



**Town of Paradise
Council Agenda Summary
Date: November 12, 2019**

Agenda Item:

Originated by: Gina S. Will, Administrative Services Director/Town Treasurer
Approved by: Lauren Gill, Town Manager
Subject: 2019/20 Operating and Capital Budget Update

Council Action Requested:

1. Adopt Resolution 19 __ approving the amended position control and salary pay plan for the 2019/20 fiscal year; and
2. Authorize flexibility in the hiring of up to two engineers and revised job classification descriptions; and
3. Approve job classification descriptions inadvertently left off September 10, 2019 classification study agenda summary (descriptions starting with C, Management Analyst I/II and Police Officer); and
4. Approve recommended budget adjustments; or

Alternatives:

Approve alternative personnel and budget adjustments or request additional information.

Background:

It is a best practice of the Town of Paradise to adopt the Capital and Operating Budget for the next fiscal year prior to, June 30th, the end of the fiscal year. However, the Camp Fire of November 2018, and the financial impacts that were caused, required additional time to compile a meaningful budget by the normal deadline. The 2019/20 Budget was adopted August 13, 2019.

On September 10, 2019, Town Council accepted a Classification and Total Compensation Study which was incorporated into a negotiation settlement with all employee bargaining groups. It is also an important tool in recruiting and retaining mission critical personnel.

As the Town's finances and budget is evolving quickly, staff will prepare budget updates frequently to keep the Town Council and the community informed on the most significant changes.

Discussion:

Personnel

Competitive salaries is generating interest in current vacancies, but the regional housing and skilled worker shortage created by the Camp Fire continues to make hiring a challenge. Following is the list of previously authorized positions for which the Town is actively recruiting:

Position	Status
Housing Program Technician	Function currently supported through contracted temporary hire
Maintenance Worker II	New vacancy as of 11/01/19
Senior Mechanic	New vacancy as of 10/15/19 – temporary outsource repairs and maintenance
Police Officers (3)	Recruitment, backgrounds and trainees in progress
Police Sergeant	Recruitment in progress
Public Works Director/Town Engineer	1 st Interview complete

In addition to the Classification and Compensation Study completed by Koff and Associates, Town Council approved an Organizational Study. That Study has officially started, but will take four to five months to complete as it will attempt to provide staffing recommendations based on current and projected needs. It will identify quantitative metrics for key functions that will be compared to other Cities in order to identify staffing requirements.

It is already known that every department in the Town has been impacted by the Camp Fire. For example, activities within Building Safety and Wastewater have increased 1200%. This has a ripple effect throughout the organization especially in the administrative functions. While, it is important that the Organizational Study be completed before any major staffing adjustments are implemented, there are a few key positions that staff recommends authorizing in order that grants and recovery can continue to move forward. They are as follows:

Position	Funding Source	Description
Associate Planner	Planning & Building Safety Wastewater	Work on general plan update and development ordinances
Code Enforcement Officer II (Hourly/Part Time)	Business & Housing Grants	Identify homes and properties with code enforcement issues
Management Analyst	General Fund	Support Town Manager & Administrative Services while Senior Management Analyst focuses on Grants & Recovery Projects

Police Administrative Sergeant	General Fund	In Lieu of 2 nd Lieutenant, assists with supervision of junior officers and administration
Procurement Officer	Proportionally Shared by All Funds	Implement centralized purchasing for commodities and services above \$10,000 including contract management

Also, the Town successfully recruited a pool of candidates for the Public Works Director/Town Engineer position. Initial interviews have been completed and as the Town moves into next steps, staff seeks authority for flexibility in the hiring. Ultimately, Town staff believes during recovery, two engineers are needed for the multitude of projects to be developed and supervised. One engineer to lead projects related to street restoration and capital improvements, and one to lead town facility replacement and public works. Most of the personnel costs associated with these positions will be charged to the projects they are overseeing. This budget adjustment conservatively assumes the expenditures without the reimbursements for now. Depending on the qualifications and experience discovered during further interviews and the background process, the following different hiring scenarios are requested for authorization:

Scenario 1*	Scenario 2	Scenario 3
Hire Public Works Director & Hire Director of Engineering	Hire Public Works Director/ Town Engineer & Hire Assistant Engineer or Hire Associate Engineer	Hire Public Works Director/ Town Engineer
Same Classification	Different Classifications depending on qualifications	One classification
One to Lead Public Works & One to Lead CIP & Recovery	One to Lead all projects and delegate tasks to Assistant or Associate	Wait to hire additional support until new Public Works Director/Town Engineer has a chance to develop a staffing plan

