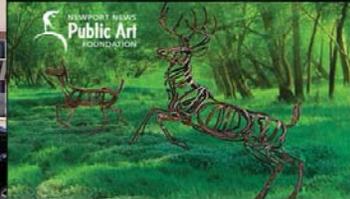


# NEWPORT NEWS



FISCAL YEAR  
**2017**  
RECOMMENDED  
OPERATING  
BUDGET



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## POSITION PAPERS

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**Fiscal Year 2017  
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# **Fiscal Year 2017 Budget Position Papers**

- 1. Tax Rate and User Fee Changes and Impacts**

# FY 2017 BUDGET POSITION PAPER

APRIL 2016

## TAX RATE AND USER FEE CHANGES AND IMPACTS

### Overview

The FY 2017 Recommended Operating Budget includes no changes to current General Fund tax rates and fees. For the second consecutive year, the City will experience an increase in the total value of real estate property located within city limits. The incorporation of practical and sustainable expenditure reductions in the Recommended Budget, along with revenue growth anticipated from increasing real estate property values, allows for maintenance of the real estate tax rate at \$1.22 for the upcoming fiscal year.

Real estate property assessments are based on market values established for the 12-month period from January 1, 2015 to December 31, 2015 (calendar year 2015). Real estate assessment growth for FY 2017 for all properties including residential, commercial/industrial (includes apartments), and other property types is projected to total 1.75%. This estimated improvement in assessed values is driven primarily by increases in industrial and commercial property values. In contrast, the majority of residential properties are anticipated to experience no increase in assessed value for the upcoming year. While this dynamic indicates that the residential market maintains an inventory of properties selling at assessed values, it also provides evidence that the residential market remains stabilized and poised for an upward trend in values.

The value of new properties anticipated to come onto the City's tax levy during the upcoming fiscal year has been included in the estimate for FY 2017. Additionally, the impact of the reappraisal of Newport News Shipbuilding real estate assets, which is performed in accordance with a long-standing court settlement, is reflected in our estimate for FY 2017. The Shipyard reassessment establishes an economic obsolescence factor on a five-year cycle and determines a valuation for specialty real estate and marine structures on a ten-year cycle.

Rate increases are recommended in the User-Fee Funds to address expenditure increases driven primarily by Federal and State environmental mandates, inflation, the proposed merit-based salary adjustment, and increasing costs associated with healthcare and pension benefits. In the Stormwater and Wastewater Funds, effective response to environmental regulations will require expanded monitoring, investigation and data collection efforts, performance of correction actions, and development and

execution of strategies to maintain, improve, and repair our infrastructure systems. Every effort will continue to be made to reduce costs, increase operational efficiencies, and apply fund reserves, where possible or necessary.

The Waterworks Department continues to reduce operating expenses where possible, but must fund increases in personnel costs and increases for infrastructure and system improvements.

## **Waterworks Department**

### ***Issues***

The Recommended Budget for Waterworks builds on the efforts in recent budgets to shift revenue dependency from consumption-based charges to fixed fees and adjust other service fees to cover the cost of providing services. After several years of decreased water demand, consistent with the experience of water utilities nationwide, local water consumption appears to be stabilizing. In FY 2012, this trend prompted City Council to begin to shift to a water rate structure with increased revenue from fixed service charges and reduced reliance on water consumption driven revenue.

This approach is consistent with the cost structure of the utility, which is predominantly fixed and nearly independent of volume of water sold. With the demand estimate revised for FY 2017 to reflect the best available consumption data, revenue from water sales is estimated to remain nearly level with the amount budgeted for FY 2016. As a result of the level revenue projection, a 1.0% increase to Water Rates has been proposed for FY 2017. This change to water consumption rates marks the second adjustment to volumetric rates since FY 2013 and will fund pension increases, the proposed merit-based salary adjustment, higher health care costs, and will help address infrastructure needs.

### ***Funding Strategy***

The Recommended Budget for Waterworks is \$88.75 million, which is \$1.8 million, or 2.1%, more than the FY 2016 budget. For FY 2017, consistent with the level of staffing in FY 2016, the Waterworks organization will include 352 full-time employees. A reduction to the Departmental attrition credit is proposed to improve the ability to fill critical vacant positions. The Recommended Budget includes funding for the aforementioned employee costs, as well as increases for credit card fees, property taxes, and information technology improvements and automation.

