

Honorable Chair and Members
of the Finance and Governmental Operations Committee
City Hall
Torrance, California

Members of the Committee:

SUBJECT: City Manager and Finance – Concur with and approve recommendations for the 2011-2013 Operating Budget.

RECOMMENDATION

Recommendation of the City Manager and Finance Director that City Council concur with and approve staff recommendations of maintaining current budgetary policy for the 2011-2013 Operating Budget.

Funding

N/A

BACKGROUND/ANALYSIS

As reported during the 1st Quarter Budget Review, while year-end revenues exceeded year-end expenditures, by approximately \$241,000, the revenue shortage adversely effects the current 2011-12 fiscal year. The revenue shortfall was primarily due to two underperforming areas: Utility User's Tax (natural gas and cellular telephones) and Franchise taxes from utilities.

The revenue shortfall combined with both the loss of roughly \$530,000 of vehicle license fees the State redirected and revenue assumptions for the 2011-12 fiscal year leaves about \$3.0 to \$4.0 million General Fund imbalance, based on current assumptions, no double dip recession and moderate revenue growth.

Sales tax revenues are trending upward. Sales tax receipts for the 1st half of the fiscal year (sales from April – September) are up 3.2% over last year and just tracking above budget by 0.1%. The State Board of Equalization (SBOE) believes sales tax will grow by over 5% for the current quarter (3rd) and has begun advancing the City sales tax receipts at 5% above last year. Historically, the SBOE has been conservative with advances and would rather under advance than over advance monies to cities. If this trend holds through the “true-up” payment in March as well as through the 4th quarter sales tax receipts could materially exceed budget (\$500k+), which will assist in re-balancing the current fiscal year budget as well as 2012-13 fiscal year.

While far from ideal Staff believes the imbalance for the current fiscal year is manageable. For the current fiscal year, Staff is recommending to continue current budgetary policy of “selectively” filling of vacant positions and closely monitoring departmental expenditures. This policy has generated one time savings for a fiscal year of \$6.9 million for the 10/11 fiscal year; last fiscal year \$6.0 million in labor savings and in the 2008-09 and 2007-08 fiscal years year end savings were \$7.2 million, and \$6.4 million respectively. While this policy generates one time savings to offset the revenue shortfall, it does not provide funding for much needed capital projects. In addition, it causes departmental operating issues as workloads are shifted to cover for the vacant positions.

PERS rates continue to be watched closely. PERS earned over 22% for the period ending June 30, 2010 which is substantially higher than the 7.75% target. The substantial gain will benefit the 2012/2013 fiscal year. However, for the current fiscal year to date (July – October) the portfolio is down -2.7%, recovering from a fiscal year to date (FYTD) (July – September) loss of -7.0%. It is too early to project where investment earnings will be a year end.

As we look ahead to the 2nd year of the 2011-13 two year budget, staff is considering several strategies to rebalance the 2012-13 budget. Taking action on the following strategies can be deferred and/or eliminated depending on how General Fund revenues perform over the next quarter. Some of the strategies that reduce costs include moving from pooled minutes to actual minutes for cellular telephone, reallocating personnel in the Library Division, and shifting community outreach programs to the Cable Fund are already being implemented this fiscal year. While offsetting any budget shortfall requires careful decision making, the following strategies rebalance the budget without the loss of further personnel:

- Reduce cellular telephone costs by moving from pooled minutes to actual minutes - \$75,000 savings (in progress)
- Shifting community outreach programs to Cable (including Seasons) - \$300,000 savings to General Fund (under analysis)
- Other Miscellaneous reductions / adjustments - \$300,000 savings target
 - Reallocation of personnel in Library Division - \$114,750 savings
- Defer restoration of funding to certain reserves : Gas Tax, Self Insurance, GASB 45 and Capital - \$1.9 million savings to General Fund
- Use of Economic Anomaly Reserve to offset loss of Vehicle License Fee (VLF) pending litigation - \$500,000 General Fund savings
- Budget projections do not provide for wage & non-wage benefit adjustments

The next key date will be in late March, where Staff will have the “true-up” sales tax receipts for the holiday quarter; preliminary property tax, business license tax and franchise fees for utilities; and additional receipts for Utility User’s tax and Occupancy tax revenues. Staff should also have an indication where fiscal year end investment earnings will be for PERS.

Respectfully submitted,

By 
Eric E. Tsao
Finance Director

CONCUR:


for 
LeRoy J. Jackson
City Manager

Attachment: A. Reallocation of personnel in Library Division

Council Meeting of
December 20, 2011

Honorable Mayor and Members
of the City Council
City Hall
Torrance, California

Members of the Council:

SUBJECT: Reallocation of personnel in the Library Division.
Expenditure Reduction: \$114,750

RECOMMENDATION

Recommendation of the Community Services Director that City Council approve the following reallocation of personnel within the Library Division of the Community Services Department:

- a) Add 5.0 FTE (full time equivalent) Library Assistant I positions
- b) Delete 2.5 FTE (full time equivalent) Junior Library Clerk II positions
- c) Delete 10.0 Junior Library Clerk I positions

Funding

Not applicable.

