



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE: May 3, 2016**
FROM: HUMAN RESOURCES DEPARTMENT **WARDS: ALL**
SUBJECT: BUDGET PRESENTATION FROM THE HUMAN RESOURCES DEPARTMENT

ISSUE:

The issue for City Council consideration is to receive and provide input on a budget presentation from the Human Resources Department about 1) current and historical operations; 2) FY 2016/17 recommended reductions; and 3) unfunded challenges for fiscal years (FY) 2016/17 and 2017/18.

RECOMMENDATIONS:

That the City Council receive and provide input on the Human Resources Department's 1) current and historical operations; 2) FY 2016/17 recommended reductions; and 3) unfunded challenges for fiscal years (FY) 2016/17 and 2017/18.

BACKGROUND:

The Human Resources Department, with a total of 30 FTE's, is responsible for Benefits Administration, Classification and Compensation, Employee and Labor Relations, Recruitment and Selection, Safety, Training and Development and Workers' Compensation. Additionally, the Department administers the Municipal Volunteer Program and the Municipal Internship Program. The Department's focus for the upcoming year will be to concentrate on the Department's infrastructure, compliance with federal and state laws, customer service and quality of service.

To measure performance of its key services, the Human Resources Department analyzes the average number of days it takes to hire an employee from the day a requisition is submitted. Additionally, the department measures the number of live scans processed for hire and sent for pre-employment physicals. In addition, the attendance and compliance rates of training are monitored to ensure resources are dedicated and not wasted. The Employee and Labor Relations Division evaluates the number of grievances filed, complaints filed, disciplinary actions, meet and confers, leave of absences and ADA cases. The Human Resources Department continues to resolve most grievances at the informal level.

Additionally, the citywide performance evaluation compliance rate is tracked across the organization. The metrics used to evaluate classification and compensation are useful in ensuring competitiveness for recruiting, retaining and motivating our employees. Lastly, Workers' Compensation claims are measured for consistency and correlating past claims with current claims in an effort to predict future outcomes.

Accomplishments

The Human Resources Department has accomplished many goals over the last fiscal year. The Benefits Division implemented the State mandate to offer paid sick leave to temporary employees effective July 2015, and revised related Human Resources Policies and Procedures and Fringe Benefit and Salary Resolutions. The Recruitment and Selection Division redesigned the talent acquisition process to remove unnecessary steps of the hiring process. The Employee and Labor Relations group, in collaboration with the City's executive management, began negotiating successor agreements with labor bargaining units. In addition, the Human Resources Department successfully launched Business Writing 101 and Customer Service Training (in partnership with Public Utilities) for all City employees. The Administration Division completed a conversion of over 300 Non-Classified positions back to the Classified Service. The most complex accomplishment was the implementation of a new Workers' Compensation System (SIMS) to update and improve claims handling and processes.

Initiatives

Future initiatives for the Human Resources Department include: 1) implementation of a voluntary Short-Term Disability Plan for all non-represented employees; 2) implementation of a voluntary legal services benefit for employees; 3) leading customer service training for all City employees; 4) implementing a new employee evaluation tool; 5) completing and implementing labor agreements; 6) automating the position change and hiring process; and 7) enhancing the recruitment and selection process to attract qualified candidates to the City of Riverside. The Human Resources Department will also continue to maintain and update salary schedules as required by the Fringe Benefit and Salary Plan and Memorandum of Understanding changes. Additionally, the Department will continue to work closely with representatives from employee organizations in resolving employee matters. Lastly, the Human Resources Department will develop a schedule for tracking policy and procedure updates for future review and adoption.

Overview of Prior and Current Financials

HUMAN RESOURCES	FY 2013-14 Actuals		FY 2014-15 Actuals		FY 2015-16 Adopted Budget	
Division Operational Expenditures	\$	FTEs	\$	FTEs	\$	FTEs
Administration	\$ 748,590	5.00	\$ 695,506	4.00	\$ 2,745,264	25.00
Benefits	\$ 6,132,986	8.25	\$ 5,774,714	9.25	\$ 5,794,229	5.00
Safety	\$ 176,666	2.25	\$ 158,192	2.25		
Training	\$ 200,776	1.00	\$ 113,757	1.00		
Recruit/Sel	\$ 689,380	8.25	\$ 482,337	6.25		
Employee / Labor Relations	\$ 309,926	3.25	\$ 450,100	5.25		
Totals	\$ 8,258,324	28.00	\$ 7,674,606	28.00	\$ 8,539,493	30.00

For FY 2015-16 the major changes for the Human Resources department include:

- Moving from six divisions to two divisions for the purpose of consolidated accounting for the department and continuous reassignment of staff. All accounts within the Human Resources Department have been preserved.
- Increased costs are generally associated with the addition of two positions (Principal Human Resources Analyst and Senior Human Resources Analyst).

