

5.12



May 14, 2004

City Council
Sacramento, California

Honorable Members in Session:

**SUBJECT: FY2004/05 PROPOSED BUDGET -
HUMAN RESOURCES DEPARTMENT (B-12)**

LOCATION AND COUNCIL DISTRICT: Citywide

RECOMMENDATION:

This report provides information on the FY2004/05 Proposed Budget for the Human Resources Department and requests an intent motion to approve the budget as proposed.

CONTACT PERSONS: TERRENCE L. WOODS
Director of Human Resources - 808-7243

MARTI FLORES
Support Services Manager - 808-8566

FOR COUNCIL MEETING OF: May 25, 2004

SUMMARY:

This report provides information on the FY2004/05 proposed budget for the Human Resources Department. It includes a department description, budget summary, department profiles and department measures to assist in balancing the City's budget.

COMMITTEE/COMMISSION ACTION: N/A

BACKGROUND INFORMATION:

The Human Resources Department is responsible for attracting, retaining and developing a highly qualified and diverse City workforce and implementing organizational improvements. It provides the following key services: Staffing testing and recruiting, classification, compensation; benefits, safety, loss control and workers' compensation; EEO compliance and ADA coordination; retirement

services, volunteer coordination, organizational development, inclusion, career development, wellness and training.

FINANCIAL CONSIDERATIONS:

The FY2004/05 proposed budget for the Human Resources Department includes 74 full-time equivalent (FTE) positions. The department has a total budget of \$32.7 million, of which \$3 million is supported by the General Fund. For more information on the department's budget and staffing, please see Attachments A and B. Highlights of the proposed budget for the Human Resources Department include:

- Through a combination of expense and staffing reductions, the Human Resources Department will generate \$192,000 to assist in balancing the City's General Fund. In situations where staff is actually reduced, the abandoned workload will be redistributed among other employees. We anticipate adverse operational impacts that could include delays in classification decisions and increased demand for consultant services to maintain pay and classification systems and a decrease in career development services for employees.

ENVIRONMENTAL CONSIDERATIONS:

This report concerns administrative activities that will not have any significant effect on the environment, and that do not constitute a "project" as defined by the California Environmental Quality Act (CEQA) [CEQA Guidelines Sections 15061(b)(3); 15378(b)(2)].

POLICY CONSIDERATIONS:

The Human Resources Department's major initiatives for the up coming year are:

- Health Insurance Premiums. The cost of health insurance represents a major crisis in terms of affordability for employers and employees nationwide. The City is still experiencing premium increases for FY 2004/05 in the double digits. Industry professionals anticipate continuation of such high double-digit increases over the next five years. This crisis becomes an issue of affordability that will cause the re-examination of current benefit policies and practices. It impacts both active employees and retirees. Short of a nationwide solution, we anticipate dramatic changes to some long-standing benefit program features.
- Workers' Compensation Reforms. Worker's Compensation is developing new procedures and policies to comply with the new Workers' Compensation Laws. In addition the division is meeting with all managers at the division level to share their Workers' Compensation

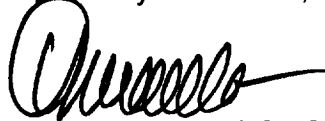
statistics to increase awareness and become more involved in safety programs.

- Human Resources Information System. To more effectively and efficiently deliver Human Resources services, the department, in conjunction with other City users, is looking at new systems. The right system can bring value and return on the investment. We are in the planning stages to insure that there will be success in implementing a new system or upgrading the existing one to more current technology.

ESBD EFFORTS:

No goods or services are being purchased under this report.

Respectfully submitted,



TERRENCE L. WOODS
Director of Human Resources

RECOMMENDATION APPROVED:



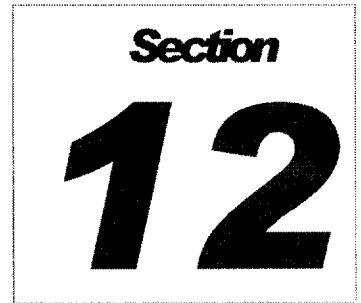
ROBERT P. THOMAS
City Manager

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- Attachment C – Presentation Materials (page 15)