BACKGROUND

As part of the merger of the Library and Parks and Recreation Departments, a budget reduction proposal was brought before City Council on May 24, 2005 to reclassify five full-time Library Assistant I positions into fifteen part-time positions. Since Junior Library Clerks are not vetted through the civil service testing and interview process to verify competency in responding to basic reference, and operational needs, concerns were expressed about leaving part-time personnel in charge of branch libraries. For this reason, Council ultimately did not approve the reallocation of Library Assistant I positions.

On the October 11, 2005, the Memoranda of Understanding with multiple employee groups, including the Torrance Library Employee Association (TLEA), was approved. Included in the item was the deletion of 5.0 FTE Library Assistant I positions, adding 2.5 FTE Junior Library Clerk II positions, and adding 10.0 FTE Junior Library Clerk I positions. The intent of the May 25, 2005 Council item was to convert 5.0 full-time positions into 15.0 part-time positions, but the verbiage of the October 11, 2005 council item added 25.0 part-time positions because 10 FTE Library Clerk I positions were added instead of 5 FTE (10 part-time) positions causing an increase to the library budget rather than a reduction.

A supplemental issued for that item clarified "implementation subject to meet and confer." Upon passage of that item, the Library's personnel budget was changed to reflect the

elimination of these positions, though meet and confer was not scheduled and attrition of five Library Assistant I positions had not occurred.

ANALYSIS

The Library Division requests the approval of the following budget action to reverse the position changes previously approved so that branch libraries can be staffed with appropriate personnel:

Add 5.0 FTE Library Assistant I positions	\$363,500
Delete 2.5 FTE Junior Library Clerk II positions	<\$113,250>
Delete 10.0 Junior Library Clerk I positions	<\$365,000>
Budget Adjustment	<\$114,750>

RECOMMENDATION

The Community Services Director recommends reversal of the budget action taken in 2005 to correct the Library's actual staffing against the budget. It will also result in an immediate budget adjustment of \$114,750 from the Library's Personnel budget and result in the attrition of a .5 FTE Junior Library Clerk I.

Respectfully submitted,

JOHN JONES
COMMUNITY SERVICES DIRECTOR

By 
Hillary Theyer, City Librarian

CONCUR:


John Jones
Community Services Director


for LeRoy J. Jackson
City Manager

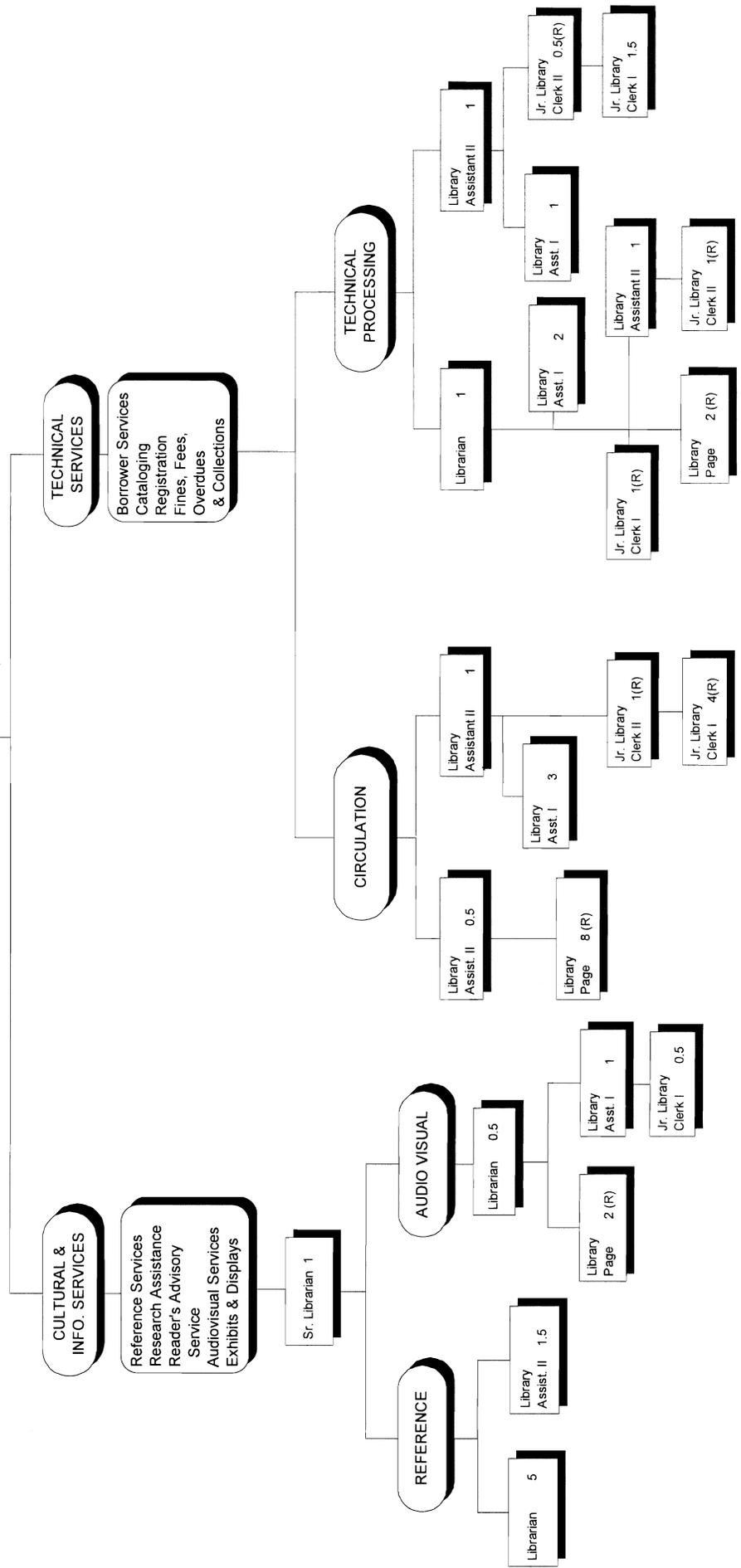
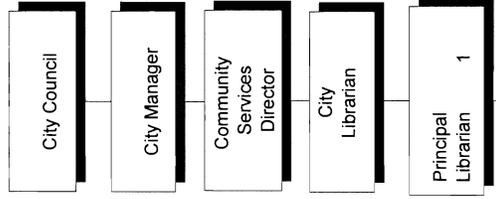
- Attachments: A: Current and revised organization charts
B: Community Services Consolidation (Council Meeting of May 24, 2005 – Item 11B)
C: Memoranda of Understanding for Wages, Hours and Working Conditions and changes to short and long term Disability and Life Insurance coverage for General Employees and approve certain budget modifications (Council Meeting of October 11, 2005 – Item 11B)

