

Memorandum

TO: James E. Baker, City Manager
COPY: Laura Fitzpatrick, Deputy City Manager
FROM: Steven Jenkins, Budget Director
DATE: June 13, 2019
SUBJECT: FY 2020 Operating Budget Amendments – Omissions and Technical Corrections

City Council approved as
presented on June 25, 2019

Last month City Council adopted the FY 2020 Operating Budget with two amendments totaling \$13,000. Since releasing the proposed budget, we have discovered a number of errors and omissions along with several issues that were either unresolved or unknown when the FY 2020 budget was released in March. Recommended amendments to Operating Budget are listed here.

- 1. Land Bank Payments** – the budget includes payments of \$3.0 million from the General Fund and the South Norfolk TIF Fund. It does not appear that payments will be made since a bank account has not been established and a Memorandum of Agreement is not completed. The planned payments included \$2.0 million of seed money to establish the Land Bank and \$500,000 to establish a Historic Preservation Grant program. Since these latter funds will not be paid until after June 30, we recommend revising the FY 2020 budget to include them. Practically none of the FY 2019 provision will be spent. (Less than \$2,000 has been spent to date.)
- 2. Juvenile and Domestic Relations Court (Sheriff)** – we recently learned that a new court room is scheduled to open and the Sheriff will need two deputies to provide security. It is necessary to increase the FY 2020 budget for the annual cost to hire the two positions (\$140,500).
- 3. Performance Pay Awards** – Subsequent to development of the budget, the Performance Pay plan was revised to include seasonal and substitute employees who were previously ineligible for performance awards. The method by which allocations were divided among departments also changed from the number of authorized positions to the number of filled positions. While the program changes affect many departments, those with significant numbers of seasonal employees or with a large number of vacancies were impacted the most. We recommend adjustments for the as noted on the next page.

Parks Recreation and Tourism	Increase allocation	\$5,000
Registrar/Elections	Increase allocation	500
Human Services – Juvenile Center	Increase allocation	1,500
Sheriff Department	Increase allocation	2,000
	Total increases	\$9,000
Public Works	Decrease allocation	\$5,000
Police Department	Decrease allocation	2,000
Integrated Behavioral Health	Decrease allocation	2,000
	Total decreases	\$9,000

4. **Corrections to Programmatic Budget Information** – detailed budget information was misstated for the following departments: (a) Parks, Recreation, and Tourism, (b) Public Utilities, (c) Public Works, (d) Police, (e) Chesapeake Integrated Behavioral Healthcare, and (f) Information Technology. While budget totals and other information of the affected departments were correctly stated, the budget by program included errors. This correction has no impact on the city’s total budget.
5. **Parks and Recreation – Allocation of Administrative Costs** – there is an error in the allocation of administrative costs among Parks and Recreation programs. Approximately \$25,000 was allocated to Before/After School programs that should have been distributed among the other programs of the department. Increases to other programs range from \$215 for Chesapeake Arboretum to \$6,769 for Housekeeping services. While individual programs of the department will change, the total of the department’s budget remains unchanged.
6. **Finance Office – Correction to Risk Management** – allocation of administrative costs to Risk Management was inadvertently omitted. While direct risk costs are included in the Risk Fund budget, it should also have included administrative and supervisory costs that traditionally were absorbed by the General Fund. We recommend amendment of the budget to allocate \$76,018 of wages and benefits from the Finance Office (Governance section) to the Risk Management Fund (Internal Services). The recommended allocation uses the same methodology as the previous year. Note that this correction does not change the total budget.
7. **City Attorney Office** – increase the budget based on employment agreement between Council and the City Attorney. The following adjustments are required: (a) moving costs of \$9,296, (b) professional dues and memberships of \$2,185, (c) travel and related costs for attendance at professional seminars of \$8,919. These items were mistakenly omitted from the budget. The total adjustment is \$20,400.
8. **Library Security** – the sheriff proposed increasing payments to off-duty deputies. We increased budget for PRT, but did not do so for Libraries. Hence, the library budget for security is at FY 2019 level. To increase payments from \$25/hour to \$28/hour (as was included in PRT budget) will cost \$15,100.
9. **Central Fleet** – an estimate for worker compensation was not included in the FY 2020 budget. For last three full years, worker comp costs averaged \$124,000 each year. For FY 2019, we have already spent \$230,100. Recommend adding \$150,000 to budget with transfer from GF.
10. **Public Utilities** – the department’s complement was expanded to add a full-time collections agent to improve collection of past-due accounts. However, the department’s budget was not increased

for the new position. An increase of \$59,063 in wages and employee benefits is needed in order to fill the new position.