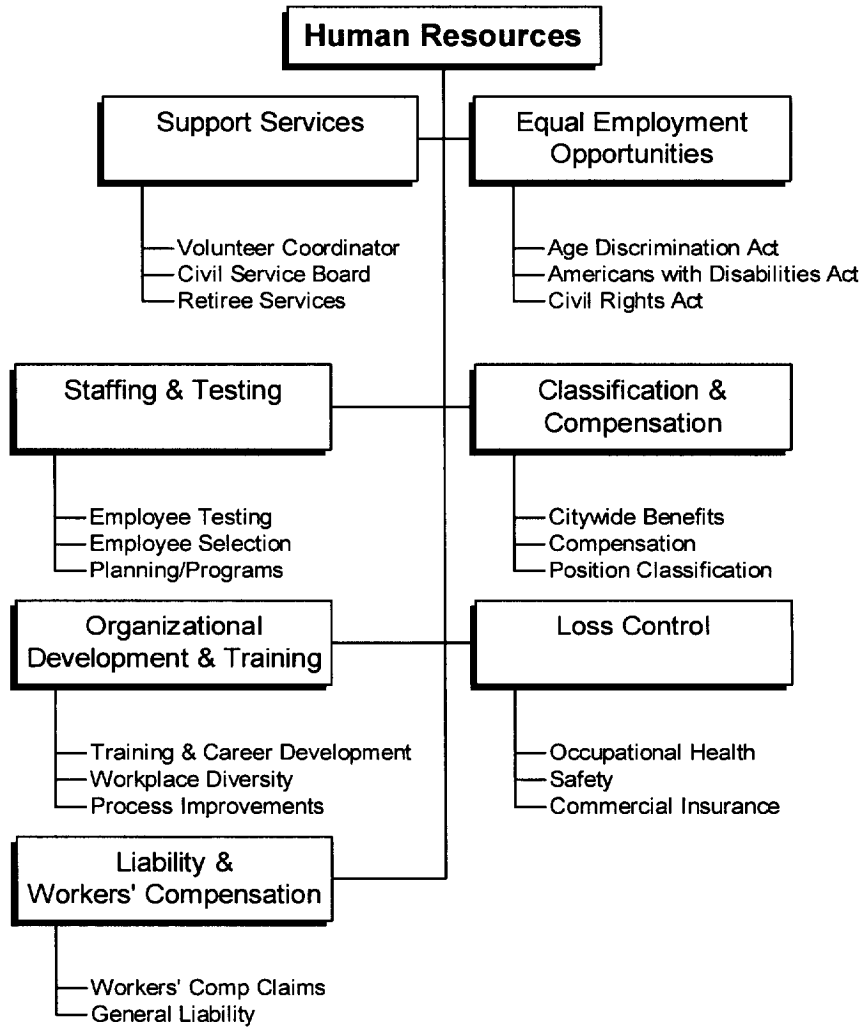
Attachment "A"

FY2004/05 PROPOSED BUDGET



HUMAN RESOURCES

H



Org chart effective FY2004/05

HUMAN RESOURCES

"People first, service always." The Human Resources Department is committed to delivering uncompromisingly high quality programs and services that meet our customer requirements.

DESCRIPTION

The Human Resources Department is responsible for attracting, retaining and developing a highly qualified and diverse City workforce and implementing organizational improvements. It provides the following key services: Human Resources administration, staffing testing and recruiting, classification, compensation and benefits; safety, risk management and workers' compensation; equal employment opportunity implementation and Americans with Disabilities administration, retirement services, volunteer coordination, organizational development, inclusion, career development, wellness and training.

MORE INFORMATION

Please see the following for more information about the Human Resources Department.

- Website: www.cityofsacramento.org - Employment Section.
- The City Job Line is 808-8568
- Mailing address: 921 10th Street, Sacramento, California 95814
- Telephone: (916) 808-5726

- **Key Contacts**

Department Head
Terrence L. Woods
Director of Human Resources
twoods@cityofsacramento.org

Staffing & Testing
Geri Hamby
Human Resources Manager
ghamby@cityofsacramento.org

Classification & Compensation
John Green
Human Resources Manager
jgreen@cityofsacramento.org

Organization Dev/Training
Brian Moffitt
Human Resources Manager
bmoffitt@cityofsacramento.org

Loss Control
Barbara Brenner
Loss Control Manager
bbrenner@cityofsacramento.org

Liability/Workers Compensation
Zana Schrupp
Workers' Compensation Manager
zschrupp@cityofsacramento.org

Support Services
Marti Flores
Support Services Manager
mflores@cityofsacramento.org

**Equal Employment Opportunities/
ADA Coordinator**
Ken Fleming
Equal Employment Manager
kfleming@cityofsacramento.org

FY2004/05 PROPOSED BUDGET

OBJECTIVES FOR FY2004/05

- **Cost Savings / Revenue Generation**
 - Improve procurement practices
 - Implement external marketing plan to generate revenue
 - Reduce operational costs and increase revenue offsets
 - Reduce costs for other City departments through HR initiatives
- **Customer Service**
 - Expand outreach and targeted recruitment to increase organizational diversity
 - Implement priority HR initiatives to meet customer requirements
- **Process Improvement**
 - Conduct an internal department organization assessment to identify efficiencies
 - Develop and disseminate key HR Policies
 - Develop and implement data-driven initiatives that make the City the employer of choice
- **Staff Development**
 - Promote cross-training opportunities (mentoring and coaching)

ACCOMPLISHMENTS IN FY2003/04

- **Avoided Program Cost Increases by \$1,127,875**

The above amount was accomplished by saving on the purchase of a Course of Construction insurance policy for the new City Hall; implemented a new medical billings contract; filing subrogation claims; savings realized on Property insurance; converting to a new insurance carrier to reduce cost of City-paid life insurance; and implemented a cost sharing arrangement for the deferred savings program.
- **Volunteer Coordinator**

The Volunteer Coordination Program was implemented and a Volunteer Policy and Manual was developed. Reported 7,295 volunteers, working 83,229 hours this fiscal years as of January 2004.
- **Human Resources Publication received an award for excellence**

The City received the Crystal Award for the City Tool Box Publication from the International Association of Business Communicators (IABC).
- **Workplace Excellence Award**

The City received from the Sacramento Area Human Resource Association (SAHRA) the SWEL (Sacramento Workplace Excellence Leader) award.
- **Civil Service Appeals**

The Human Resources Department administered 156 exams with no Civil Service Appeals.
- **Service Improvements**

Human Resources implemented new programs and policies to better serve their customers, including automatic deductions for retiree insurance payments; Workplace Violence and Employee Separation; vehicle accident accountability review; Worker's Compensation prescriptions and 401(a) deferred savings.