COMMUNITY SERVICES

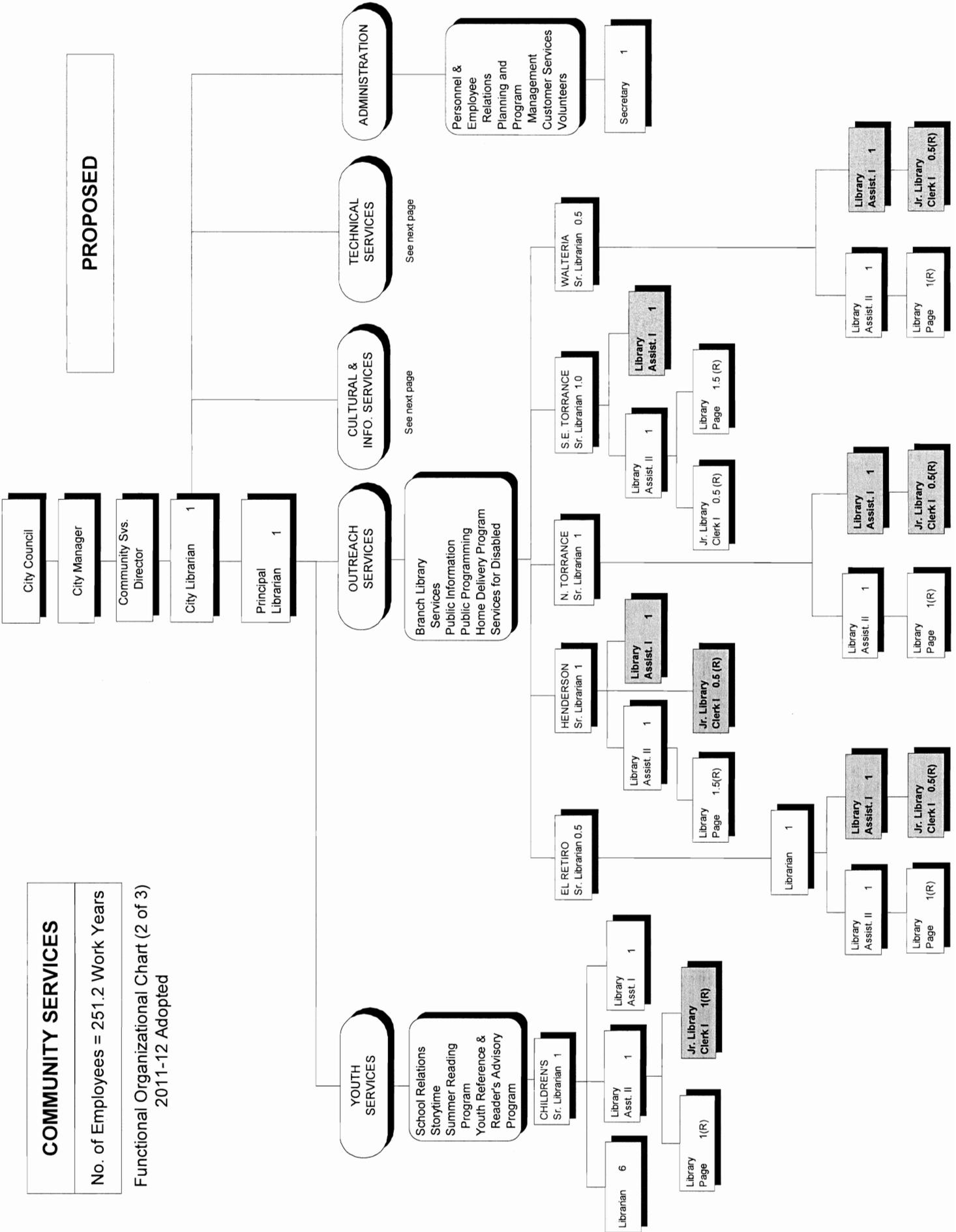
No. of Employees = 258.7 Work Years

Functional Organizational Chart (3 of 3)
2011-12 Adopted

CURRENT



PROPOSED