As part of the FY 2015 budget and in response to the Waterworks analysis revealing that several customer request specific fees were insufficient to cover the cost to provide the requested services, City Council established fees for services that have been historically provided at no charge (After Hours Field Service Fee, Water Exam Fee, and Bill Request Administration Fee). In addition, City Council adopted increases for

Monthly Service Fees and Other Service Fees. FY 2017 represents the final year of the three year phased implementation of the new charges established in FY 2015, along with increases to Other Service Fees to fund the full cost recovery resulting from service requests, and a 1.0% increase to volumetric rates. No change to Monthly Service Fees is proposed for FY 2017. Current FY 2016 and Recommended FY 2017 rates are identified in the tables below:

*(Water Consumption Rates per one hundred cubic feet (HCF))*

	FY 2016	Recommended FY 2017
<b>Single-Family Residential Bimonthly</b>		
Lifeline (0 to 4 HCF)	\$3.17/HCF	<b>\$3.21/HCF</b>
Normal Use (Greater than 4 to 50 HCF)	\$3.65/HCF	<b>\$3.69/HCF</b>
Conservation Tier (Greater than 50 HCF)	\$7.30/HCF	<b>\$7.38/HCF</b>
<b>Industrial Monthly</b>		
Tier 1 (0 to 40,000 HCF)	\$3.65/HCF	<b>\$3.69/HCF</b>
Tier 2 (Greater than 40,000 HCF)	\$3.17/HCF	<b>\$3.21/HCF</b>
General (All Other Consumption)	\$3.65/HCF	<b>\$3.69/HCF</b>

	<u>FY 2016</u>		<u>Recommended FY 2017</u>	
	Monthly Charge	Bi-Monthly Charge	Monthly Charge	Bi-Monthly Charge
Meter Size (inches)				
5/8	\$16.00	\$24.00	\$16.00	\$24.00
3/4	\$19.20	\$30.40	\$19.20	\$30.40
1	\$25.60	\$43.20	\$25.60	\$43.20
1 ½	\$41.60	\$75.20	\$41.60	\$75.20
2	\$62.40	\$115.20	\$62.40	\$115.20
3	\$133.00	\$256.00	\$133.00	\$256.00
4	\$192.00	\$376.00	\$192.00	\$376.00
6	\$354.00	\$699.00	\$354.00	\$699.00
8	\$547.00	\$1,086.00	\$547.00	\$1,086.00
10	\$768.00	\$1,529.00	\$768.00	\$1,529.00

Fee information continued on next page

	FY 2016 Adopted	Recommended FY 2017
<b>OTHER SERVICE FEES<sup>1</sup></b>		
After Hours Field Service Fee	\$85	\$100
Water Exam Fee	\$35	\$50
Bill Request Administrative Fee	\$10	\$10
Advance Fee - 5/8" Meter	\$35	\$50
Advance Fee - 3/4" Meter	\$51	\$73
Advance Fee - 1" Meter	\$84	\$120
Advance Fee - 1.5" Meter	\$152	\$217
Advance Fee - 2" Meter	\$233	\$333
Advance Fee - 3" Meter	\$420	\$600
Advance Fee - 4" or greater Meter	\$653	\$933
Field Service Fee	\$40	\$50
Fire Hydrant Meter Advance Fee	\$370/825	\$390/855
Fire Hydrant Meter No-Read Fee	\$25	\$25
Late Payment Fee	2% or \$5	10% or \$10
Meter Out - Customer Request	\$40	\$40
Meter Out - Non-Payment	\$55	\$65
Meter Testing Fee	\$65/80	\$75/100
New Account Fee	\$40	\$50
Re-Read - Customer Request	\$20	\$25
New Service Connection Fees - 5/8" Meter	\$325/1,030	\$350/1,200
New Service Connection Fees - 3/4" Meter	\$360/1,065	\$400/1,250
New Service Connection Fees - 1" Meter	\$440/1,170	\$475/1,360
New Service Connection Fees - 1.5" Meter	\$950/2,230	\$1,260/2,500
New Service Connection Fees - 2" Meter	\$1,100/2,500	\$1,315/2,800

Continued efforts to drive operational efficiencies, along with recent and proposed adjustments to the water system rate and fee structure to reduce the impact of volume-driven variability within Waterworks revenue, have led to the elimination of budgeted use of fund balance reserve (since FY 2014). The continued practice of regular, modest incremental increases, preservation or enhancement of cash reserves, and development of a five year financial forecast have been identified by bond rating agencies as key to the long-term sustainability of an effective municipal water utility.