FY2004/05 PROPOSED BUDGET

PROPOSED BUDGET/STAFFING CHANGES

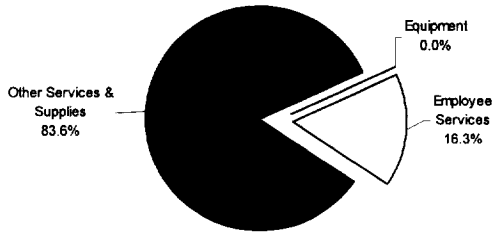
- **Reorganizations/Efficiencies**
 - None
- **New Revenues**
 - None
- **Reductions**
 - The Human Resources Department is reducing their FTE by two exempt management positions for a total savings of \$192,000. The workload will be distributed to other Human Resources employees. (-2.0 FTE, -\$192,000)
- **Other**
 - Risk and Workers' Compensation Fund costs are budgeted at a \$5 million increase based on cost growth experience in FY2003 and FY2004, reduced by cost control measures put in place in FY2004.

DEPARTMENT BUDGET SUMMARY

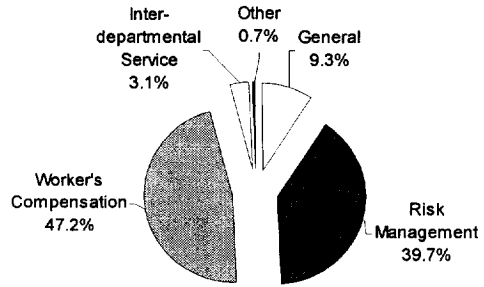
| Human Resources Budget Summary | FY 2002/03 Actual | FY 2003/04 Approved | FY 2003/04 Amended | FY 2004/05 Proposed | Change More/(Less) Proposed/Amended |
|---|-------------------------|---------------------------|--------------------------|---------------------------|---|
| Positions (FTE) | 75.00 | 76.00 | 76.00 | 74.00 | -2.00 |
| Budgeted Expenditures | | | | | |
| Employee Services | 4,673,341 | 5,293,399 | 5,293,399 | 5,345,874 | 52,475 |
| Other Services & Supplies | 31,340,205 | 22,109,375 | 22,109,375 | 27,351,276 | 5,241,901 |
| Equipment | 11,798 | 23,470 | 23,470 | 16,070 | (7,400) |
| CIP & Grant Offsets | 0 | 0 | 0 | 0 | 0 |
| Transfers | 66,873 | 0 | 0 | 0 | 0 |
| Total: | 36,092,217 | 27,426,244 | 27,426,244 | 32,713,220 | 5,286,976 |
| Funding Summary by Fund/Special District | | | | | |
| General | 2,746,412 | 3,199,340 | 3,199,340 | 3,045,197 | (154,143) |
| Water | 28,124 | 25,523 | 25,523 | 44,936 | 19,413 |
| Sewer | 14,062 | 13,124 | 13,124 | 16,679 | 3,555 |
| Solid Waste | 77,526 | 77,527 | 77,527 | 86,700 | 9,173 |
| Fleet | 24,933 | 24,933 | 24,933 | 28,870 | 3,937 |
| Risk Management | 16,472,723 | 8,014,542 | 8,014,542 | 12,998,953 | 4,984,411 |
| EVOC | 20,590 | 0 | 0 | 0 | 0 |
| Worker's Compensation | 15,928,657 | 15,267,318 | 15,267,318 | 15,441,497 | 174,179 |
| Storm Drainage | 28,124 | 25,523 | 25,523 | 38,068 | 12,545 |
| Inter-departmental Service | 751,066 | 778,414 | 778,414 | 1,012,320 | 233,906 |
| Total: | 36,092,217 | 27,426,244 | 27,426,244 | 32,713,220 | 5,286,976 |

FY2004/05 PROPOSED BUDGET

Budgeted Expenditures - FY05



Funding Summary - FY05



DIVISION BUDGET SUMMARY

| Human Resources Division Budgets | FY | FY | | FY | Change |
|-------------------------------------|-------------------|---------------------|--------------------|---------------------|---------------------------------|
| | 2002/03 Actual | 2003/04 Approved | 2003/04 Amended | 2004/05 Proposed | More/(Less) Proposed/Amended |
| HR Administration | 541,606 | 924,373 | 924,373 | 904,343 | -20,030 |
| Classification & Compensation | 552,920 | 717,427 | 717,427 | 760,686 | 43,259 |
| Employee Services | 351,689 | 303,553 | 303,553 | 339,475 | 35,922 |
| Organization Development | 1,077,013 | 1,032,720 | 1,032,720 | 1,003,694 | -29,026 |
| Risk Management | 32,646,757 | 23,434,341 | 23,434,341 | 28,644,782 | 5,210,441 |
| Staffing & Testing | 922,232 | 1,013,830 | 1,013,830 | 1,060,240 | 46,410 |
| Totals: | 36,092,217 | 27,426,244 | 27,426,244 | 32,713,220 | 5,286,976 |

