



Legislation Details (With Text)

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In control: City Council Regular Meeting
On agenda: 6/5/2018 **Final action:**
Title: Follow-Up Budget Report for Proposed Two-Year Operating Budget for Fiscal Years 2019 and 2020 (Interim Finance Director Charelian).
DISCUSS AND PROVIDE DIRECTION

Sponsors:

Indexes:

Code sections:

Attachments: 1. Example of Employee Training Classroom, 2. IT Department Structure and Reorganization

Date	Ver.	Action By	Action	Result
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TO:

Honorable Mayor and Members of the City Council

THROUGH:

Bruce Moe, City Manager

FROM:

Steve S. Charelian, Interim Finance Director
Sanford Taylor, Information Technology Director

SUBJECT:

Follow-Up Report for Proposed Two-Year Operating Budget for Fiscal Years 2019 and 2020 (Interim Finance Director Charelian).

DISCUSS AND PROVIDE DIRECTION

RECOMMENDATION:

Staff recommends the City Council continue discussing the Proposed Operating Budget for Fiscal Years (FY) 2019 and 2020, and provide direction in advance of the Public Hearing and Budget Adoption scheduled for June 19, 2018.

FISCAL IMPLICATIONS:

The City's FY 2019 Proposed Budget includes expenditures across all funds totaling \$149,118,024. The General Fund is balanced with revenues of \$75,505,117 and expenditures of \$74,731,871 resulting in a projected surplus of \$773,246.

The FY 2020 Proposed Budget includes expenditures across all funds totaling \$126,767,881. The General Fund is balanced with revenues of \$75,199,750 and expenditures of \$74,667,671 resulting in a projected surplus of \$532,079.

The unreserved General Fund balance on June 30, 2018 is estimated to be \$4.1 million. The FY 2019 Proposed Budget projects an unreserved General Fund balance on June 30, 2019 (*after net transfers to Storm Water and Street Lightening/Landscape Funds*) of \$1.8 million. Total fund balance includes \$18.9 million designated to policy and economic uncertainty reserves.

All annual surpluses and estimated fund balances listed in the Budget and Five-Year Forecast include up-to-date pension rate projections and estimated transfer activity.

BACKGROUND:

The Proposed Two-Year Operating Budget for FY 2019 and FY 2020 was presented at the City Council meeting on May 1, 2018. The overview presentation outlined budgeted revenues, expenditures and changes in the fund balance due to transfer activity. At subsequent Budget Study Sessions held on May 8, 2018 and May 22, 2018, the City Council gave direction to staff to return with more information on the items discussed below.

DISCUSSION:

Information Technology (IT) Department

Employee Training Center

Currently, the City does not have a dedicated facility for staff training and development. Conference rooms, the public safety facility, City Council chambers and individual office spaces have been utilized in lieu of a training center dependent upon availability and type/size/range of training, skill development, and/or testing. Training usually requires audio visual equipment, computers, network access and Internet. If the training or testing requires a large number of computers, IT staff must set up workstations in the respective facility. For example, it took six hours for two staff members to setup and deploy 12 workstations for Legistar training in Fire Station #1.

A dedicated employee training facility is required to accommodate ongoing staff needs for skill development, training and testing of enterprise and office applications, including but not limited to:

- ActiveNet (Parks and Recreation class registration)
- City website and staff InSite website
- Legistar (agenda management application)
- Eden Financials System (proposed new Enterprise Resource Planning (ERP) system replacement pending)
- Permits Plus (proposed Permitting/Land Management solution replacement pending)
- Microsoft Office Applications i.e. Excel, Word
- Mandatory/regulatory training (sexual harassment, emergency preparedness)
- Staff development
- Recruitment testing

Another essential use of the employee training center is as a project “war room,” accommodating project team meetings, project presentations, objectives/deliverables review, and so forth. In general, enterprise system implementations demand both space and technology devoted to the project in order to meet pressing timelines and test project deliverables.

A dedicated employee training center is instrumental for any agency since it offers an environment free of interruptions to promote dynamic learning through engagement and collaboration, which

results in enhanced knowledge retention. The dedicated physical space allows for staff to concentrate and actively engage in the learning process. Employee knowledge and skill development are vital to the health and quality of the organization, and training is a major method to maintain and improve efficiencies. With the impact training has on employee retention, it is commonly viewed as an investment rather than an expense.