- 11. Clerk of Circuit Court** – the Clerk recently requested the transfer of \$12,300 from general expenditures (equipment rentals) to wages and benefits to address greater staffing costs. The Clerk will use separate state funding (not part of city budget) to address equipment rentals. There is no change in the total budget for the Clerk.
- 12. Parks and Recreation** – the FY 2020 budget includes funding for an additional Sheriff’s work crew, however, the department’s budget does not include sufficient funding to purchase equipment required for the new work crew. We recommend adding \$45,000 to the department’s budget for capital outlays.
- 13. Parks and Recreation** – the FY 2020 budget omitted \$56,900 in overtime that is needed to maintain operations. We recommend an addition to the department’s budget.
- 14. City Clerk** – the FY 2020 budget includes \$30,000 for executive recruitment. A contract was issued recently using contingency funds included in the FY 2019 budget. Accordingly, we recommend reducing the Clerk’s FY 2020 budget by \$30,000 since FY 2019 funds are already encumbered for the matter.
- 15. Budget Office Reorganization** – in order to better manage the office and to address succession planning, we recommend a reorganization that reclassifies an existing Budget Analyst II to a Budget Manager with supervisory responsibilities over three Budget Analyst I positions. The reorganization also corrects the classification of a second Budget Analyst II to recognize the economic analytical responsibilities of that position. The reorganization does not add positions to the department. The additional cost of the two position upgrades is \$15,000.
- 16. Non-Departmental Costs** – Tidewater Builder’s Association will hold its next Homearama in Chesapeake next year. Traditionally, the host City provides monetary support to TBA for this event. TBA has requested \$50,000.
- 17. Report of New Positions** – a Payroll/Human Resources Technician II was added to Parks, Recreation and Tourism, but was omitted from the new position listing.
- 18. Customer Contact Center** – the Center’s budget for electricity needs an additional \$14,000. The Center had only recently moved into the Public Safety Operations Building when it completed its budget request and it did not have sufficient information to accurately estimate electricity usage. Based on current usage, a budget adjustment is necessary.
- 19. Corrections to Position Complements** – we have found several corrections that are needed to the position complement. Typically, the positions are appropriately funded, but the position listing for several departments contain errors. The following corrections are necessary:
 - a) Sheriff’s Office – several errors are on the position complement (page G-35):
 - Deputy Sheriffs – correct number is 320.95 rather than 319.95. One deputy assigned to the Parks and Recreation work crew was omitted.
 - Facility Maintenance Technicians II – correct number is two (2) not one (1).
 - Facility Maintenance Technicians III – correct number is two (2) not three (3).
 - The Sheriff does not have a facility Maintenance Supervisor (grade 129).

The total positions included in the Sheriff's budget is correctly stated as 450.46.

- b) CIBH – the department reviewed its staffing requirements which resulted in the elimination of six positions and the addition of seven others. The net effect is nearly zero and not we recommend leaving the total budget as was already approved. However, the proposed staffing changes the budgets for several CIBH programs/services and we will revise the department's budget accordingly. The position changes proposed by CIBH are as follows:
- Delete one part-time Clinician II, one Licensed Clinician I, two Licensed Program Supervisors, and two Mental Health/Substance Abuse Administrators.
 - Add one Payroll/HR Tech I, one Client Technology Analyst, one Systems Analyst I, two Clinicians III, one Licensed Clinician II, and one Office Specialist II (restore position).
- c) Parks and Recreation – the position complement (page E62) contains several mistakes:
- Account Technician III – the correct number is 3, not 4
 - Park Ranger I – the correct number is 4, not 3
 - Human Resources Coordinator is mistakenly listed (there are none)
 - Total authorized positions is 241.49, not 242.49
- d) Human Services – Social Service Division – the position complement (page E37) contains several mistakes:
- Employment Services Workers – correct number is 10.63, not 11.63
 - Family Services Specialist 1 – correct number is 35.63, not 34.63
 - Family Services Specialist 2 – correct number is 10, not 11
 - Family Services Supervisors 1 – 11 positions were omitted (grade 126)
 - Total position in complement – 262.66, not 252.66
- e) Planning Department – this month one vacant Planner II position was reclassified to a Planner I. The final complement for the department will reflect this recent change.
- f) Fire Department – the Department's budget includes three new Lieutenant Positions for the training program. In the past, these positions were temporary assignments of field personnel and resulted in sizable amounts of overtime. While we added three positions to the budget, we made an error on the complement and showed four additional firefighters. The correct number of sworn positions is 417 rather than 418 (page G-22).
- g) Central Fleet – during FY 2019, the department swapped one full-time position (1 FTE) for three part-time (seasonal) positions who do not accrue benefits. The three new positions average 20 hours per week and are equivalent to 1.5 FTE positions. We recommend increasing the complement by 0.5 FTE positions to address this change. This change does not increase the department's budget.

