan and organize the Monument Community Health Fair event. Other events in which the City provided nominal financial assistance or staff support to CBO organized events will discontinue. The events should be able to continue as the CBO's reliance from City funds or staff support were nominal.

- **Decrease Marketing Budget - \$25,000**

This proposal will eliminate all funding for marketing CRS programs and services with the exception of the quarterly Activity Guide. Currently CRS utilizes a number of marketing methods for promoting our programs and services. Some examples include brochures for specific programs, advertisements in the newspaper or publications such as *Bay Area Parent* for summer camps and programs, advertising our facilities such as Centre Concord for rental business in business trade journals, and brochures such as *Here Comes the Bride*. With a reduction in marketing, we anticipate a potential reduction in number of citizens served through program registrations, facility rentals, etc., thus impacting our revenue received. Staff will continue to identify and use free marketing opportunities, including the City's website.

- **Decrease Recreational Programming - \$26,000**

Elimination of funding for the after school teen program at Pine Hollow Middle School, and elimination in the summer of 2010 of the *Counselor In Training (CIT)* and *doSOMething* summer teen programs. The number of teens served by these three programs is approximately 68. The after school program at Pine Hollow Middle School is funded by the City of Concord and fees paid by participants. Pine Hollow does not meet the 40%+ free and reduced lunch percentage to qualify for the CARES After School program that is funded by federal and state grant funds. Currently Pine Hollow’s free and reduced lunch percentage is approximately 30%. In order for the Pine Hollow program to be 100% cost recovery we would need to substantially increase the fee that families pay. We believe this would result in very low enrollment for the program. Our summer teen programs serve approximately 23 teens and, therefore, are more heavily subsidized by the general fund.

- **Eliminate General Fund Supported Community Service Grants, Starting in FY 2011-2012 - \$144,000:**

The City has contributed General Fund dollars to supplement funds received by the federal government through the Department of Housing and Urban Development’s Community Development Block Grant (CDBG) program. The primary objective of the program is to help develop viable urban communities through the provision of decent housing, a suitable living environment, and economic opportunity, principally for low and moderate income persons. The following chart outlines the grants issued during the current two-year funding cycle. Fiscal year 2009-10 will be the second year of the two year funding cycle. This proposal to eliminate general fund support for these programs is proposed to occur in 2011-2012 in order to provide time (over a year) for affected programs to seek supplemental revenue from other sources.

| 2009-10 COMMUNITY GRANT RECOMMENDATIONS | General Fund Grant Amount | Program Description |
|---|---------------------------|---|
| Caring Hands Volunteer Caregivers | 10,000 | Create one-on-one matches between caring volunteers and seniors in need who may be frail, isolated, or disabled over the age of 60, enabling them to stay in their homes, and remain independent, as long as safely possible by providing free non-medical in-home assistance. |
| Contra Costa Crisis Center, 24-Hour Crisis Lines | 10,000 | 24-hour phone counseling for people in crisis. Includes separate lines for crisis, suicide, grief, youth in crisis, child abuse, and elder abuse. |
| Contra Costa Crisis Center, 24-hour Homeless Hotlines/211 | 10,000 | 24-hour information and referral by phone for people who are homeless |
| Community Violence Solutions, Sexual Assault Victim Empowerment | 10,000 | This project provides crisis intervention, advocacy, accompaniment, follow-up, referral and counseling services for child and adult victims of sexual assault and abuse. Educational prevention services (workshops and self-defense trainings) are provided to adolescents and young adults aimed at reducing the incidents of sexual assault and sexual harassment. |