Equipment and furniture required for the completion of the project have been identified as follows:

1) 65" smart TV/mounting/warranty/projector/mount/121" write-on magnetic whiteboard projection screen/smartboard/corkboard	\$8,870
2) AppleTV/Nyrius wireless mirroring/cables/connectors/adaptors/floor management/surge protectors	\$1,870
3) Tables/desk CPU/power/cable management/chairs/switch/wireless access point/printer (three years of maintenance)/prevailing wage electrical/delivery	\$17,400
4) Network cabling (prevailing wage)/room preparation	<u>\$6,500</u>
Total	\$34,640

The overall project scope includes procurement of the required hardware and professional services; networking, electrical, room preparation; hardware installation and configuration; and testing. IT already has dedicated 13 stationary desktops for training. Attached is a photo example of the training center needs (Attachment 1).

There are two possible alternatives for the location of the Training Center:

- 1) Expansion of the existing IT conference room is preferred. By using 10 feet of the adjoining IT Director's office, this will give us a total of 348 ft² space that can be reconfigured to serve in several capacities (conference room, project "war room," and modular desks to accommodate a 12 person training room).
- 2) The second option is to rent a trailer that would be placed in the parking lot behind the Joslyn Center. The trailer is 24' x 40' or 960 ft². The trailer will serve the same purpose. There is a setup fee of \$7,000 and a monthly rental fee of a \$1,000.

IT Department Staff Functions

Prior to 2015, Information Systems (IS) was a division within the Finance Department. In April 2013, the City Council approved the Information Systems Master Plan (ISMP). This plan outlined a number of resource recommendations, including:

- Conversion of three part-time IS Specialist positions to full-time positions
- Assignment of one full-time staff member to public safety
- Establishment of IS as a stand-alone department
- Hiring an IT Department Director

As outlined in Attachment 2, the department is currently divided into three functional areas of support (GIS, IS Specialist, and Network Administration). Each position has very specific technical skills that are required by each classification.

The IT Department uses the GO-Reach work order system to manage requests for service that range from troubleshooting calls, projects, and installation of hardware and software. An average of 1,050

Go-Reach requests are received on a monthly basis.

The department has been able to accommodate new requests and capacity demands with the current staffing, but as the department and the needs of the City continue to evolve, the current staffing would be better reorganized as outlined in Attachment 2.

The addition of the Senior Management Analyst position would result in a number of benefits, including:

- Centralization of budget/contract management, current project management responsibility and staff report development along with other administrative functions, all of which are currently absorbed by IS Specialists.
- Increased efficiencies for the IS Specialist and increased service delivery.
- Project Management support for key enterprise applications, such as permits, ERP, and document management.
- Cross-departmental collaborations on large-scale projects, as well as scope of work development and project budget management.
- Assisting the Department Head with research; compile, summarize and analyze technology solutions; and gather information for assigned projects.

The conversion of a Network Administrator to an IT Analyst will also give the technical focus necessary for IT to support database administration, workflow development, and key enterprise application support.

These position changes and department reorganization reflect a vision of the department that is necessary to support the evolving needs of the City.

Public Works

At the May 22, 2018, Budget Study Session #2, a request was made for additional information regarding the proposed reinstatement of an Electrician in Public Works. This position was frozen/eliminated during the recession. However, over the last several years, the City has been spending an average of \$170,000 annually for additional electrician services because the City's workload did not diminish during the recession. By reinstating this position, the City will realize a net savings of \$17,153 in FY 2018-19 and \$65,883 in FY 2019-20, inclusive of salary, benefits, equipment, etc. The request includes the purchase of a utility truck the first year, which accounts for the savings difference between the two years. This position will perform electrical work for the streets, parks, building maintenance and lighting divisions that are now being performed by a contractor at significantly higher rates.

Community Development

At the June 19, 2018 City Council Meeting, staff will present a report on Beach Cities Transit (BCT) Line 109 services. The report will provide discussion for the Line's ridership, statistics and a recommendation to approve a one-year cost sharing agreement for FY 2018-19. The cost sharing agreement is with the cities of Redondo Beach, Hermosa Beach, and El Segundo in order to continue operating the Line's fixed route services through the four cities.

PUBLIC OUTREACH/INTEREST

Ads were published in The Beach Reporter on April 19, 2018 and May 3, 2018, inviting the community to attend Budget Study Sessions held in May. Public Hearing notices were published on May 31st and pending publication on June 7th for the June 19, 2018, Public Hearing on the adoption of the Budget and Capital Improvement Plan. Additional outreach was conducted using social media and eNews notifications.

ENVIRONMENTAL REVIEW

The City has reviewed the proposed activity for compliance with the California Environmental Quality Act (CEQA) and has determined that there is no possibility that the activity may have a significant effect on the environment; therefore, pursuant to Section 15061(b)(3) of the State CEQA Guidelines the activity is not subject to CEQA. Thus, no environmental review is necessary.

LEGAL REVIEW

The City Attorney has reviewed this report and determined that no additional legal analysis is necessary.

Attachments:

1. Example of Employee Training Classroom
2. IT Department Structure and Reorganization