Departmental 4% Reduction Measures and Managed Savings

During the development of the FY 2016-2018 two-year budget, the Finance Department

estimated the City would have a structural shortfall in the General Fund of approximately \$10 million to \$12 million. To address the issue, each department was asked to reduce their General Fund operational budget by 4%. This amount is in addition to the Department's annual managed savings target. A managed savings target represents the amount of money the department has historically saved each year. Examples of managed savings include vacancy savings and better pricing on professional services that expected. Typically, departments have been left to manage their budget to determine how these managed savings amounts would be achieved; however, given the need to reduce 4% of the Department's operating budget, it is imperative a plan to realize the managed savings target is provided.

For the FY 2016-18 two-year Budget, the Human Resources Department has the following 4% reduction and managed savings targets:

- \$128,026 (4% reduction)
- \$100,000 (managed savings)

4% Reductions:

In order to achieve 4% savings (\$128,026) of the Department's General Fund operational budget, the following measures may be needed:

- Delay the hiring process of one vacant Senior Human Resources Analyst (Classification and Compensation) (\$128,026)
 - This specific reduction may result in service impacts citywide as the Human Resources Department will be unable to conduct classification studies and salary reviews for all positions.

Managed Savings:

In order to achieve the Department's managed savings target (\$100,000) for the General Fund, the following measures may be needed:

- Delay the hiring process for one vacant Senior Human Resources Analyst (Training and Development) (\$100,000)
 - Delaying the hiring process for this budgeted position will result in service impacts to internal staff as the Human Resources Department will be unable to formulate the training program.

Critical Unfunded Needs

Priority Level	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21
Highest	\$ 153,504	\$ 165,968	\$ 165,968	\$ 165,968	\$ 165,968
High	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000
Important	\$ 283,694	\$ 214,640	\$ 214,640	\$ 214,640	\$ 214,640
Grand Total	\$ 517,198	\$ 460,608	\$ 460,608	\$ 460,608	\$ 460,608

Staffing is the highest critical need for Human Resources as the Department's priority for the upcoming fiscal year will be to focus on customer service and quality of service. In March 2013, the Human Resources Department merged the Senior Office Specialist classification with the Human Resources Specialist classification. This action negatively impacted the Department as the Human Resources Specialist is a para-professional classification which resulted in analysts and managers performing entry level duties in addition to their professional level duties. The Department is requesting four entry level Office Specialists that will be responsible for a variety of general clerical duties.

In addition, two part-time hourly Examination Proctor positions are being requested to relieve the department analysts of proctoring written and performance examinations. This will enable the analysts to remain occupied with professional level duties.

The currently vacant Principal Human Resources Analyst position will serve as the Workforce Development Manager. The recruitment for this position has been put on hold as part of addressing the City budget challenges in fiscal year 2015-16. This position, when hired, will develop a variety of training initiatives that will include providing our employees with a world class customer service program. The current budget allocated for the city-wide employee training program is \$20,000. In an effort to continue to develop new training initiatives and fund mandatory safety trainings, Professional Advancement Career Enhancement (PACE) and M3P the Department is requesting a \$40,000 increase, in each of the two years, to the citywide training account.

The City is committed to developing its workforce. Our current tuition reimbursement allocation for the City fell short of meeting employee requests in the first semester of reimbursement requests. In order to continue to invest in our talented employees and attract and retain future employees the City should increase the education reimbursement program by \$40,000, in each of the next two years, to continue to fund and encourage professional development.

As the Human Resources Department prepares the City and its employees to be the employer of choice, it is requested to add one Human Resources Analyst to serve as the lead for classification and compensation studies to ensure compensation is comparable to our surrounding cities and ensure the organizations structure is internally aligned.

In addition to staffing, the Human Resources Department is requesting \$175,000 to implement a Learning Management Suite in FY 2017/18 and \$100,000 for program maintenance in FY 2018/19 and each year thereafter. The City is committed to developing its workforce and training its employees both for the job they hold, as well as new jobs being created by technology. A Learning Management Suite, will provide the City with a platform to record employee training, skill sets, licenses, certifications, etc. Additionally, it can produce reports that help the City identify employees who have knowledge, skills and abilities that are necessary to fill the voids created by retirements, resignations and terminations. Succession planning assures continuity of service to our customers.

Lastly, it is requested to add \$20,000 total, \$10,000 in each year for FY 2016/17 and 2017/18, for marketing and advertisement campaigns. This will be used for outreach recruitments, job fairs, social media subscriptions, community outreach and executive recruitment efforts.

FISCAL IMPACT:

There is no direct fiscal impact associated with this report; however, as stated above the two-year budget process will include necessary deliberation on the proposed measures to meet both 4% reductions and managed savings targets. Moreover, the unfunded needs discussed above represent fiscal challenges above and beyond these reduction targets.

Prepared by: Brenda Diederichs, Human Resources Director
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availability of funds: Scott Miller, Interim Finance Director/Treasurer
Approved by: Marianna Marysheva-Martinez, Assistant City Manager
Approved as to form: Gary G. Geuss, City Attorney

Attachments:

1. Presentation
2. Department Organization Chart
3. Financial Summaries
4. Unfunded Needs