### ***Impact***

Based on the changes detailed above and with average residential customer consumption remaining at 5.5 HCF per month, the typical household will experience an increase to the cost of water of \$0.22 per month, or \$2.64 per year. The Monthly Service

<sup>1</sup> These increases for FY 2017 were approved as part of the FY 2015 Adopted Operating Budget.

Fee portion of the customer's bill will not change for FY 2017. Despite the FY 2017 rate increases proposed, daily cost of water service will remain near \$1 per day for the average single family residence.

Waterworks remains committed to meeting all regulatory requirements and the provision of an adequate supply of high quality drinking water. The operating budget proposed for Waterworks allows the organization to continue its stewardship of environmental resources and to continue the delivery of exceptional customer service.

## **Solid Waste Fund**

### ***Issues***

The Solid Waste organization provides residential and bulk waste collection services, manages the landfill and composting operations, administers the recycling and Hazardous Waste programs, and plays an integral role in the City's strategic focus on community maintenance. The Community Maintenance Team, which responded to 2,036 service requests in FY 2015 (collecting 2,380 tons of debris and 2,397 cubic yards of brush) remains a heavily utilized resource and is integral to our community maintenance objectives throughout the City. Staff has been challenged to identify strategies both to expand residential recycling participation and to encourage our citizens to properly dispose of recyclables. The Recycling Office has embarked on a recycling awareness and education program to communicate directly with our citizens. Finally, illegal dumping remains a challenge that has an adverse impact on the City's appearance, image, and the safety of the public.

### ***Funding Strategy***

The budget recommended for the Solid Waste Fund for FY 2017 reflects an increase of \$237,000, or 1.6%. For FY 2017, the addition of two (2) Master Equipment Operator positions is recommended to expand capacity in the Bulk Collection division. One (1) Senior Equipment Operator position will be transferred in from the General Fund Public Works Community Maintenance division to consolidate community maintenance staffing and resources. A Special Investigator position will be established to investigate illegal dumping activity across the City. This position will manage, maintain, and deploy available resources to investigate dumping complaints and will support case preparation and legal proceedings. Addition of a Staff Technician position will provide administrative support for the Recycling, Landfill, Composting, and Household Hazardous Waste divisions at the Recovery Operations Center. Expenditure increases are also driven by funding required for continued fulfillment of the City's pension commitments, the proposed merit-based salary adjustment, and rising health care costs.

The proposed increase of 15 cents per week to the Solid Waste User Fee will increase the fee for a standard (90-gallon) container from \$6.90 to \$7.05 per week, resulting in an annual increase of \$7.80.

### *Impact*

The current level of service provided by the Solid Waste fund will continue in FY 2017. Based on the change reflected in the recommended rate, the typical household with one standard (90-gallon) container will experience an annual increase of \$7.80.

## **Wastewater Fund**

### *Issues*

The Wastewater Fund provides for the operation, maintenance, design and improvement to the City's sanitary sewer infrastructure. Sufficient funding is required to maintain our wastewater infrastructure within the framework of regulations and standards established by the Virginia Department of Environmental Quality (DEQ), Hampton Roads Sanitation District (HRSD), and Hampton Roads Localities Special Order by Consent (SOC). The Engineering and Public Works departments work collaboratively to design, operate, and maintain city wastewater systems in the most effective and efficient manner possible.

In past years, the Sewer User Fee has been based on operational costs, including capital project debt service and regulatory impacts. More recently, it has become necessary to recommend rate adjustments that account for the impact of regulatory guidelines set forth in the SOC. Beginning with the FY 2015 Operating Budget, a fixed monthly fee of \$4 was established to provide a stable revenue source for the fund not susceptible to changes in water consumption trends. As of December 2014, Wastewater Fund operations are regulated by the modified SOC entered into by the City, with requirements now limited to the implementation of a sanitary sewer maintenance, operation, and management program (MOM). The MOM requires that the City maintain and operate sanitary sewer collection system assets in accordance with industry accepted practices related to sewer inspection, evaluation and repair of significant defects (not programmed to be addressed in the Regional Wet Weather Management Plan, which is now the sole responsibility of HRSD).