Revisions to Revenue

20. State Revenue – Shared Funding of Constitutional Officers – budget estimates from State Compensation board indicate funding of \$441,400 greater than was budgeted. Most of the change is for the Sheriff.

21. Local Fees – Council approved new court fees to fund the acquisition and maintenance of an electronic summons system. We anticipate fee collections of \$120,000 during FY 2020.

In addition to budget amendments listed in this memo, City Council will also consider a budget amendment for a proposed policy revision that would provide incentives to employees who make judicious use of their sick leave benefits. If all recommended changes are approved (including the separate action item), the Operating Budget will total \$1.12 billion. Please see the schedule on the next page for a reconciliation of the original budget proposals to the final budget.

Schedule B - Reconciliation of Proposed and Amended Budget - June 25, 2019

Operating Appropriation - FY 2019-20

<i>Annual appropriation and sources used to finance the operating budget.</i>	Proposed	May 2019 Amends	June 2019 Amends	Revised Budget
BEGINNING FUND BALANCES	382,845,971	-	-	382,845,971
REVENUES				
General Property Taxes	370,257,416	-	-	370,257,416
Other Local Taxes	147,178,948	-	-	147,178,948
Charges for Services	148,733,180	-	-	148,733,180
Other Local Revenues - Electronic Summons (Court Fees)	34,012,774	-	120,000	34,132,774
Revenue from the Commonwealth - Shared Costs	374,593,259	-	441,400	375,034,659
Revenue from the Federal Government	44,846,538	-	-	44,846,538
Categorical Grant Awards	10,000,000	-	-	10,000,000
Total Revenue	1,129,622,115	-	561,400	1,130,183,515
Transfers from other funds (OSAP)	64,430	-	-	64,430
TOTAL FUNDS AVAILABLE	1,512,532,516	-	561,400	1,513,093,916
APPROPRIATIONS				
General Fund	323,219,518	13,000	1,617,482	324,850,000
Special Revenue Funds				
Virginia Public Assistance	23,393,517	-	7,600	23,401,117
Interagency Consortium	5,366,574	-	-	5,366,574
Fee Supported Activities	1,208,451	-	600	1,209,051
Integrated Behavioral Healthcare	29,256,063	-	6,100	29,262,163
Conference Center & Tourism	4,245,158	-	-	4,245,158
E-911 Operations	8,922,739	-	10,800	8,933,539
Chesapeake Juvenile Services	7,741,676	-	8,000	7,749,676
Tax Increment Financing-Greenbrier	991,780	-	-	991,780
Tax Increment Financing-South Norfolk	25,000	-	1,500,000	1,525,000
City Wide Debt Fund	42,617,449		-	42,617,449
Enterprise Funds				
Public Utilities	68,207,120	-	74,163	68,281,283
Stormwater Management	12,697,592	-	3,300	12,700,892
Chesapeake Transportation System	34,567,648	-	3,300	34,570,948
Internal Service Funds (net of department billings)				-
Central Fleet / City Garage	1,676,365	-	153,800	1,830,165
Information Technology	340,128	-	6,000	346,128
Risk Management	-	-	76,618	76,618
Health Insurance	5,848,000	-	-	5,848,000
Mosquito Control	4,767,256	-	2,200	4,769,456
Education	532,597,803	-	-	532,597,803
Categorical Grant Awards	10,000,000	-	-	10,000,000
Total Appropriations	1,117,689,837	13,000	3,469,963	1,121,172,800
Transfers to Capital and Grant Funds	53,682,951	3,560,000	3,580,000	60,822,951
Estimated Budgetary Savings	(9,245,000)	-	-	(9,245,000)
ENDING FUND BALANCE	350,404,728	(3,573,000)	(6,488,563)	340,343,165