



AGENCY: City Council
MEETING DATE: October 26, 2020
DEPARTMENT: City Manager
PRESENTED BY: Tabatha Miller
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AGENDA ITEM SUMMARY

TITLE:

Receive Report and Provide Direction to Staff on Benefits and Costs of Approving Police Captain and Finance/Administrative Services Director Positions

ISSUE:

At the October 13, 2020 City Council meeting, the Council reviewed and approved the fifth budget amendment for FY 2020-21. In the staff report supporting that amendment was the suggestion that City Council consider adding funding for two additional staff positions – an Administrative Services/Finance Director and a Police Department Captain.

Both positions provide for a level of succession planning that does not exist with the current staffing levels. An Administrative Services/Finance Director would replace two open but unbudgeted director positions with one and is a position that could serve as Acting City Manager and potentially a replacement City Manager, if needed. The Captain position provides a higher level of support to the Interim Police Chief and could provide an in-house candidate when a recruitment is necessary to permanently fill the Chief position.

ANALYSIS:

Over the last two and half years, the City has continued to reduce staffing levels in order to balance the City's General Fund Budget. Slow growth in sales tax and Transient Occupancy Tax (TOT) has not kept pace with the double digit increases in CalPERS pension costs, insurance costs, cost of living and salary increases for Fort Bragg Police Association employees and cost of living increases for Fort Bragg Employee Organization employees. The following positions have been eliminated or frozen in that time period:

Frozen and Eliminated positions include:

- Fifth Sergeant Position, that had been added to cover extended medical leave
- Community Safety Officer, upon promotion to Police Officer
- Finance Director, upon resignation
- Systems Analyst – Lead, upon resignation
- Community Development Director
- Assistant Public Works Director
- Administrative Services Director
- Police Department Lieutenant
- Police Department Administrative Supervisor
- Two (2) Maintenance Worker I positions
- All seasonal positions

While all departments have been impacted by the reductions, management positions as a percent of total labor have been impacted more than non-management positions. These

positions are typically higher paid and therefore have a bigger impact on the budget. Up to a point, management positions typically have less of an impact on direct services to the public but created less opportunities for succession planning and growth or promotional opportunities for staff going forward.

Overall, the Citywide staffing levels have decreased by 17% in the last two and half years, City Hall staffing levels are down 24% and the Police Department is down 10%, which includes a current open position of one Police Officer, which we anticipate will be filled with a Community Services Officer (CSO) who we anticipate will be attending the next available police academy. This will in turn create an opening for a CSO.

The chart below compares the additional annual costs to fund a Finance/Administrative Services Director and a new Police Captain.

Position	Wages	Benefits*	Pension Regular**	Unfunded Pension**	Total
Finance/Administrative Services Director	\$ 128,072	\$ 37,365	\$ 11,345	\$ 12,291	\$ 189,072
Police Captain (add position)	\$ 130,807	\$ 46,871	\$ 22,219	\$ 24,944	\$ 224,840
Police Captain (replace one Sergeant)	\$ 14,519	\$ 8,475	\$ 3,966	\$ 8,390	\$ 35,350

**Assumes full family health insurance benefits.*

*** Pension costs assume that position filled by vested Classic employee and that 1/3 of unfunded pension costs will become a city liability for current service.*

If the Council provides direction to hire a Finance/Administrative Services Director and to add a new Police Captain position, the annual impact to the General Fund budget is just under \$414k. This scenario assumes that the positions are filled with experienced candidates, who qualify for family health insurance and the more expensive Classic Miscellaneous or Classic Safety pension plans. The unfunded pension liability is an aggregate amount calculated by an actuarial. The estimate here makes the assumption that an experienced employee comes to the City about two-thirds of the way through their work career and spends the final third of their career working for Fort Bragg. These figures are conservative and assume the costliest benefits packages.

The second alternative and likely the one that fits within the City’s existing budget constraints would allow for hiring a Finance/Administrative Services Director and replacing one of the current Sergeant positions with a Captain position. The total annual cost of this option is \$224k. One additional cost consideration is that once a permanent Police Chief is hired, the City will need to increase the budget to account for benefits paid on behalf of the Police Chief. Chief Naulty’s status as a CalPERS retired annuitant provides that we only pay him an hourly wage consistent with that established for the permanent position. Health insurance, pension contributions and paid time off in the form of vacation and sick time are not included in his compensation. The estimated annual cost of these benefits is \$94k.

If the City Council provides direction to approve and fund the positions during the current FY 2020-21 budget year, the estimated cost (prorated six months) of the additional positions with a hire date of January 1, 2021 is provided on the next page:

Position	Total Prorata Cost
Finance/Administrative Services Director	\$ 94,536
Police Captain (add position)	\$ 112,420
Police Captain (replace one Sergeant)	\$ 17,675

The City's current General Fund projected surplus is \$360,000. If the City Council provides direction to hire the Finance/Administrative Services Director and add the Police Captain position the impact on the budget is an increase of \$207k. This would reduce the projected surplus to \$153k. If the second option, to hire the Finance/Administrative Services Director and replace one Sergeant with a Police Captain, is the direction provided, the impact to the budget is a total of \$112k, resulting in a projected surplus of \$247k for FY 20-21.

RECOMMENDED ACTION:

Staff recommends that City Council provide direction to fund a Finance/Administrative Services Director and replace one Sergeant with a Police Captain with a projected hire date of January 1, 2021.

ALTERNATIVE ACTION(S):

1. City Council could provide direction to add the Police Captain and Finance/Administrative Services Director positions.
2. City Council could propose alternative hire dates for any of the three possible positions, including postponing the hires until the new fiscal year (July 1, 2021) or contingent on a certain set of financial conditions, such as revenues meeting FY 2018-19 or higher levels.
3. City Council could choose not to approve any or all of the proposed positions.

FISCAL IMPACT:

Each hiring scenario will have a separate fiscal impact to the current FY 2020-21 budget and the ongoing budgets as outlined below:

Position	FY 20-21 Impact	Annualized Impact
Finance/Administrative Services Director	\$ 94,536	\$ 189,072
Police Captain (add position)	\$ 112,420	\$ 224,840
Police Captain (replace one Sergeant)	\$ 17,675	\$ 35,350

GREENHOUSE GAS EMISSIONS IMPACT:

Hiring staff positions by itself will not impact greenhouse gas emissions.

CONSISTENCY:

The proposed budget amendment is consistent with City Council direction to maintain an operating surplus in the General Fund at least in the current year. If the option to add the Police Captain and the Finance/Administrative Services Director is selected, it may have negative budget consequences on future budget years, especially when the additional costs to fund a permanent Police Chief are factored in.

IMPLEMENTATION/TIMEFRAMES:

The staff recommendation is to target a hiring date of January 1, 2021 but the City Council may provide alternative direction.

ATTACHMENTS:

N/A

NOTIFICATION:

N/A