COMMUNITY SERVICES

No. of Employees = 251.2 Work Years

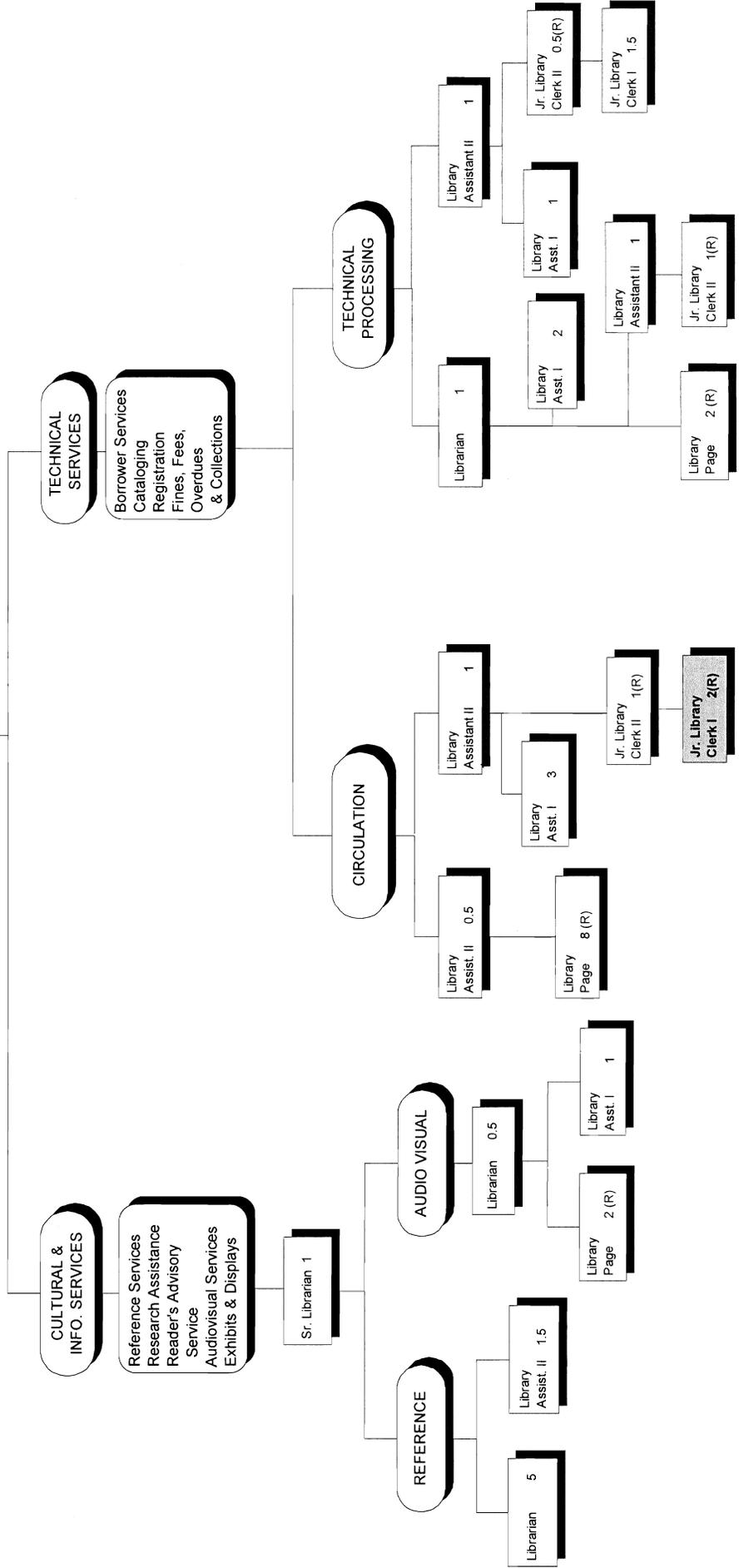
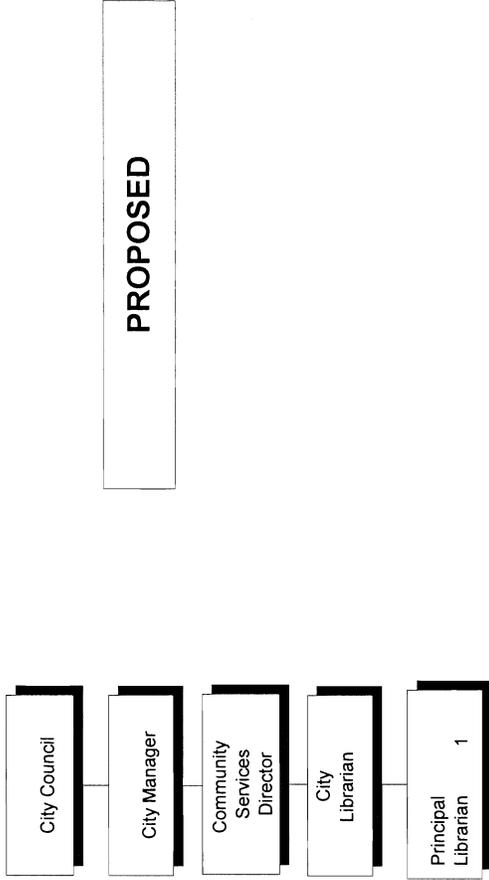
Functional Organizational Chart (2 of 3)
2011-12 Adopted