STAFFING LEVELS

| Human Resources Division FTEs | FY | FY | | FY | Change |
|----------------------------------|-------------------|---------------------|--------------------|---------------------|---------------------------------|
| | 2002/03 Actual | 2003/04 Approved | 2003/04 Amended | 2004/05 Proposed | More/(Less) Proposed/Amended |
| HR Administration | 6.00 | 8.00 | 8.00 | 8.00 | 0.00 |
| Classification & Compensation | 9.50 | 9.50 | 9.50 | 8.00 | -1.50 |
| Employee Services | 2.50 | 2.50 | 2.50 | 3.00 | 0.50 |
| Organization Development | 8.00 | 7.00 | 7.00 | 6.00 | -1.00 |
| Risk Management | 38.00 | 38.00 | 38.00 | 38.00 | 0.00 |
| Staffing & Testing | 11.00 | 11.00 | 11.00 | 11.00 | 0.00 |
| Totals: | 75.00 | 76.00 | 76.00 | 74.00 | -2.00 |

FY2004/05 PROPOSED BUDGET

WORKLOAD MEASURES

| Description | FY2000/01 | FY2001/02 | FY2002/03 |
|---|-----------|-----------|-----------|
| Retirees serviced for SCERS | * | 1438 | 1454 |
| Employees receiving Retirement Estimates | * | 400 | 272 |
| Exempt Management Appointment Letters | * | 132 | 99 |
| Workers' Comp claims opened | * | 1238 | 1312 |
| Workers' Comp claims closed | * | 1178 | 1343 |
| Employees completing Workers Comp training | * | 165 | 400 |
| Eligible Lists established | * | 200 | 156 |
| Exempt recruitments | * | 30 | 24 |
| Classes offered through City University | * | 473 | 425 |
| Employees taking City University classes | * | 5148 | 4372 |
| Employees that received career counseling | * | 804 | 876 |
| New Hires completing New Employee Orientation | * | N/A | 126 |
| Departments receiving specialized OD Interventions | * | N/A | 7 |
| SOAP suggestions by employees | * | N/A | 1588 |
| Employees completing Inclusion training | * | N/A | 465 |
| Pre-employment medical appointments | * | 509 | 694 |
| DOT random drug tests conducted | * | 245 | 261 |
| General Liability claims opened | * | 796 | 568 |
| General Liability claims closed | * | 851 | 605 |
| Automobile liability claims opened | * | 225 | 252 |
| Automobile liability claims closed | * | 222 | 257 |
| Classification studies conducted | * | 200 | 54 |
| Employees provided EEO training | * | 543 | 512 |
| Employee Assistance Program (EAP) Utilization | * | 14.70% | 13.25% |
| Percent of EAP users rating services "good" or higher | * | N/A | 98.21% |

* Data not tracked this fiscal year

FY2004/05 PROPOSED BUDGET

PROPOSED POSITIONS

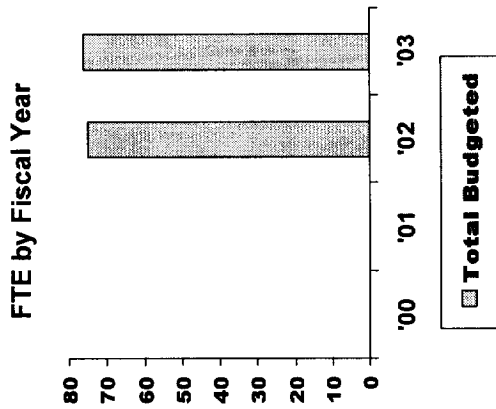
| | <u>FY2003/04</u> | <u>FY2004/05</u> | <u>Change</u> |
|--|------------------|------------------|---------------|
| 1511 <u>Human Resources Administration</u> | | | |
| Administrative Technician | 1.00 | 1.00 | 0.00 |
| Data Systems Technician | 1.00 | 1.00 | 0.00 |
| Director of Human Resources | 1.00 | 1.00 | 0.00 |
| Equal Employment Manager | 1.00 | 1.00 | 0.00 |
| Equal Employment Specialist | 1.00 | 1.00 | 0.00 |
| Program Specialist | 1.00 | 2.00 | 1.00 |
| Senior Management Analyst | 1.00 | 0.00 | -1.00 |
| Support Services Manager | 1.00 | 1.00 | 0.00 |
| Organization Totals: | 8.00 | 8.00 | 0.00 |
| 1512 <u>Employee Services</u> | | | |
| Personnel Technician | 0.50 | 1.00 | 0.50 |
| Program Analyst | 1.00 | 1.00 | 0.00 |
| Organization Totals: | 1.50 | 2.00 | 0.50 |
| 1521 <u>Staffing and Testing</u> | | | |
| Human Resources Manager | 1.00 | 1.00 | 0.00 |
| Personnel Analyst | 2.00 | 2.00 | 0.00 |
| Personnel Technician | 3.00 | 3.00 | 0.00 |
| Senior Personnel Analyst | 2.00 | 2.00 | 0.00 |
| Senior Staff Assistant | 2.00 | 2.00 | 0.00 |
| Staff Assistant | 1.00 | 1.00 | 0.00 |
| Organization Totals: | 11.00 | 11.00 | 0.00 |
| 1522 <u>Inclusion Council</u> | | | |
| Organizational Development Specialist | 1.00 | 1.00 | 0.00 |
| Organization Totals: | 1.00 | 1.00 | 0.00 |
| 1523 <u>Classification & Compensation</u> | | | |
| Human Resources Manager | 1.00 | 0.00 | -1.00 |
| Personnel Technician | 3.50 | 4.00 | 0.50 |
| Senior Personnel Analyst | 2.00 | 2.00 | 0.00 |
| Senior Staff Assistant | 2.00 | 2.00 | 0.00 |
| Staff Aide (Management) | 1.00 | 0.00 | -1.00 |
| Organization Totals: | 9.50 | 8.00 | -1.50 |
| 1541 <u>Admin & Medical Programs</u> | | | |
| Human Resources Manager | 0.00 | 1.00 | 1.00 |
| Safety Officer | 2.00 | 1.00 | -1.00 |
| Safety Specialist | 6.00 | 6.00 | 0.00 |
| Senior Staff Assistant | 2.00 | 2.00 | 0.00 |
| Organization Totals: | 10.00 | 10.00 | 0.00 |
| 1542 <u>Workers' Compensation</u> | | | |
| Administrative Technician | 1.00 | 1.00 | 0.00 |
| Career Development Specialist | 1.00 | 1.00 | 0.00 |
| Personnel Technician | 4.00 | 4.00 | 0.00 |
| Program Analyst | 1.00 | 1.00 | 0.00 |
| Staff Assistant | 4.00 | 4.00 | 0.00 |
| Workers Compensation Claims Rep | 9.00 | 9.00 | 0.00 |
| Workers Compensation Manager | 1.00 | 1.00 | 0.00 |
| Organization Totals: | 21.00 | 21.00 | 0.00 |