*included in the salary pay plan

In addition to the positions discussed above, the Salary Pay Plan attached for review and approval includes the following amendments:

- Administrative Assistant (Police) – increase hours from 36 to 40 per week
- Code Enforcement Officer II (Hourly/Part Time) – match hourly rate of full time Code Enforcement Officer II
- Police Officer Trainee – per compensation study, increase hourly rate to 15% below police officer

This salary pay plan authorizes 59.86 full time equivalent employees (FTE) and estimates that 53.26 FTE will be achieved for the 2019/20 fiscal year. For perspective, 67.98 FTE were authorized for 2018/19 and 68.08 FTE for 2017/18.

Finally, some classification descriptions were inadvertently left off the September 10, 2019 classification and compensation study agenda summary. They have been attached to this agenda summary and are requested for approval.

1010 - General Fund

A complete budget performance report is attached for review. The most significant general fund budget developments and recommended adjustments are indicated below.

Revenue:

- Real Property Transfer Taxes are trending about \$14,500 higher than estimated.
- The Town received a \$3.2 million advance against its \$5 million insurance settlement for lost tax revenue. It is estimated to use \$129,053 less than budgeted for 2019/20 in order to maintain cash flow reserves, but will need to request another \$370,044. Following is a summary of remaining insurance:

\$5,000,000 lost tax insurance proceeds
(741,084) estimate used in 2018/19
(2,866,005) estimate used in 2019/20
\$1,392,911 balance remaining

- The SAFER grant will reimburse the Town about \$241,459 in 2019/20 for four firefighters.
- CDD Planning Temporary Use Permits will generate about \$27,000 more than expected.
- Engineering fees, especially lot merger reviews, will generate about \$9,000 more than expected.

Expenditures:

- Measure C Budget
 - The purchase and equipping of three police vehicles out of last year's Measure C budget was not finalized by the end of the year. \$22,851 of the expense will be carried over to the 2019/20 fiscal year.
 - It is estimated that Animal Control Services will use an additional \$49,502 to maintain staffing and operations during 2019/20.

- Town Management and Administrative Service functions will be about \$268,000 more due to personnel negotiations settlements and the personnel changes requested above.
- Police Administration, Operations and Communications will be about \$192,938 more due to personnel negotiations settlements and the personnel changes requested above.
 - Police administration authorized positions are fully staffed and consist of a Chief, a Lieutenant, and an Administrative Assistant.
 - The goal for Police Operations was to have 11 police officers; it is expected that 8.83 officers will be realized for the fiscal year. It is requested to move from 4 to 5 authorized sergeants. The 5th sergeant will provide additional supervision to the inexperienced officers and will also provide administrative support for the Chief and Lieutenant in lieu of a 2nd Lieutenant. Of the 5 authorized sergeants it is estimated that 4.09 FTE will be realized.
 - The Communications division is down to a Support Services Supervisor, a Property & Evidence Technician, and 1 Public Safety Dispatcher. The dispatch function is in the process of being fully transitioned to the Butte County Sheriff. The remaining employees are critical to the records management portion of the police department.
- Fire Administration, Suppression and Volunteers will be about \$98,062 more than expected.
 - 37,416 less than expected after personnel negotiation settlements and as CalPERS expenses are reallocated based on authorized positions.
 - After further discussions with U.S. Department of Homeland Security regarding the SAFER award, there will be less savings to the budget than originally believed. While the award includes a non-supplanting waiver, it only allows supplanting of dollars not positions. "SAFER grant funds may be used to replace funds that would be available from State or local sources."

At the time of award, Fire Suppression had 14 filled positions and 1 vacancy. With the 4 firefighters from the SAFER grant, the department will be required to maintain 18 positions for three years. 1 of the SAFER firefighters will be used to fill the vacancy creating about \$200,000 per year of savings. The other 3 SAFER firefighters will be used, as much as possible, to backfill behind training days, vacations and sick leave. This is estimated to save about \$150,000 per year.

Most importantly, the SAFER grant will allow the department to be even more proactive with fire prevention. They will have more resources to do community outreach and education on defensible space requirements. They can assist code enforcement with identifying hazardous properties.