Recent investment in technology, along with an aggressive sanitary sewer maintenance plan, will reduce the frequency and quantity of sanitary sewer overflows. Replacement of the outdated Supervisory Control and Data Acquisition with an integrated system that utilizes cell phone and radio technology will provide more timely data related to sewerage flow, pump condition, and station wetwell levels. This information helps prevent sewerage overflows and improves future sanitary sewer design decisions.

### ***Funding Strategy***

The Recommended FY 2017 budget for the Wastewater Fund is \$21,797,000, which is \$313,000, or 1.5%, more than the FY 2016 budget. Staffing and equipment enhancements have been recommended to provide resources necessary to respond effectively to the modified SOC. Establishment of one (1) Operations Supervisor position is recommended to manage four (4) construction crews that perform sanitary sewer system repairs and infrastructure replacement. One (1) additional Engineer III position will conduct field inspections associated with the increasing number of wastewater projects. Addition of one (1) Instrumentation and Control Specialist and one (1) Electrician II will expand staff capacity to service the increasing number of pump station monitors and controls throughout the City. Additional expenditure increases to the Wastewater Fund include the proposed merit-based salary adjustment, anticipated increase to health insurance expenses, and the cost associated with the commitment to properly fund the City's retirement system.

### ***Impact***

The FY 2017 Recommended Budget proposes no change to the fixed monthly Wastewater Account Fee. An increase of \$0.10 per HCF to the volumetric Sewer User Fee rate is proposed, resulting in an increase from \$3.27 per HCF per month to \$3.37 per HCF per month. The proposed change to the Sewer User Fee equates to an annual cost increase of \$6.60 to a typical household.

## **Stormwater Fund**

### ***Issues***

The Stormwater Fund provides for monitoring, analysis, maintenance and improvements to facilities that support City efforts to minimize flooding and improve the quality of both actual stormwater and receiving bodies of water. The FY 2017 Recommended Budget for the Stormwater Fund reflects ongoing and significant changes in federal and state approaches to stormwater management. The Environmental Protection Agency (EPA) is exerting significant pressure on Virginia and other Chesapeake Bay watershed States to convert to more stringent and direct measures of discharged pollutants. These changes are embodied in two major components of the Stormwater Management Program:

- The Municipal Separate Storm Sewer System (MS4) permit
- Chesapeake Bay Preservation Act Total Maximum Daily Loads (TMDL)

### ***MS4 Permit***

The MS4 is the primary regulatory document related to our stormwater system issued to the City by the State under EPA guidance. The City has been operating on an annual renewal of the 5-year permit that expired in 2006, largely as a result of objections posed by the region and state to federal efforts to expand dramatically the requirements (and

associated cost) for monitoring and enforcement. A new draft permit, which provides a 6-month probationary period before a final permit is issued, was received in July 2015. Since receipt of the draft permit, staff has proceeded with planning and preparation to allow for the increased levels of monitoring and reporting that will be required. In particular, staff has been developing an integrated tracking, enforcement and reporting system for the nine (9) areas of emphasis identified in the permit. Each area is associated with a related site plan, development plan or permit, inspection intervals and forms, and enforcement processes. The new system collates reports from each of the areas and generates an annual report for documenting activities to the State. As of December 2015, all system modules are in testing and reporting tools are being finalized. The budget recommended for the Stormwater Fund includes funding for additional resources needed to support the expanded activities and investment resulting from the MS4 permit

#### *Total Maximum Daily Load (TMDL)*

The Chesapeake Bay Preservation Act calls for increasing regulation of nutrients and sediment. EPA's approach is a "Bay Diet" prescribing limits on nutrients (phosphorous and nitrogen) and sediment. These limits are defined as Total Maximum Daily Loads (TMDL) and the TMDL program evaluates water quality on the basis of quantity (load) of pollutants. The State and EPA were at odds over this approach for several years, but reached a consensus agreement in December 2010. Subsequent to the effective date of the new MS4 permit, which is anticipated for late FY 2016, the City must begin implementation of its \$55 million Watershed Implementation Program - Phase II (WIP-II). WIP-II must be completed within a 15-year timeframe and satisfy intermediate milestones related to expenditure rates and investment. The recommended budget for the Stormwater Fund includes additional funding to proceed with the WIP-II.

