



City Council Memorandum

City of Arts & Innovation

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: JANUARY 15, 2019

FROM: CITY ATTORNEY WARDS: ALL
FINANCE DEPARTMENT

**SUBJECT: SUPPLEMENTAL APPROPRIATION FOR THE CREATION OF AN
ADDITIONAL FULL-TIME DEPUTY CITY ATTORNEY I NEIGHBORHOOD
LIVABILITY PROGRAM ATTORNEY POSITION.**

ISSUES:

Authorization for a supplemental appropriation for an additional full-time Deputy City Attorney I Neighborhood Livability Program position previously approved by the City Council.

RECOMMENDATIONS:

That the City Council:

1. Consider the funding options provided by the Chief Financial Officer/City Treasurer for the creation of an additional full time Deputy City Attorney I Neighborhood Livability Program position;
2. Amend the Personnel Detail for the City Attorney's Office to add 1.0 FTE for a Deputy City Attorney I position; and
3. Authorize a FY 2018/19 supplemental appropriation in the amount of \$33,807 into the relevant salary expenditure accounts of the City Attorney's Office (130000x-41xxxx), in the Fund corresponding to Council's selected funding option, to fund the salary and benefits for the additional full-time Deputy City Attorney I position.

BACKGROUND:

In June of 2017, the City Attorney established the Public Safety Division of the City Attorney's Office. This Division – in partnership with Police, Fire, Code Enforcement and the community – supports the mission of the City's public safety department partners and pursues effective solutions to community problems to achieve legal compliance, enhance public health and safety, rehabilitate properties, and improve the quality of life in our neighborhoods. Additionally, attorneys in this Division regularly provide legal guidance to the Police and Fire Departments and defend the City and police officers in civil lawsuits alleging civil rights violations.

In order to advance the mission of addressing community livability matters in the City, the City Council unanimously voted 7-0 on October 9, 2018 to hire an additional deputy city attorney to better manage key livability problems and address workload issues. The City Attorney was directed to return to the City Council for a supplemental appropriation to fund the position.

The issue of funding this position was presented to the Budget Engagement Commission on November 29, 2018. At that time, the Budget Engagement Commission voted not to utilize Measure Z funding for this additional position. Although other funding options were presented, the Budget Engagement Commission did not hold a vote to recommend another funding option.

DISCUSSION:

It is anticipated that the new deputy city attorney position will be required to comprehensively and efficiently perform all of the responsible activities involved in solving neighborhood problems, improving public safety, and enhancing the quality of life in Riverside's neighborhoods and business parks. The position will transcend a traditional role and forge partnerships with law enforcement, the community, and various public and private agencies to act as problem solvers. The focus will be on utilizing traditional and non-traditional initiatives and legal solutions to work within a community to prevent nuisance activity and crime.

Filling this newly created neighborhood livability position will enable the City Attorney's Office to effectively pursue the following proposed goals and initiatives:

- Solving problems quicker and more proactively.
- Working with authority of DA's Office to prosecute criminal cases involving livability.
- Greater involvement with RPD neighborhood policing teams.
- Innovating and creating new solutions to community challenges.
- Leading a cannabis enforcement team.
- Pursuing gun violence restraining orders.
- Coordinating street racing eradication efforts.
- Developing Downtown Riverside safety and restorative justice initiatives.
- Maintaining a high level of responsiveness level to RPD as the department grows.
- Preparing for and limiting expected increases in litigation given RPD personnel growth.
- Participating in Homeless Court cases.
- Addressing problems of improper management at certain independent living facilities.
- Educating students on anti-graffiti enforcement to deter illegal conduct.

In the Fiscal Impact section below, the Chief Financial Officer/City Treasure provides the fiscal analysis for funding options and projected costs of each for the City Council to determine which option it will support.

FISCAL IMPACT:

The Finance Department has evaluated the funding options for the creation of the additional position and provides the following:

Projected Position Costs

The Deputy City Attorney I position is anticipated to be hired in March 2019. Personnel costs are ongoing, escalating operating costs and long-term financial impacts must therefore be considered. The projected cost of a Deputy City Attorney I position includes the assumptions applied during development of salary projections for the General Fund's Five-Year Financial Plan:

- Negotiated salary and benefit increases through FY 2020/21;
- Projected Worker's Compensation rates; and
- 5% annual merit increases.

The assumption of a 5% annual merit increase and 1.4% increase in worker's compensation rate is carried through the projections for FYs 2023/24 through 2027/28. Projected annual and cumulative fiscal impact for ten years are presented in the table below.