FY2004/05 PROPOSED BUDGET

| | <u>FY2003/04</u> | <u>FY2004/05</u> | <u>Change</u> |
|--|------------------|------------------|---------------|
| 1545 Risk Management Administration | | | |
| Administrative Analyst | 2.00 | 1.00 | -1.00 |
| Administrative Technician | 1.00 | 1.00 | 0.00 |
| Loss Control Manager | 0.00 | 1.00 | 1.00 |
| Program Specialist | 2.00 | 3.00 | 1.00 |
| Safety And Risk Manager | 1.00 | 0.00 | -1.00 |
| Senior Staff Assistant | 1.00 | 1.00 | 0.00 |
| Organization Totals: | 7.00 | 7.00 | 0.00 |
| | | | |
| 1560 Training | | | |
| Career Development Specialist | 1.00 | 0.00 | -1.00 |
| Program Analyst | 1.00 | 1.00 | 0.00 |
| Senior Staff Assistant | 1.00 | 1.00 | 0.00 |
| Training Specialist | 1.00 | 1.00 | 0.00 |
| Organization Totals: | 4.00 | 3.00 | -1.00 |
| | | | |
| 1561 Organizational Development | | | |
| Organizational Development Mgr | 1.00 | 1.00 | 0.00 |
| Organizational Development Specialist | 1.00 | 1.00 | 0.00 |
| Senior Staff Assistant | 1.00 | 1.00 | 0.00 |
| Organization Totals: | 3.00 | 3.00 | 0.00 |
| | | | |
| Human Resources Total: | 76.00 | 74.00 | -2.00 |

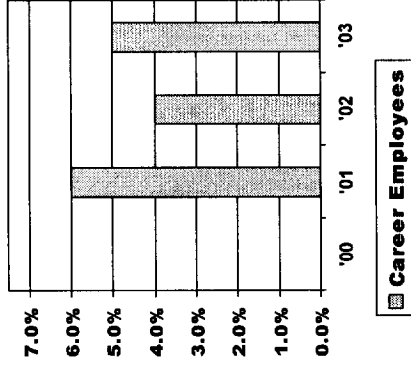
Human Resources Department Profile As of April 2004*

Staffing Trends



| Full Time Equivalent Positions | |
|--------------------------------|-------|
| Total Positions: | 76.00 |
| Management: | 33.00 |
| Non-Management: | 43.00 |

Staff Turnover Rates



| Turnover Rate (Resignations Only) | |
|--------------------------------------|----|
| Career Employees | 5% |

Staffing Detail

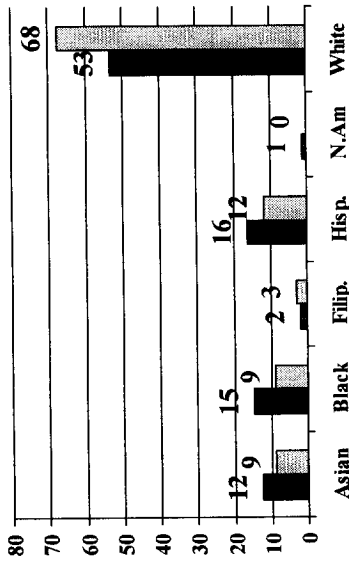
| Average Years of Service | |
|--------------------------|---|
| Total Career: | 7 |
| Management: | 6 |
| Non-Management: | 8 |

*Data includes Economic Development and Planning and Building Departments

Human Resources Department Profile

Staff Diversity (Career Only)

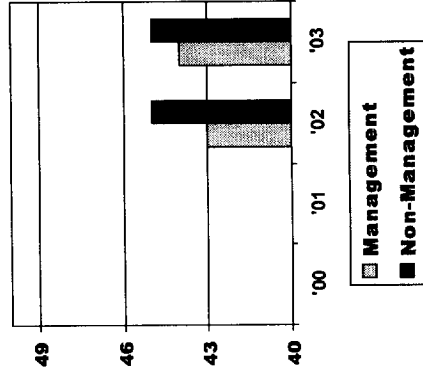
Ethnicity %
(Career Only)