FISCAL YEAR 2009-2010 BUDGET WORKSHOP

May 4, 2009

Page 9

| 2009-10 COMMUNITY GRANT RECOMMENDATIONS | General Fund Grant Amount | Program Description |
|--|----------------------------------|---|
| Family Stress Center, Counseling Programs | 25,000 | Provide mental health services to low to moderate income families by providing child abuse therapy, individual and family counseling, including anger management, and solutions to challenging life problems and resources and referrals. |
| Lions Center for Visually Impaired, Independent Living Program | 5,000 | Professional vision rehabilitation staff provide training to visually impaired older adults in Contra Costa County to help them live independently and safely in their homes, improve their quality of life and avoid costly institutionalization. Services include one-on-one needs assessment, orientation and mobility training, and instruction in adaptive daily living skills. |
| Loaves & Fishes, Concord Dining Room | 7,000 | The Concord Dining Room provides hot, nutritious, meals every Monday - Friday. There is no cost to anyone we serve. Our mission is "feeding the hungry", this could not be possible without the wonderful volunteers who help us daily. Loaves & Fishes feeds the hungry men, women and children who come through our doors daily. |
| New Connections, HIV/AIDS Safety Net | 5,000 | Over 70% of clients in New Connections HIV/AIDS Case Management Services have extremely low incomes (HUD 2007). Our case managers provide comprehensive case management services that include tracking and supporting the client's medical care, referrals for housing, substance abuse and mental health assessment and treatment. They provide transportation and food vouchers, help clients qualify for Medi-Cal, and help clients obtain financial assistance to pay rent and utilities. |
| New Connections, Community Responsive Addiction Svcs | 15,000 | 1.Community Substance Abuse Education Series 2.Senior Outreach and Education 3.Adult and Youth Substance Abuse Treatment (in English and Spanish) |
| Senior Outreach Services, Meals on Wheels | 15,000 | Meals on Wheels delivers hot, nutritious meals to frail and homebound persons over the age of 60 who are unable to shop or cook for themselves. Our clients benefit from daily health and wellness checks from our volunteer drivers and ongoing client monitoring. The program has 38 routes that deliver meals to approximately 550 seniors Monday thru Friday with an option of frozen meals for the weekend for the ones who need them. |
| Senior Outreach Services, Senior Nutrition - CC Cafes | 12,232 | The Senior Nutrition/CC Cafes Program serves hot, nutritious lunches Monday through Friday to persons over age 60 at six senior centers: Bay Point, Concord, Crockett, Pittsburg, and Walnut Creek. The project connects seniors and volunteers to each other and the community at those key socialization centers. Participants are less likely to become isolated and generally enjoy improved health and well being compared to homebound peers. |
| Senior Outreach Services, Care Management | 20,000 | The Care Management Program offers older adults access to professional care management services to resolve issues affecting health and wellness, quality of life, and ability to live independently, while promoting senior centers as destination place for aging persons. |
| TOTAL | \$ 144,232 | |

There could be significant impacts to seniors who seek services at the Concord Senior Center with these cuts if the City doesn't reallocate its CDBG funding to provide additional support to senior programs. However all of the senior programs (outreach services, care managers, lunches, and meals on wheels) currently funded with General Fund monies are eligible for federal CDBG support.

- **Compress Senior Center Services into 4-Days a Week and Reduce Special Recreation Programs - \$72,000:**

This proposal will reduce the hours that the Concord Senior Center is open by 12 hours per week and will close the center during the day on Thursday. The Concord Senior Citizens Club would have access to the center on Thursday evening starting at 4:00pm. Facility rentals would be pursued for revenue generation during the day on Thursday. All programs currently held on Thursday would be moved to Monday, Tuesday, Wednesday or Friday. Programs that would be impacted by this budget reduction include drop-in access to the billiards room on Thursday and the hospitality room on Thursday. Seniors who are served through the senior nutrition program will be able to order an extra lunch on Wednesday for Thursday when the center is closed.

The part-time staff that support the operations of the Senior Center on weekdays will be eliminated and these functions will be handled by our full-time professional program staff. This will require the full-time staff to convert to a four/ten work schedule in order to cover facility operations from 9am to 9pm. Staff would facilitate four special events rather than eight. The four chosen to remain are the larger, better attended events: Healthy Lifestyle & Resource Fair, Home & Personal Safety Fair, Hawaii Fusion, and Holiday Spectacular. The four special events to be eliminated are the Multi-cultural New Years Celebration, Older Americans Month Celebration, Breakfast with Santa and the Holiday Gift & Craft Faire.

Our Special Recreation program provides recreational and social programs to developmentally disabled adults. Proposed budget reductions will continue the bowling and monthly dance programs. Other classes and activities would be discontinued. This is an impact of approximately 2-3 classes per quarter with a participation rate of approximately 10 adults per class.

- **Reorganize Clerical Support - \$60,000:**

Reduction of one full-time Recreation Customer Service Coordinator. This position handles program registration, picnic site reservations, front counter reception and phone reception, intake of program funds and daily deposits at the CRS administrative office. This reduction will close our office 2-4 hours per day. Coverage during the remaining hours would be handled by the one remaining full-time office staff member and supplemented by part-time staff during the extremely busy periods each program quarter. This reduction will impact customer service and support to the full-time professional program staff. Consequently, it may reduce the amount of revenue.