The added cost of \$135,478 for the 2019/20 fiscal year is offset by the \$241,459 in reimbursements that the Town will receive.

- Community Development functions will be about \$15,286 more due to personnel negotiations settlements and the personnel changes requested above.
- Public Works functions will be about \$67,673 more due to personnel negotiations settlements and the personnel changes requested above.

Ending Fund Balance and Reserves:

- The Town will maintain general fund cash flow reserves of \$1.55 million and a Measure C contingency reserve of \$962,000.

2030 – Building Safety and Wastewater Services

A complete budget performance report is attached for review. The most significant building safety and wastewater services budget developments and recommended adjustments are indicated below.

- Revenues are trending to be about \$907,000 more than the original conservative estimates as follows:

	2019/20 Budget	2019/20 Actual to Date	2019/20 Proposed Budget	2019/20 Budget Adjustment
Plan Checks	700,000	497,349	1,000,000	300,000
Building Permits	650,000	602,953	1,200,000	550,000
Onsite Alterations	8,000	11,648	15,000	7,000
Fire Code Inspections	50,000	67,874	100,000	50,000

- As a reminder, North Valley Foundation Butte Strong Fund provided a grant of \$1 million to offset the cost of permit fees to citizens rebuilding. It pays half of the permit fees up to \$3,500. Through October 28, 2019, citizens have used \$544,723 for 291 permits.
- Expenditures are trending about \$1,009,980 higher.
 - \$78,105 is a result of personnel negotiation settlements and recommended personnel changes indicated above
 - \$931,875 is an increase in the professional service contract associated with plan checks and building permits.
- As a result of these recommended adjustments, the ending fund balance/reserves will be reduced to about \$1.07 million.

2070 – Animal Control Services

A complete budget performance report is attached for review. The most significant animal control services recommended adjustments are associated with the personnel negotiation settlements which amount to an increase of about \$50,913. It will take an additional contribution from Measure C of \$49,502 in order to balance the fund and maintain operations.

2090 – Camp Fire Recovery

A complete budget performance report is attached for review. The most significant camp fire recovery budget developments and recommended adjustments are indicated below.

- Early on, the Town received a \$5 million advance against its claim for FEMA/Cal OES public assistance. The Town will use about \$32,500 less this fiscal year than originally expected. An accounting of the use of funds is indicated below:

\$5,000,000 advance on public assistance
(1,879,165) estimated use 2018/19
(1,041,405) estimated use 2019/20
\$2,079,430 remaining balance

- The Town has received \$2.5 million as an advance, so far, against its property loss insurance claim. It is expected to receive about \$500,000 more this fiscal year for property repairs and replacements as shown below:

\$2,497,617 advance on insurance claim
(1,169,693) estimated use 2018/19
(1,800,275) estimated use 2019/20
(\$472,351) additional insurance claim

- The Town used and received \$549,623 in 2018/19 and \$100,904 in 2019/20 from the North Valley Foundation Butte Strong Fund to develop a recovery plan for communication assistance, for animal control and shelter needs, and to study road conditions.
- The Town will use approximately \$125,277 in 2018/19 and \$219,427 in 2019/20 of donations as a match for the public assistance grant.

2120 – Gas Tax/Street Maintenance

A complete budget performance report is attached for review. The most significant gas tax developments and recommended adjustments are indicated below.

- Street maintenance staffing will be about \$102,897 more due to personnel negotiations settlements and the personnel changes requested above. It should be noted that a portion of this is likely to be reallocated to grant and insurance funded projects as that work is completed.

- Staff recommends increasing the professional services account by \$38,050 in order to allow additional time for the contract engineer to support the function and to allow adequate time for handoff of projects and workload to any newly hired personnel.
- The ending fund balance reserve for the gas tax fund is reduced to \$427,711 for now. There is still adequate funds to support the future Downtown Gap Closure project.

2160 – Business and Housing

A complete budget performance report is attached for review. The most significant business and housing recommended adjustments are related to personnel negotiations settlements and the personnel changes which amount to \$78,158. The fund is expected to end the fiscal year with an ending fund balance of about \$194,000.

Fiscal Impact:

The Town is slowly building a financial bridge for Camp Fire recovery. It is pushing forward with important recovery projects, but keeping adequate reserves to maintain operations until the PG&E settlement is received.