#### *Funding Strategy*

The recommended FY 2017 budget for the Stormwater Fund is \$22,135,000, which is \$2,142,000, or 10.7%, more than the FY 2016 budget. The Departments of Engineering and Public Works operate jointly within the Stormwater Management Fund. The FY 2017 recommended Stormwater User Fee is \$11.25/ERU, which is a \$0.50 per month increase over the current rate of \$10.75/ERU. The average household cost will increase by \$6.00 per year to \$135.00.

The FY 2017 budget presents the best estimate of the necessary expenses to address the increased monitoring and evaluation efforts required by the MS4 permit including TMDL. Addition of two (2) Senior Equipment Operator positions will support oversight of ditch and barscreen maintenance, ditch regrading, day-to-day interactions with homeowners, and expansion of operational process evaluation. Transfer of three (3) Senior Equipment Operator positions from the General Fund Public Works Community Maintenance Division will consolidate the ditch maintenance function. Addition of one (1) Environmental Specialist position with a botany skill set will allow

for specialized BMP inspections and advisory of operational crews on maintenance techniques for BMPs, retrofits, etc. Establishment of a Vector Control Specialist position will allow for in-house arbovirus testing, and will enhance and expand the mosquito control program.

In addition to improving staff, equipment, and facility capacity to manage and respond to mandate requirements and the transfer of responsibility for the issuance and enforcement of the Virginia Stormwater Management Program from the Department of Environmental Quality to the City, recommended increases include the proposed merit-based salary increase, continued requirements to properly fund the City's retirement system, and anticipated increases to health insurance costs. The City will continue to evaluate existing and proposed operations to identify opportunities for cost control.

***Impact***

The Stormwater User Fee increase will provide funding necessary to respond to the increasing regulatory requirements associated with the new MS4 permit and implementation of the WIP. For the typical household, an annual increased cost of \$6.00 will be experienced.

**Conclusion**

The chart below details the projected impact on a typical household of the proposed rate and fee changes contained in the FY 2017 Recommended Budget. Calculations have been based on a household of four with a home assessed at \$169,100. The estimated impact of all proposed tax, rate, and fee increases equates to \$0.45 per week for the typical household. With no projected increase in residential assessed values for the upcoming fiscal year, the typical homeowner will face a lower real estate tax bill in FY 2017 than was paid in FY 2009.

<b>FY 2017 Impact on Typical Household</b>	<i>Weekly Increase</i>	<i>Monthly Increase</i>	<i>Annual Increase</i>
Real Estate Tax	\$0.00	\$0.00	\$0.00
Stormwater Fee	0.12	0.50	6.00
Solid Waste Fee	0.15	0.65	7.80
Sewer User Fee	0.13	0.55	6.60
Water Fees and Rates	0.05	0.22	2.64
<b>Total Impact</b>	<b>\$0.45</b>	<b>\$1.92</b>	<b>\$23.04</b>

# **Fiscal Year 2017 Budget Position Papers**

## **2. Recommended Position Changes**

# FY 2017 BUDGET POSITION PAPER

APRIL 2016

## RECOMMENDED POSITION CHANGES

### Overview

The City's primary function is to provide service to our citizens. To accomplish that, the operating budget is largely invested in salary and fringe benefits costs for employees to deliver the large array of services. Each budget development process provides us with an opportunity to review our programs and services to determine if there are opportunities to achieve savings or become more effective and effective by restructuring, reducing, or adding positions. In the past several years, fiscal constraints have required the reduction of many positions throughout the City and limited the addition of new positions. The Recommended FY 2017 Budget includes necessary increases in funding to retirement, health care, and debt requirement, but it also reflects a continued and consistent local economic recovery. This improved revenue outlook, along with proposed operational changes and associated position modifications, did permit us to recommend several new positions to serve our highest priorities and contractual obligations.

### Issues

The Recommended Budget includes a net increase of 21 positions in the General Fund; these are not all new positions but rather some involve funding source changes. Table One below details specific changes for FY 2017. The changes reflect that many positions are transferred between departments due to several reorganizations.

#### *General Fund Position Reductions*

In the General Fund, there are a total of three (3) positions recommended reductions.