- **Close Meadow Homes Pool - \$36,000**

This facility was due to close when construction of the new Spray Ground project commenced. Closure will be implemented immediately. Aquatic programs and services can be handled at Concord Community Pool. This closure will impact the Terrapins Swim Team who will need to find an

alternative facility to conduct their summer pool hours that have been scheduled at Meadow Homes Pool in the past.

Finance

- **Reorganize the Purchasing Division - \$163,000**

The Purchasing Division of the Finance Department has two basic functions in its current configuration. The proposal will discontinue the functions of the warehouse and central stores. There will be impact to internal customers both in the Corporation Yard and throughout the City. The proposal includes the reduction of one Administrative Clerk II and one Buyer. The remaining staff will relocate to the Civic Center campus and provide purchase order and bid development services, leaving the current Purchasing offices available for other City staff. A proposal to increase bid and purchasing authority limits, if approved, would reduce the workload on staff as will the reduction in volume projected by other departments resulting from their proposed program cuts.

- **Reorganize the Financial Operations Division - \$95,000**

The Financial Operations Division maintains the general ledger for the City. In a reorganization, the team of accountants all need the same skill level so that they can cross train and back each other up. The Department has four Accountants II and one Accountant I spread over two divisions. The proposal would reduce the team by the Accountant I position. Further integration of the work at the higher level will allow the team to continue to provide the level of service expected.

- **Reorganize the Treasury Division - \$85,000**

This proposal would allow for the reduction of the Treasury Manager position. Funds have been retained in this proposal for potential part-time work as needed. Division work and oversight would be redistributed to the remaining divisions in Finance.

Information Technology

- **Reorganization of Desktop Support - \$142,000**

Information Technology intends to transition to a fully contracted desktop support approach, as suggested through numerous Budget Task Force employee suggestions. The contract service provider would be responsible for putting a computer and all necessary software on a staff person's desk, supporting that computer and software, replacing that computer as needed, and ultimately disposing of the computer in the appropriate fashion to ensure City data security and ecological responsibility. This approach is conservatively projected to result in approximately \$142,000 in savings, including reduction of one Program Manager position.

City staff will retain the ability to engage IT support by telephone and e-mail. Staff will also be able to submit trouble tickets through a secure on-line web page and track their tickets, regardless of how they are placed, through to completion. It is important to note that all telephone support will be U.S. based. All technicians physically working in City facilities will be fully screened for drug and

applicable background clearances necessary to ensure the continued safety and security of City staff and data including law enforcement data.

This specific approach is currently in use in several Federal and State agencies, including the Federal Bureau of Investigation (FBI) and the Department of Defense (DOD) and law enforcement and civilian agencies in multiple states. Several Counties and Cities in the San Francisco Bay Area also use this approach to providing cost effective end-consumer computing support.

- **Reduce IT Software Related Costs - \$100,000**

This is a proposal to gradually transition as many enterprise-wide software applications as practical to lower cost off-site “service bureau” systems. Under this approach, the City would not “own” the software but rather contract with software providers for the use of their systems, on-going support, and upgrades. This is less expensive because the City no longer incurs the replacement charges and associated server hardware, replacement, and maintenance costs.

Each system will need to be transitioned individually and will require a public bid process and approximately six to nine months transition time for each software system. Consequently this is a multi-year recommendation. The \$100,000 of identified savings is for next fiscal year. There would be additional savings in future years.

Planning and Economic Development

- **Aligning staffing to match the decreased workload in Planning - \$139,000**

Due to reductions in development application activity, two positions are proposed for reduction: one Planner and one Assistant Planner. At present the two positions are responsible for 20 new development projects, two active and under construction projects, 23 primary and 16 back-up shifts and 100 administrative approvals. This work would need to be completed or redistributed as part of this staffing reduction. It is likely customer service levels will decrease and development review turn-around schedules may increase. Longer range projects likely to be impacted include the Zoning Ordinance rewrite, General Plan “clean-up,” and CEQA review procedures update. If applicants desire expedited approvals they would have to pay the full costs of employing an outside contract planner.

Police

- **Close Two Field Offices and consolidate operations in Headquarters Building and Southern Field Office - \$237,000**

Savings would result from attrition or layoffs of two Community Service Officers, two Part-Time Community Specialists and miscellaneous rent/overhead savings. Southern Field Office would remain operational. This proposal was also in the Budget Task Force report.

- **Reorganize Police Management - \$541,000**

Freeze a Captain position upon anticipated retirement and reconfigure all Divisional responsibilities among the remaining two captains. Freeze an Administrative Lieutenant position. Administrative duties would be reassigned to other managers or sergeants where appropriate. Internal Affairs would become a direct-report to the Chief. Both of these proposals were also in the Budget Task Force report.