■ Council Goal ■ Dept Current

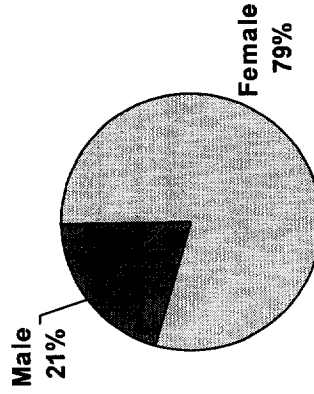
| Ethnicity | |
|-----------------|----|
| Asian | 6 |
| Black | 6 |
| Filipino | 2 |
| Hispanic | 8 |
| Native American | 0 |
| White | 46 |

Average Age
(Career Only)



■ Management ■ Non-Management

| Average Age | |
|-----------------|----|
| Total Career: | 44 |
| Management: | 44 |
| Non-Management: | 45 |



| Gender | |
|---------|----|
| Male: | 14 |
| Female: | 54 |

City of Sacramento

FY2004/05 Proposed Budget

Human Resources Department

Overview of the Human Resources Department

- As a strategic business partner, Human Resources is responsible for protecting and retaining the City's investment in its human capital by motivating employees, encouraging the required level of performance and recognizing sustained high quality performance.
 - Our mission is "People first, service always." The Human Resource Department is committed to delivering uncompromisingly high quality programs and services that meet our customer requirements.
-

Overview – Net General Fund

FY2004/05 Human Resources Department Budget

Budgeted Expenditures \$32,713,220

Less:

Other Funding Sources \$29,668,023
(Risk, Worker's
Compensation, others)

Less:

General Fund Revenue \$ 125,000

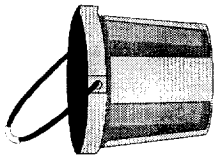
Net General Fund \$ 2,920,197

Workload Measures

- Comply with Civil Service Rules
 - Serve Retirees
 - Adjust Workers' Compensation Claims
 - Adjust Liability Claims
 - Administer Benefits
 - Develop Partnerships
 - Train City workforce
 - Coordinate Volunteer efforts
 - Win Awards
 - Re-examine our business processes
-

Staffing Detail

| | | | |
|---------------------------------------|-------|---------------------------|----|
| Full Time Equivalent Positions: | 76.00 | Average Age: | 44 |
| Total Positions: | 76.00 | Total Career: | 44 |
| Management: | 33.00 | Management: | 44 |
| Non-Management: | 43.00 | Non-Management: | 45 |
| Turnover Rate: (Resignations Only) | | Average Years of Service: | |
| Career employees: | 5.0% | Total Career: | 7 |
| | | Management: | 6 |
| | | Non-Management: | 8 |

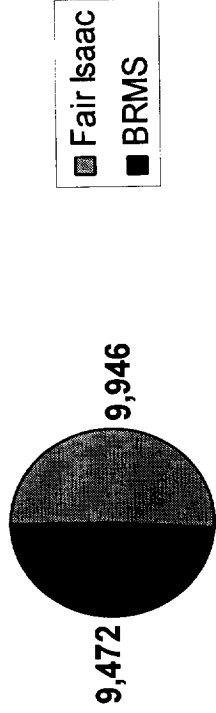


Reductions Human Resources Department

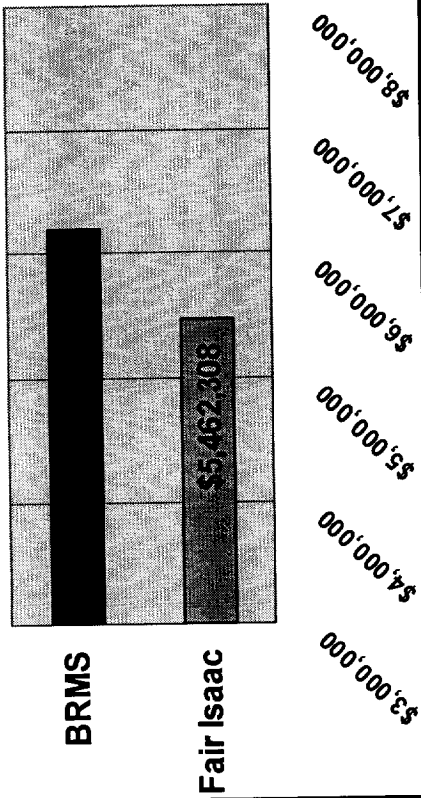
- Eliminate 2.0 FTE Management positions
- Reductions create a savings of \$192,000

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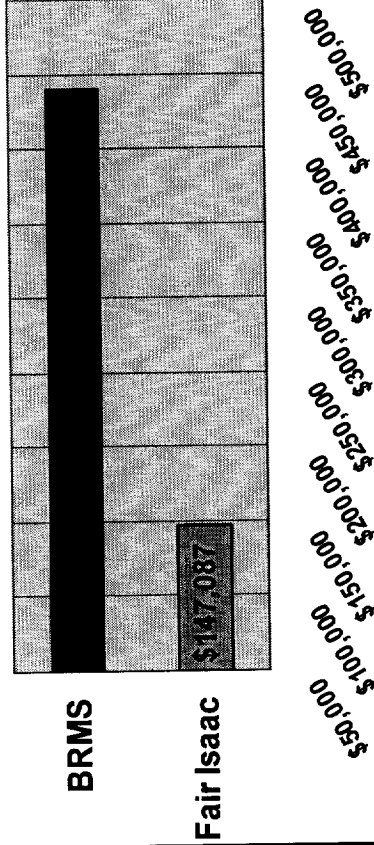
Number of Bills