In the Real Estate Assessor's Office, one Staff Technician position will be eliminated, with the reallocation of administrative support functions to the three remaining Staff Technician positions. In the Purchasing Office, the mission of the Central Warehouse will be refocused by reducing the number of items stocked to primary use or more critical items. Third party contracts will be established for the items that will no longer be carried. This allows for the reduction of one Senior Supply Stock Clerk position. This is an internal change, and will not affect service delivery to the general public. In Libraries and Information Services, one Library Technician position will be eliminated in the Virginiana Room at the Main Street Library Branch. Elimination of this position will reduce this specific collection's public availability by twenty hours per week, from

70 hours to 50 hours. The timing changes will be so slight, as the reduced hours will be scheduled during the collection's least used time slots.

In accordance with City policy, the City Manager will announce a Reduction-In-Force (RIF) immediately after the FY 2017 budget is adopted by City Council. The process of implementing the RIF with respect to occupied position(s) will require coordinated activities between department directors and the Department of Human Resources. Human Resources staff will work with affected employee(s) to determine where they can be placed in another position in the City for which they are qualified. Anyone that is subject to a layoff will be offered another position with the City.

#### *New General Fund Positions*

Several new positions are recommended to improve service delivery, manage an increasing workload, and meet the needs of City Council's Strategic Priorities. Twelve of these twenty-one (21) new positions are being shifted from an expiring grant or from another operating fund, and therefore are not new functions to the General Fund.

In the Human Resources Department, one Senior Benefits Coordinator will be added to assist with employee benefits management. In the Commonwealth Attorney's Office, three Paralegals will be added to assist with caseload preparation and presentation for attorneys. The Commonwealth's Attorney's office is experiencing a large work increase due to the very time consuming activity of reviewing police body camera video. FY 2017 represents the first year that the City will be assuming full salary and fringe benefit responsibility for the Police Officers added to the workforce under the COPS grant, as part of the grant award conditions accepted three years ago. Six of the ten Police Officer Grant positions will now be part of the City's workforce complement.

In the Juvenile Services Department, as part of compliance with the federal Prison Rape Elimination Act (PREA) and state staffing ratio mandates (of maintaining one staff member to eight juveniles), the Department will add five (5) Detention Specialists and one (1) Detention Supervisor. Codes Compliance will increase by two (2) Codes Compliance Inspector III positions to enforce the High Impact Code Enforcement Program (Rental Inspection) which has been discussed with City Council. These positions will be responsible for building and property inspections of residential and commercial properties to ensure compliance with the Virginia Maintenance Code of the Uniform Statewide Building Code and local ordinances pertaining to zoning issues, conditional use permits, certificates of occupancy, and the City's property maintenance codes or special exceptions. The addition of a Licensed Architect in the Engineering Department will help manage the increasing number of City Architectural projects, Capital Improvement Plan (CIP) and private development projects, and markedly increased number of significant maintenance and repair projects necessary to maintain aging City facilities.

The Human Services Department will have three new positions: two Administrative Assistants will support the Financial Services programs and a paperless record retention process. VaCMS document imaging and scanning was implemented by the State in September 2015 with SNAP, TANF and Energy Assistance migrating to the state mandated system in early 2016. In addition, one Senior Family Services Specialist will expand the existing Resource Unit to provide intensive case management for specialized foster care families.

One position is recommended to be added to the Development Department to focus on redevelopment activities, particularly in the Southeast Community.

### Total General Fund Positions



#### *Part Time Conversion to Full Time*

The City has long maintained an extensive part-time labor force. A majority of these positions are seasonal in nature and are justified to work less than the 40 hours weekly full time standard. With the implementation of the Affordable Care Act, the establishment of the City's policy that part-time employees work no more than an annual average of 29 hours per week has presented some challenges. Part-time positions are fraught with frequent turnover as individuals secure jobs with full salaries and benefits. The repetitive retraining of each new part-time employee has diminished our effectiveness.

In order to recognize the appropriate staffing levels for certain duties or functions, it is recommended to convert one (1) current part-time position full time. In the Communications Department, one current part time Customer Service Assistant II position will be converted to full time to address the increased citizen contact volume

associated with the City's new mobile apps (*My NNVA* and *NNVA 311*), web and email inquiries, and phone calls.

We will continue to review the level of part-time staff and determine if additional conversion to full-time positions would improve operational efficiency and effectiveness.

The conversion of this current part time position to full time brings the total net number of new allotments added to the General Fund for FY 2017 to 21.