Fiscal Year	Projected Annual Impact	Projected Cumulative Impact
2018/19	33,807	33,807
2019/20	135,412	169,219
2020/21	145,314	314,533
2021/22	156,570	471,103
2022/23	166,661	637,764
2023/24	177,402	815,166
2024/25	188,835	1,004,001
2025/26	201,005	1,205,006
2026/27	213,959	1,418,965
2027/28	227,748	1,646,713

Funding Option 1: General Fund

The FY 2018-2020 General Fund Two-Year Budget is balanced, with a projected \$1.2 million operating surplus in FY 2018/19 used to offset a projected \$1.2 million operating shortfall in FY 2019/20. Included in the adopted Biennial Budget is an annual projection of \$200,000 miscellaneous revenue generated by the City Attorney's Office (CAO), including attorney fee recovery. Significant operating shortfalls in the General Fund are projected beginning in fiscal year 2020/21. The addition of the new position in the General Fund will increase the projected shortfalls, unless funding for certain programs are redirected to pay for the new position. Alternatively, an additional appropriation from General Fund reserves could be recommended to fund the new position, subject to City Council approval. However, this funding source would reduce General Fund reserves which are currently at 19% and should only be used in critical situations where a one-time funding source is needed and not for ongoing operating costs.

Funding Option 2: Revenue Recovery/Operational Savings

Revenue enhancement and expenditure savings cited by the CAO in the October 8, 2018 report to City Council cannot be validated by the Finance Department; the CAO tracks these amounts on a different basis than that used to record activity in the City's accounting system. Revenue enhancement and expenditure savings may be related to the General Liability Fund, Worker's Compensation Fund, General Fund, or a combination of all three. Revenue savings in the General Fund would be represented in the miscellaneous revenue account assigned to the CAO.

Expenditure savings in the General Fund would be represented in savings in the CAO expenditure budget. Revenue enhancement or expenditure savings in the self-insurance funds would not be available to fund the requested position; those impacts would be reflected as a reduction to insurance rates for all City departments and applicable Funds.

Attorney fee recovery currently enhances miscellaneous revenues in the General Fund and is not directed to a specific program. The FY 2018-2020 Two-Year Budget and the General Fund 2018-2023 Five-Year Financial Plan include an annual projection of \$200,000 miscellaneous revenue generated by the City Attorney’s Office, including attorney fee recovery. The FY 2018-2020 Two-Year General Fund Budget is currently balanced with the inclusion of the revenue generated from the recovery of attorney costs. These funds are already allocated to General Fund operating costs and are unavailable to fund the new Deputy City Attorney I position. The chart below provides a historical budget to actual for the City Attorney’s Office.

Fiscal Year	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
Budget	4,026,513	4,290,391	4,606,894	4,772,023	5,753,658
Actual	3,916,217	3,829,379	3,810,034	3,683,329	4,785,758
Under/(Over) Budget	110,296	461,012	796,860	1,088,694	967,900

Based on historical trends, the City Attorney’s Office annual operating budget could absorb the first year cost of hiring an additional attorney. However, a personnel budget adjustment may be necessary in the following years of budget adoption. Please keep in mind that if the Department does not recover revenues or realize operational savings, the General Fund will experience issues as described in Option 1.

Funding Option 3: Measure Z Fund

The Five-Year Spending Plan (2018-2023) for Measure Z projects annual operating surpluses with the exception of 2019/20. An operating shortfall in 2019/20 is expected to occur due to the issuance of debt to fund capital projects.

In FY 2018/19, Measure Z funds fifty-eight (58) City positions. Within the City Attorney’s Office, a Deputy City Attorney II and a Legal Secretary are currently funded under the “Ward Action Team” spending item. The Measure Z Five-Year Spending Plan will add twenty-seven (27) Police sworn positions and three (3) Fire positions through FY 2021/22. The total cost of incumbent positions is projected to increase approximately 5% annually; this increase exceeds the projected annual revenue increase generated by Measure Z sales tax. For example, in FY 2022/23, when no new positions are added, the cost of incumbent positions is expected to rise \$700,000, as compared to a \$600,000 projected increase in revenue. The difference of \$100,000 will need to be drawn from fund balance, or available funding for other spending priorities will decrease in response to the increase in ongoing personnel costs. Utilizing Measure Z Funds to pay for the position will contribute to the challenges described.

As of June 30 2018, Measure Z has \$12.2 million in savings, currently unallocated for specific spending purposes. Under the current spending plan, Measure Z is expected to achieve fund balance savings of \$27.8 million at the end of FY 2022/23. Please keep in mind that Measure Z Funds depend heavily on economic performance; a prudent level of savings should be maintained to weather economic downturns or years where revenues come in lower than projected. In the event revenues received do not sufficiently cover Measure Z spending, the

General Fund will fund the shortfall. However, the General Fund is projected to be in a deficit as described in Option 1.

Prepared by: Edward Enriquez, Chief Financial Officer/City Treasurer
Gary G. Geuss, City Attorney

Certified as to
availability of funds: Edward Enriquez, Chief Financial Officer/City Treasurer

Approved by: Lea Deesing, Assistant City Manager

Approved as to form: Gary G. Geuss, City Attorney

Attachments:

- 1.) Presentation from City Attorney
- 2.) Presentation from Chief Financial Officer/City Treasurer