COMMUNITY SERVICES

No. of Employees = 251.2 Work Years

Functional Organizational Chart (3 of 3)
2011-12 Adopted

PROPOSED



Council Meeting of
May 24, 2005

Honorable Mayor and Members
of the Council
City Hall
Torrance, California

Members of the Council:

SUBJECT: Community Services Consolidation

Expenditure: Not Applicable

RECOMMENDATION

The Community Services Director and the Community Services Steering Committee recommend that City Council approve the organizational structure and funding strategy as revised for the new Community Services Department and take the following actions:

1. Reorganize part-time hours in Recreation Services and Parks and Recreation Administration;
2. Accept self-automation savings;
3. Reclassify 5 Library Assistant I positions in the Library to part-time positions;
4. Delete one Sr. Recreation Supervisor position;
5. Downgrade the 2 proposed management positions to supervisor positions; and
6. Establish a one year review period that allows the Community Services Director to form a Department Subcommittee that studies the appropriate classification level of the Principal Librarian position, the potential need for two Principal Librarian positions rather than one, and makes a final recommendation to Council, complete with a funding strategy, for any necessary adjustments to the long term structure of the Torrance Public Library.

BACKGROUND

On March 8, 2005, the City Manager presented a recommendation to implement the Community Services Department consolidation of the former Parks and Recreation and Library Departments. At this meeting, the City Council authorized capital funding to invest in automation projects that would improve operational efficiencies. However, after hearing public comment from city employees and employee group representatives, the City Council directed the City Manager and the Community Services Steering Committee to postpone formal consolidation.

On March 22, 2005, the item returned to Council for further consideration. The Steering Committee had met with all of the affected employee groups and proposed a revised plan. The Council received input from the Committee and heard public testimony from

the affected employees, Department managers and the Community Services Director. In addition, members of the TPPREO, TPSA and TLEA-AFSCME presented an alternative organizational structure which targeted savings in excess of the Steering Committee's proposal of \$353,300.

After reviewing both plans the City Council took action to delete the following three positions:

Position Modifications	Savings
Delete 1 Library Director	(\$132,000)
Delete 1 Park Services Supervisor	(\$94,800)
Delete 1 Library Services Manager	(\$121,200)
Total Savings	(\$348,000)

The City Manager and the Community Services Steering Committee, in response to these actions, addressed concerns that would arise under a Department structure that placed direct responsibility for the entire library system on one manager and did not centralize the organization's administrative functions. The City Manager proposed that 1 Principal Librarian management position and 1 Administrative Services Manager be added to the Department structure as long as a plan could be developed that achieved the original savings goal of \$353,300. The City Council concurred with this recommendation and directed staff to conduct a further review of operations and return with a specific funding plan.

Following the meeting the Steering Committee met with the affected employee groups to summarize Council's direction and discuss the next course of action. Additional meetings were held with committee members and divisional employees who had time to further review the proposed organizational structure. Subsequently TPPREO submitted a follow-up letter to the City Council explaining their position and an agreement was reached between the Community Services Director and the Sr. Librarians.