- **Reduce Overtime Expenditures - \$100,000**

Modify overtime policies such as report writing and training assignments to further reduce sworn and non-sworn overtime in all Divisions.

- **Reassign Senior Crime Analyst Duties as a Secondary Assignment to an Officer - \$109,000**

Reduction of Senior Crime Analyst position would result in a cessation of all crime analysis operations unless part time staff and/or volunteers could be utilized. This proposal was also in the Budget Task Force report.

- **Reorganize the Records Unit - \$149,000**

Reduce two Administrative Clerk II Positions in the Records Unit. Duties would be reassigned to remaining staff.

- **Rely on County Programs and Victim's Rights Organizations for Victim Advocacy - \$97,000**

Reduction of the vacant Victim Violence Advocate position. All City victim outreach and follow up would cease, though other governmental agencies provide these services. The part time advocate was eliminated as a part of the FY 2008-09 mid-year adjustments. Grant funding may be available to fund all or part of this position in FY 2009-10, but the incumbent is leaving to accept employment elsewhere.

- **Staff City Jail during Peak Periods Only - \$126,000**

Reduction of two Community Service Officer Jailer positions. Full time jail staffing would be reduced from 5 to 3 positions. The jail would be closed for all booking or prisoner holding during weekdays from 6:00 AM to 4:00 PM. Some additional costs would be expected due to an increase in County booking fees for day shift felony arrests.

- **Optimize Deployment of Crossing Guards - \$43,000**

Re-evaluate locations and hours for Crossing Guard Program. Conduct audit of current crossing guard assignments and reduce staffing where safe to do so. Explore cost sharing with school district. Target goal of 25% cost reduction in next school year.

- **Decrease Size of Special Enforcement Team (SET) and Special Investigation Bureau (SIB) Units - \$244,000**

Reduction of two Police Officer positions. Preliminary strategy would be to reduce the SET by one sworn officer from 6 to 5 and reduce the SIB - Narcotics from 5 to 4 sworn officers. Discontinue participation in Drug Enforcement Agency (DEA) task force. Savings results from retirement or lay off of two full time sworn officer positions. This proposal was also in the Budget Task Force report.

Public Works

- **Reorganize Supervision in Parks - \$134,000**

Reduction of one Manager. On retirement of supervisory staff in the Parks Division, it is proposed to reorganize the supervision structure. One management position is proposed to be reduced and two current positions are proposed to be internally upgraded to supervisory grades. This will result in savings of approximately \$134,000.

- **Decrease Fleet Maintenance Service Levels - \$94,000**

Reduction of one Mechanic position. As we are proposing to reduce the replacement of vehicles and equipment in the next three years, one mechanic position is to be reduced and in addition smaller maintenance, for example tire and filter changes, are to be assigned to the Auto Parts Worker.

- **Reduction in Administrative Support at the Corp Yard - \$74,000**

Reduction in one Administrative Clerk III position. The work will be redistributed amongst the remaining three staff members.

- **Reduction in Park Maintenance in Connection with Reduced Water Usage - \$178,000**

Reduction in one Gardener and one Maintenance Sprinkler Fitter positions. Due to the current drought in California, the Contra Costa Water District has reduced water supplies to medians and parks. This will result in reduction of gardening and sprinkler maintenance work. As a result, we are proposing reduction in one gardener and one maintenance sprinkler fitter position.

- **Reduction in Maintenance Staff at Pool in conjunction with Upgraded Chlorine System - \$101,000**

Reduction in one Recreation Utility Worker position. To safeguard against potential transportation hazards, the use of chlorine gas throughout the state is being changed to liquid chlorine. Liquid chlorine does not require a dedicated full-time staff person. As a result, elimination of one Recreation Utility Worker is being proposed. There would be associated equipment savings too.

- **Appropriately assign cost of Public Works Support of the Thursday Night Farmer's Market and Music to Redevelopment Agency (RDA) - \$28,000**

The Redevelopment Agency would pick up the cost of Public Works support to the Thursday Night Farmer's Market.

- **One Time Equipment Auction Savings - \$80,000**

Sale of surplus equipment no longer needed due to reductions in workforce and privatization of services.

- **Privatize Custodial Service - \$327,000**

Reduction of one Facilities Maintenance Supervisor, five Custodians, one Lead Custodian. The City currently has a custodial services contract through public bidding process. Cost of contract custodial services is \$18.00 per hour against the City's custodial services cost of \$31.98 per hour. This will also result in reduction of City's workers compensation liability and some equipment savings.