#### *Shift of Positions*

The Recommended Budget includes moving the six (6) positions associated with the Pension Fund to the General Fund, three each to the Human Resources and Finance Departments. While these positions were established years ago when the City had a single retirement plan (NNERF), the position responsibilities have evolved to benefits management (health (under twelve different options for employees), dental, life insurance, vision care, etc.), and expanded retirement plan responsibilities (NNERF, and four different VRS plans). For best service to City employees, the Human Resources Department will manage employee benefits, and that the Finance Department will continue to process retirement functions. To offset the cost of these positions moving to the General Fund, the Pension Fund will continue to pay for salary and fringe benefits costs associated with the employees. In FY 2017, this amount will be \$565,000.

In a better placement of duties and functions, a total of four (4) Senior Equipment Operators from Public Works General Fund (Community Maintenance) will be transferred to the user fee funds. Three positions will be moved to the Stormwater Management Fund to better align the Major Outfall Maintenance function and more appropriately budget for the work that is being completed. One position will be moved to the Solid Waste Fund consolidate positions in the bulk collection section.

#### *Position Changes in Other Funds*

The total change in the Other Operating Funds is a net increase of 15 positions for the upcoming fiscal year. Table Two below details specific changes for these funds for FY 2017.

One (1) vacant position is recommended for elimination, four (4) positions are being transferred from the General Fund, six (6) positions are being transferred to the General Fund, and 15 new positions are being recommended to be added, due to federal or state environmental mandates.

In the Other Operating Funds, the Vehicle and Equipment Services Fund will have a reduction in one Automotive Welder position.

In the Stormwater Management Fund, four (4) positions are recommended to be added. Implementation of the MS-4 permit dictates the need to expand annual infrastructure inspection and cleaning capacity. The addition of two (2) Senior Equipment Operators will increase the ability to haul rock and clay material to work sites and move excavated spoils to DEQ approved disposal locations. Increased frequency of inspections and a robust program of maintenance of City-owned stormwater management facilities (BMPs) have been identified as the primary mechanism for achieving regulatory compliance with objectives and targets in the permit of Total Maximum Daily Loads (TMDLs). The recommended Environmental Specialist position will have the botany skill set to allow for both specialized BMP inspections and advising operational crews on maintenance techniques for BMPs, retrofits, etc. The City Vector Control Plan is designed to provide the citizens with a proactive program to reduce or eliminate nuisance and mosquito borne diseases. A Biologist is needed to incorporate in-house arbovirus testing to enhance and expand the mosquito control program. Currently, there are no local or State facilities that test mosquitoes for diseases.

In the Solid Waste Fund, four (4) new positions are recommended to be added. One new Staff Technician position at the Recovery Operations Center (ROC) will double administrative support for the Recycling, Landfill, Composting and Household Hazardous Waste divisions. The two (2) new Master Equipment Operator positions included in the Bulk Waste Collection division will allow for adequate coverage of collection routes. The recommended Special Investigator position supports the City's Community Maintenance and Renewal and Maximum Emphasis on Public Safety priorities by reducing illegal dumping and changing the public's perception that illegal dumping faces no repercussions or consequences.

In the Wastewater Fund, four (4) new positions are recommended to be added. An Instrumentation and Control Crew in the Pump Station division (one Instrumentation and Control Specialist and one Electrician II) will help manage the large number of new flow meters, control and communication devices located throughout the City from expanded number of pump stations that monitor the sewerage system. One Engineer III position will be added to address the increasing number of wastewater projects expected to result from HRSD regionalization efforts requiring field inspection to ensure that work is performed in accordance with City standards and regulations and to mitigate the impact of construction on citizens. One new Operations Supervisor will address the increasing wastewater project load as part of the Management Operations and Maintenance (MOM) program and the HRSD regionalization effort. This position will manage the four heavy construction crews that perform sanitary sewer system repairs and replacements.

The School Division will benefit from the FY 2017 Governor's Recommended Budget that provides funding to all localities for one additional position in each elementary

school. For the City, that means 24 additional positions in the 4<sup>th</sup> and 5<sup>th</sup> grade levels throughout the School Division. In addition, the FY 2017 School Superintendent's Proposed Budget includes five (5) new positions: a K-2 behavior specialist, a K-12 STEM coach, an ESL teacher for the new middle school newcomer center, a program administrator for the Governor's Health Science Academy at Warwick High School, and an additional custodian for the South Morrison Learning Center. The total net change in positions for the School Division for FY 2017 is 29; this amount is separate from all other changes noted above.