ANALYSIS

The following analysis outlines the organizational changes as revised and details the specific efficiencies identified to meet the savings target of \$353,300. (Note - several of these efficiencies were presented in the March 22 Council item but were not acted upon.)

1-A) Reorganize Registration function through shift in part-time hours (\$7,199)

With the creation of the Administrative Services Division, and more specifically the full time Program Coordinator position overseeing Department Registration, the Torrance Season's Guide and the Public Information Counter, a portion of the part time hours dedicated to registration will be saved. It should be noted that the promotion of a Recreation Specialist II to the referenced program coordinator position is funded within this reorganization.

1-B) Delete 0.5 full-time equivalent Recreation Spec II part-time hours (\$20,300)

In further refining the shift of administrative duties to the proposed Administrative Division, additional workflow efficiency was identified. A 0.5 full-time equivalent Recreation Specialist II, currently dedicated to Parks and Recreation accounts payable duties, can be eliminated with the shifting of accounts payable duties to the Typist Clerk II position upon its transfer from the Library to the Administrative Services Division. (This is the Typist Clerk II position that was previously transferred from Direction and Control to support payroll automation.) The success of Telestaff should alleviate time dedicated to payroll and allow the Typist Clerk II to assume the duties vacated by the Recreation Specialist II. This shift will reduce costs by \$20,300. As with all position deletions, this will occur through attrition.

1-C) Reduce Special Events part-time hours (\$6,481)

Additional part-time staff savings will be realized in the Special Events programming section as a result of the reallocation of the Sr. Recreation Supervisor and the transfer of functions to the Administrative Services Division.

2) Self-checkout Automation savings (\$27,000)

At the March 1, 2005 meeting, the Council approved one-time funding for capital purchases that included a self-service checkout system for the Main Library. The one-time cost will lead to future cost-savings through the elimination of part-time positions.

3) Reclassify 5 Library Assistant I's to 15 part-time positions (\$57,250)

The Steering Committee recommends implementing the Recreation Services staffing model in the Library system. Currently, the Recreation Services Division utilizes part-time staff for a majority of their programs and facilities. These part-time staff members are able to maintain a high level of responsibility, which includes the supervision of children, collection of fees, and the operation of facilities. This staffing structure can be implemented in the Library System by reallocating five Library Assistant I positions to part-time Library staff. The position reallocations will allow the installation of three 20 hours per week staff members for each full-time Library Assistant I's. This staffing model will be implemented as attrition occurs and increases staff availability in the affected areas by 50%.

4) Delete a Sr. Recreation Supervisor position (\$94,400)

With the concurrence of TPPREO, the Steering Committee has reinstated the recommendation to delete 1 Sr. Recreation Supervisor position. After the March 22, 2005 meeting, the Assistant City Manager received a letter from TPPREO agreeing to the retention of 1 Sr. Recreation Supervisor and the elimination of 1 Sr. Recreation Supervisor. TPPREO further requested that the Administrative Services Division be

formalized immediately to allow for a quick and smooth transition of administrative duties from the Sr. Recreation Supervisors. (See Attachment B from TPPREO). The retained Sr. Recreation Supervisor will be assigned to the Youth Section of the Recreation Services Division. Both the Steering Committee and TPPREO see value in maintaining two Sr. Supervisors in the Youth Sports, Aquatics, Afterschool/Parks and Day Camps section due to the continued growth of these programs and the importance of youth activities.

5) Downgrade Proposed Management Positions to Supervisor Positions (\$11,870)

Originally, the Steering Committee proposed funding 1 Administrative Services Manager and 1 Principal Librarian management position. These management positions were resisted by the employee organizations. In an effort to mitigate employee concerns and further identify savings the Steering Committee recommends downgrading the proposed Administrative Services Manager to a Sr. Business Manager and removing the Principal Librarian position from a management classification to a supervisory classification. The cost differential is as follows:

	Original Proposal	Revised Proposal
1 Administrative Services Mgr.	\$111,200	\$0
1 Sr. Business Manager	\$0	\$104,040
1 Principal Librarian	\$108,000	\$103,290
Totals	\$219,200	\$207,330
Difference		(\$11,870)

6) Department Subcommittee Review of Long Term Library Structure

At the March 22, 2005 meeting, Your Honorable Body took action to eliminate the Library Services Manager of Internal Operations. There is concern amongst Committee members and Library staff that upon the Manager's retirement in five years that this will leave a management void. The City Librarian, Principal Librarian and Sr. Librarians will be most impacted as there are several management duties that will require reassignment including library automation, main library management, and oversight of Reference, Audio Visual and Circulation.