- **Reduce Building Maintenance Service Levels - \$299,000**

Reduce one Maintenance Electrician, one Carpenter and one Maintenance Painter positions. Building maintenance is proposed to be reduced to safety and preservation work during the current economic situation. As an example, there is to be no interior painting and replacement of flooring and fixtures.

- **Privatize Street Tree Services - \$109,000**

Reduction of two Tree Trimmer positions. Annual savings include reduction in staff and equipment costs less contract costs of approximately \$77,000. Currently the City has two tree trimming units. It is proposed to reduce one unit by privatizing street tree trimming. The street tree trimming process is a fairly hazardous operation due to traffic and presence of overhead electric lines. This proposal will reduce the City's liability for such hazards. The remaining one unit is proposed to be used for trimming of trees in the City's parks and for any emergency tree removal work during winter storms or accidents.

- **Suspend Traffic Calming Program due to Reduction in Funding for Traffic Calming - \$88,000**

Reduction of one Transportation Program Coordinator position. So far 310 speed humps have been installed on 115 City streets. These locations were treated with traffic calming as a result of priority traffic issues and neighborhood consensus. The remaining streets on the waiting list are lacking in justification and neighborhood consensus. Our experience has shown that the street pavement before and after a speed hump are deteriorating at a faster rate and require additional expenditure for maintenance. It is proposed to suspend the traffic calming program for the duration of the current adverse economic situation. Consequently, it is proposed to reduce one Transportation Program Coordinator position whose major duties included implementation of this program. The remainder of the duties of this position will be handled by work redistribution and at times by use of traffic count consultants.

- **Reduce Frequency of Residential Sweeping to Once a Month - \$136,000:**

Reduction of one Sweeper Operator position, plus savings due to reduction in equipment costs. It is proposed to reduce residential street sweeping from twice per month to once per month. Concord’s National Pollution Discharge Elimination System (NPDES) permit requires sweeping be done at least once per month. A proposed new, regional permit has no specific requirements for street sweeping frequency. Sweeping less frequently is more productive, i.e. sweepers collect more tons of material per curb mile on streets that are swept less often.

- **Eliminate City Sponsored Neighborhood Cleanups and Rely on Concord Disposal - \$20,000**

Currently the City is providing neighborhood cleanup services to 16 neighborhoods on Saturdays during months of April to September. This service is not being provided to the remainder of the City. Concord Disposal Service is also providing this service to all residents in Concord. It is proposed that the cleanup service by the City be eliminated. Savings in cost attributable to neighborhood preservation staff time are still being assessed. This suggestion is included in the Budget Reduction Task Force report.

Summary

The FY 2009-10 Budget and Ten-Year Plan are unlike any in recent history. The challenge is virtually unprecedented in current staff experience. The problem is so large that additional reductions and/or revenue enhancements will be needed in future years. However, any permanent reductions made for this year lessen additional adjustments needed in the future. Everyone must remain vigilant to recognize and take advantage of any mitigating changes in the future. As commented during the mid-year budget review, the current economic crisis will be with us for several years. Staff remains committed to using a calm, reasoned approach to dealing with the City’s economic issues so that we will continue to provide the best outcomes for continued service deliver to our customers.

Fiscal Impact

The immediate fiscal impact of these proposals will be dependent upon implementation date. Many of them will require some lead time. The important issue is that, once implemented, these reductions are permanent and will have a significant positive impact on the General Fund.

To summarize the proposed reductions:

| | |
|---|---------------|
| Agreed upon Salary/Benefit Reductions | \$ 652,000 |
| BENS | 773,000 |
| City Attorney/City Mgmt/Human Resources | 215,000 |
| Community & Recreation Services | 438,000 |
| Finance | 343,000 |
| Information Technology | 242,000 |
| Planning & Economic Development | 139,000 |
| Police | 1,646,000 |
| Public Works – ongoing | 1,588,000 |
| Public Works – one time | <u>80,000</u> |

Total Proposed Reductions \$6,116,000

Public Contact

Posting of the Agenda; direct notice to impacted employees.

Alternative Courses of Action

The City Council could modify the proposed budget reductions, potentially improving or deteriorating the City's fiscal condition in future budget years.

Recommendation for Action

It is recommended that the City Council provide direction to staff to move forward to implement the budget reductions and to prepare the FY 2009-10 Annual Budget and Ten-Year Plan based upon this information.

Prepared by the Concord Executive Team



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