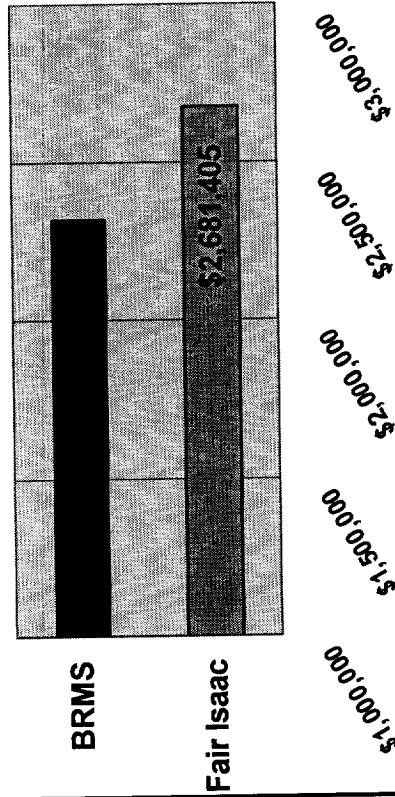
Total Medical Costs Reviewed



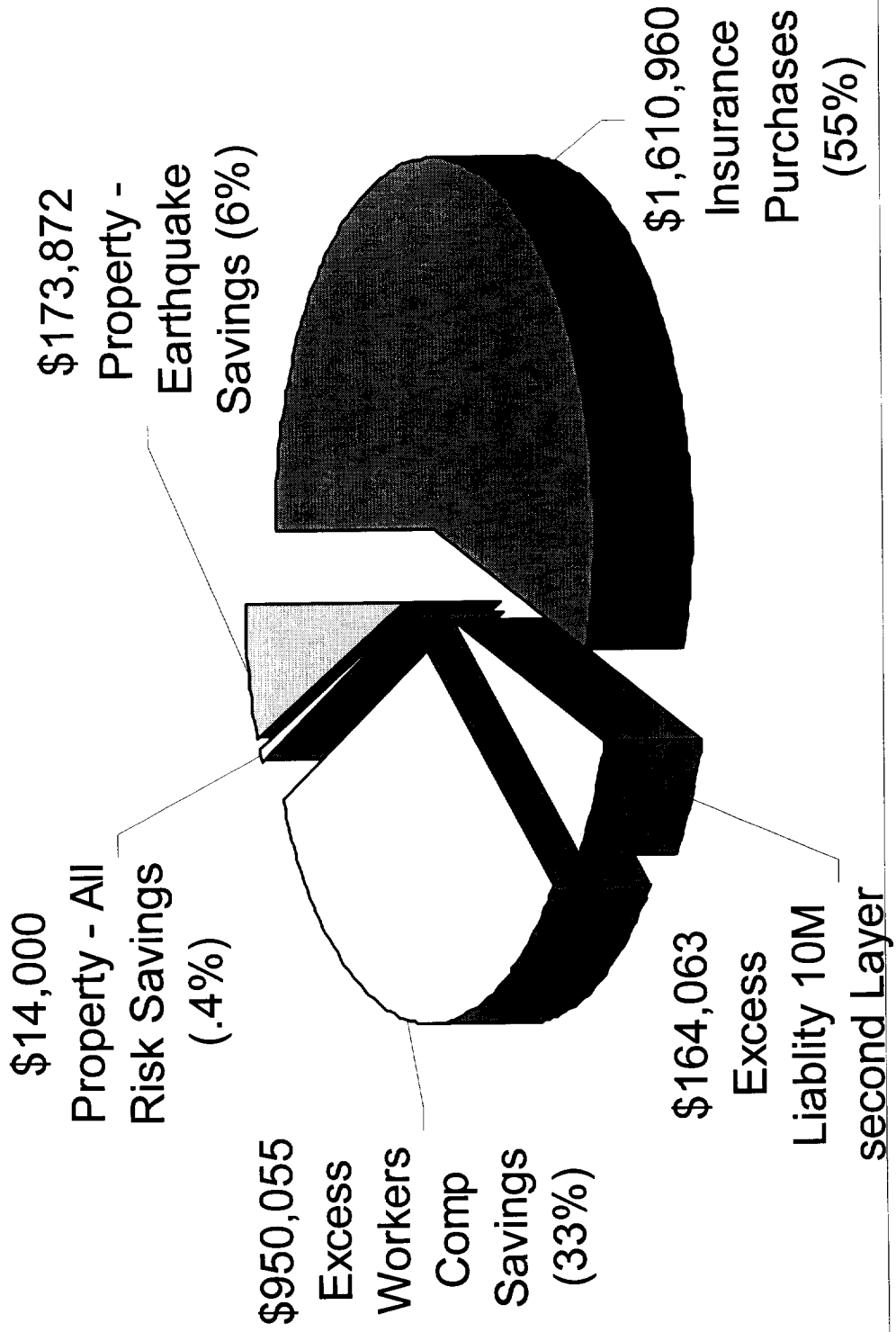
Administrative Fees



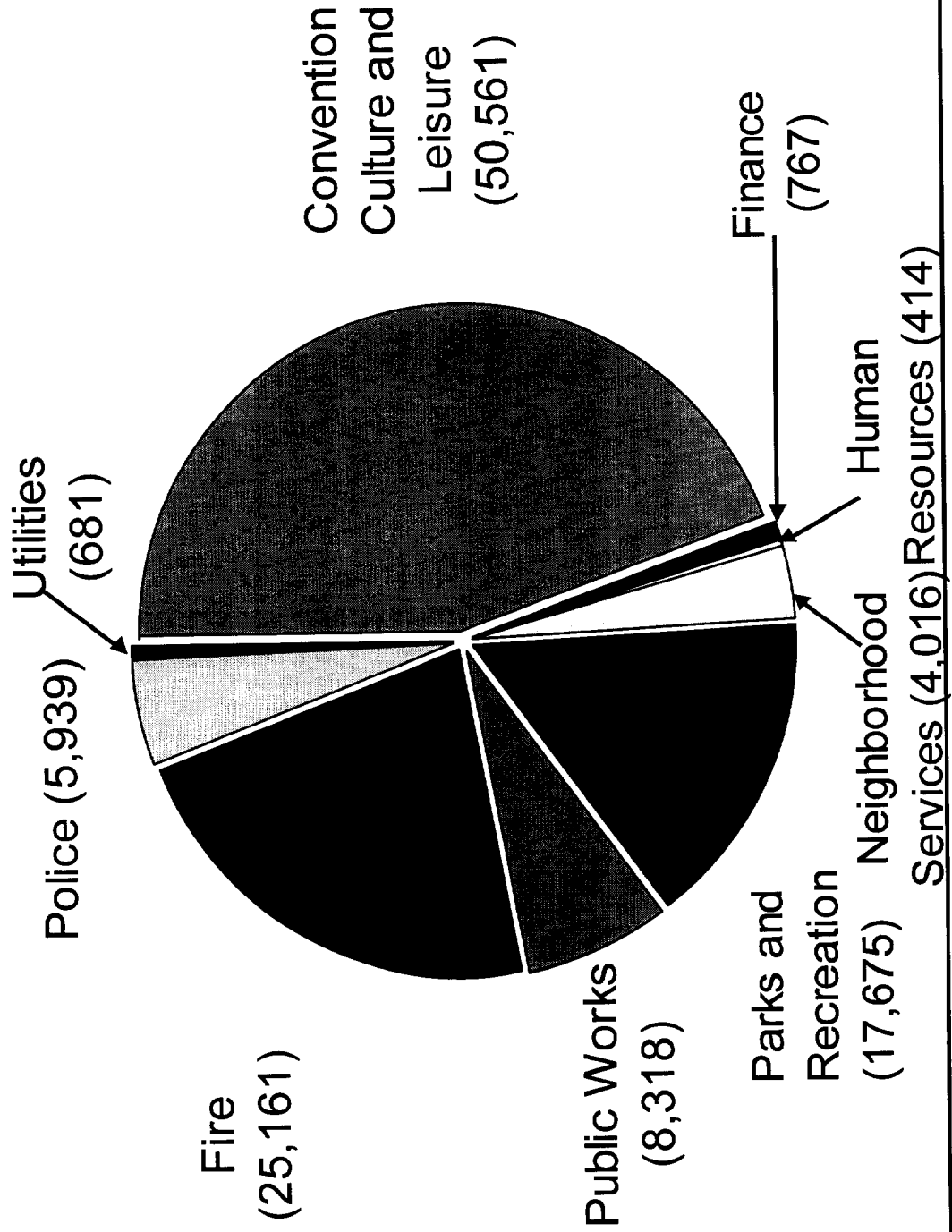
Net Savings



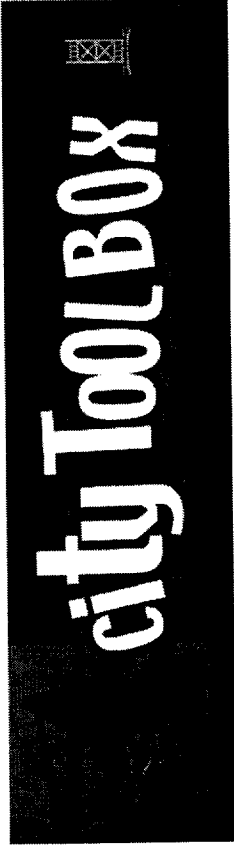
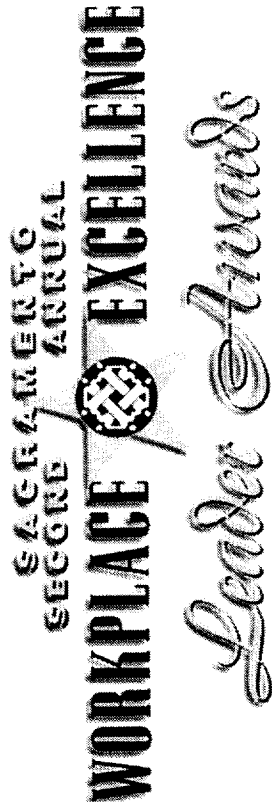
Total Insurance Expense \$2,912,950



Volunteer Hours August 2003 to March 2004



Awards



Voted best large public employer in the Sacramento region by the Sacramento Area Human Resources Association

Received three awards from the International Association of Business Communicators and the Sacramento Public Relations Association