This concern was repeated by the Sr. Librarians during a recent meeting with the Community Services Director. Therefore, the Community Services Director, Steering Committee, and Sr. Librarians ask that the City Council approve a one year review period that would allow for further study to address this issue. The Community Services Director would establish a Department Subcommittee comprised of Library and Administrative staff to conduct the study. Their analysis would result in recommendations on the appropriate classification level of the Principal Librarian position, and the potential need for two Principal Librarian positions rather than one. Any modifications to the long term organizational structure of the Torrance Public Library suggested by the Subcommittee would be returned to the City Council, complete with a funding strategy, within the one year review period.

The Community Services Director and the Steering Committee recommend moving forward with the Community Services Department consolidation with revisions as noted and returning in one year with a recommendation from the Community Services Department Subcommittee on a proposed long term organization structure for the Torrance Public Library.

Respectfully submitted,

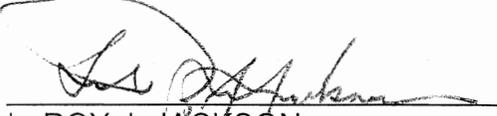
GENE BARNETT
Community Services Director

By: 
Michael Witzansky
Sr. Administrative Analyst
Steering Committee Member

CONCUR:


GENE BARNETT
Community Services Director


MARY GIORDANO
Assistant City Manager
Chair, Steering Committee


LeROY J. JACKSON
City Manager

- Attachments: A) Revised Costing Proposals
B) Letter from TPPREO 4/8/05
C) 3/22/05 City Council Item
D) 3/1/05 City Council Item

GB:MW:gmb:Community Services Dept/Consolidation 05-24-05 ci

Council Meeting of
October 11, 2005

Honorable Mayor and Members
of the City Council
City Hall
Torrance, California

Members of the Council:

SUBJECT: Memoranda of Understanding for Wages, Hours and Working Conditions and changes to short and long term Disability and Life Insurance coverage for General Employees and approve certain budget modifications

RECOMMENDATION

It is the recommendation of the City Manager that the City Council:

- Concur with the Memorandum of Understanding and adopt respective Resolutions for each of the following: Torrance City Employees Association; Torrance Engineers; Torrance Fiscal Employees Association; Torrance Library Employees Association; Torrance Municipal Employees-AFSCME Local 1117; Torrance Professional and Supervisory Association; Torrance Professional Parks and Recreation Employees Organization; and
- Concur with changes to Short-Term Disability, Long-Term Disability, and Term Life insurance coverage for certain General Employees; and
- Concur with certain Budget Modifications to provide additional funding for approved MOUs and appropriate from the wage reserve for cost of agreements; and
- Designate use of year-end carry over funds for the one-time cost provisions related to the MOUs.

Funding

\$305,600 (recurring)
\$800,000 (one-time)

BACKGROUND

Concurrence in Memoranda of Understanding with certain General Employee organizations

The City has arrived at a Memorandum of Understanding (MOU) with the following organizations:

Torrance City Employees Association
Torrance Engineers
Torrance Fiscal Employees Association
Torrance Library Employees Association
Torrance Municipal Employees-AFSCME Local 1117
Torrance Professional and Supervisory Association
Torrance Professional Parks and Recreation Employees Organization

These agreements call for a 5% increase to wages effective December 25, 2005, an additional 1/2 holiday for both Christmas Eve (making it a full day holiday) and New Year's Eve (making it a full day holiday). The agreements are for 20 months ending February 28, 2007.

It is recommended that the City Council concur with these MOUs and adopt the implementing resolutions.

Concurrence to changes in the short-term disability, long-term disability and term life insurance coverage for certain General Employees to be effective October 15, 2005

The City has obtained quotes for these insurance elements for General Employees other than those employees represented by TME-AFSCME. It is recommended that the City Council authorize agreements with Mutual of Omaha for STD and LTD coverage with a 14-day waiting period for commencement of benefits and for Term Life Insurance with a \$50,000 face value. Life Insurance coverage will be increased in relationship to saved premium dollars, if any, reflected in these quotes.

Concurrence in Budget Modifications to provide additional funding for approved MOUs and appropriation from the wage reserve for cost of agreements.

The City has arrived at wage agreements with most of the City's employee organizations. These agreements have been achieved through a process of meet and confer and have resulted in changes in compensation and benefits which will assure effective recruitment and retention of a qualified workforce. These agreements also provide for an appropriate wage and benefit package for our current employees.

In order to provide funding for these agreements it is necessary to appropriate funds from the wage and benefit reserve: to increase the reserve by \$305,600 through budget modifications; and, to set aside anticipated year-end savings for one-time expenditures. Proposed budget modifications make use of current vacant positions; reallocates staffing to maintain and possibly enhance the efficiency and effectiveness of the organization; and, defers a previously approved budget action to the next two-year budget cycle. Recommended budget modifications avoid layoffs and minimize the impact to service levels provided by the City.