#### *Attrition Credits*

In prior years, the City established an Attrition Credit as a means of reducing staffing costs, and instituting a hiring freeze. (An Attrition Credit reduces a department's budget for salaries and fringe benefits based on anticipated vacancies.) The Attrition Credit, first introduced in FY 2009, was \$1 million and grew to a high of \$7.3 million City-wide, with the majority of the salary savings in the General Fund. In some cases, high amounts hindered overall departmental operations. A prime example of this restriction is in the Human Services Department, where over the past year, there has been a targeted and aggressive recruitment for many positions that have been long vacant. Recognizing the need to fill these particular positions, the Attrition Credit value has been reduced over the past two fiscal years. While in some departments an Attrition Credit can be used to reflect a hiring lag savings, in others it detracts from accurate program budgeting. For FY 2017, to reflect a more appropriate hiring lag level across the City, the General Fund Attrition Credit was adjusted downward by \$1,032,385 (or a 19.1% decrease) to \$4,374,341, and \$663,000 less in the other operating funds. The City will continue to adjust the Attrition Credit to a realistic and manageable amount, recognizing the appropriate staffing levels over the next few years.

#### **Impact**

The total number of allotments (full-time positions) in the General Fund is recommended to be increased by 21 from the current number in the FY 2016 Adopted Budget of 2,553 to 2,587 in the FY 2017 Budget. Including other operating funds, but not including the School division, the total number of recommended allotments is 3,370. During The City's workforce declined over the many years of the recession, partly due to the scaling back of some programs and services. In many cases, fewer positions are providing the same level of service. However, we have reached the point where any continued reduction of staffing would have a significant impairment on performance and operations.

**TABLE 1 - Recommended General Fund Position Changes**

	Eliminated Filled	Eliminated Vacant	Transferred	Added
<b>Human Resources</b>				
Employee & Retiree Benefits Manager			1	
Sr Benefits Coordinator			1	1
Benefits Coordinator			1	
<b>Real Estate Assessor</b>				
Staff Technician		-1		
<b>Finance</b>				
Assistant Director			1	
Accountant II			1	
Payroll Coordinator			1	
<b>Purchasing</b>				
Senior Stock Clerk	-1			
<b>Information Technology</b>				
Information Technology Analyst A			1	
<b>Commonwealth Attorney</b>				
Paralegal				3
<b>Police</b>				
Police Officer				6
<b>Juvenile Services</b>				
Juvenile Services Counselor II				5
Juvenile Services Counselor Supervisor				1
<b>Codes Compliance</b>				
Information Technology Analyst A			-1	
Codes Compliance Inspector III				2
<b>Engineering</b>				
Licensed Architect				1
<b>Public Works</b>				
Sr Equipment Operator - Streets				4
Sr Equipment Operator - Comm Maintenance			-4	
<b>Human Services</b>				
Administrative Assistant II - Financial Services				2
Sr Social Worker - Foster Care				1
<b>Libraries and Information Services</b>				
Library Technician II- Main Street		-1		
<b>Development</b>				
Redevelopment Specialist				1
<b>Communications</b>				
Customer Service Assistant II (Part Time Conversion)				1
<b>TOTALS</b>	<b>-1</b>	<b>-2</b>	<b>-2</b>	<b>21</b>

**TABLE 2 - Recommended Other Funds Position Changes**

	Eliminated Filled	Eliminated Vacant	Transferred	Added
<b>Stormwater Management Fund</b>				
Environmental Specialist – Environmental Services				1
Vector Biologist – Vector Control				1
Sr Equipment Operator			3	2
<b>Solid Waste Fund</b>				
Sr Equipment Operator – Bulk Collections, Comm Maint			1	2
Staff Technician – Composting Operations				1
Special Investigator - Administration				1
<b>Wastewater Fund</b>				
Instrumentation & Control Specialist – Pump Stations				1
Electrician II – Pump Stations				1
Operations Supervisor - Collections				1
Engineer III – Design/Inspection				1
<b>Vehicle and Equipment Services</b>				
Automotive Welder		-1		
<b>Pension Fund</b>				
Assistant Director			-1	
Accountant II			-1	
Payroll Coordinator			-1	
Employee & Retiree Benefits Manager			-1	
Sr Benefits Coordinator			-1	
Benefits Coordinator			-1	
<b>TOTALS</b>	<b>0</b>	<b>-1</b>	<b>2</b>	<b>13</b>