ANALYSIS

The recommended modifications to the 2005 - 2007 General Operating Budget to provide required additional funding of \$305,600 are as follows:

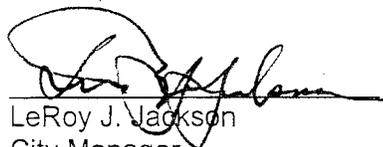
Eliminate 1 vacant position of Building Maintainer	\$75,400
→ Will affect response time to building maintenance; however, position has been vacant for an extended time and adjustments have been made	
Reallocate 1 Building Maintenance Supervisor from General Fund to 80% Capital Fund and assign incumbent to project management – contractors	\$98,600
→ Remaining Building Maintenance personnel will be immediately supervised by the Senior Building Maintainer who will report directly to the Facility Services Manager. This will allow Building Maintenance Supervisor to focus on larger ongoing maintenance projects.	
Reassign Custodial personnel to day shift (delete premium)	\$12,000
→ Explore possible overlapping 4/10 schedule through meet and confer	

Reallocate 5 Library Assistant 1 positions to part-time positions	\$40,000
→ Change in full-time Library Assistant I positions to 2.5 part-time Library Clerk II and 10 Library Clerk I positions, which will allow for more effective assignment of personnel. This change would be phased in over the 2-year budget period as attrition occurs. (There is currently 1 Library Assistant vacancy.) Implementation subject to meet and confer.	
→ Provide benefits for 5+ year part-time employees through meet and confer	
Defer implementation of Deputy Public Works Director position to next 2-year budget	\$70,000
→ Deputy Public Works Director	
• The Deputy Public Works Director position is substantially funded through the General Fund. The broad managerial responsibilities of this position would be allocated to other managerial positions in the department. The role of City Engineer would be assigned to a Project Engineer who would receive a premium while so assigned.	
Eliminate Carpenter/Puppet Programs	\$ 9,600
→ The reduction would eliminate the Department's mobile recreation program that provides children craft and puppet activities at different City parks during the summer season.	
	<hr/> \$305,600

The City Manager has also provided a series of alternative budget reductions in Attachment A for Council's consideration on funding options. Alternatives, however, must total \$305,600 or more in order to provide the necessary funding to offset the added cost of the approved Memoranda of Understanding.

Finally it is recommended that \$800,000 be designated from anticipated year-end carry over from FY 2004-05 to be used for additional funding requirements related to one time expenditures associated with these agreements.

Respectfully submitted,


LeRoy J. Jackson
City Manager

LJJ/dle

- Attachments:
- A) Remaining Budget Modifications from previous budget discussions
 - B) Council Item/Supplemental of June 21, 2005 re: Adoption of 2005-07 Operating Budget
 - C) MOU for Torrance City Employees Association
 - D) MOU for Torrance Engineers
 - E) MOU for Torrance Fiscal Employees Association
 - F) MOU for Torrance Library Employees Association
 - G) MOU for Torrance Municipal Employees-AFSCME Local 1117
 - H) MOU for Torrance Professional and Supervisory Association
 - I) MOU for Torrance Professional Parks and Recreation Employees Organization
 - J) Council Item of August 9, 2005 re: Disability & Life Insurance

Council Meeting of
October 11, 2005

SUPPLEMENTAL

Honorable Mayor and Members
 of the City Council
 City Hall
 Torrance, California

Members of the Council:

SUBJECT: Supplemental Material to Agenda Item 11B

The following presents a clarification in the number of part-time positions proposed for the Community Services budget modification, and a clarification in the timeframe of the transfer of the General Services Building Maintenance Supervisor to Capital Projects.

Community Services:

Reallocate 5 Library Assistant 1 positions to part-time positions \$40,000

- Change 5 full-time Library Assistant I positions to 5 part-time (2.5 F.T.E.) Junior Library Clerk II positions and 10 part-time (5.0 F.T.E.) Junior Library Clerk I positions, which will allow for more effective assignment of personnel. This change would be phased in over the 2-year budget period as attrition occurs. (There is currently one Library Assistant I vacancy.) Implementation subject to meet and confer.
- Provide benefits for 5+ year part-time employees through meet and confer.

General Services:

Reallocate until the next 2-year budget 1 Building Maintenance Supervisor from General Fund to 80% Capital Fund and assign incumbent to project management /contractors \$98,600

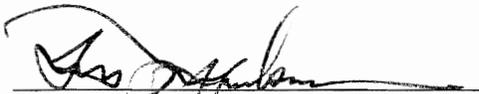
- Remaining Building Maintenance personnel will be immediately supervised by the Senior Building Maintainer who will report directly to the Facility Services Manager. This will allow Building Maintenance Supervisor to focus on larger ongoing projects.

Respectfully submitted,

LeROY J. JACKSON
 CITY MANAGER

by 
 Mary Giordano
 Assistant City Manager

CONCUR:


 LeRoy J. Jackson
 City Manager

MKG/LJJ/de