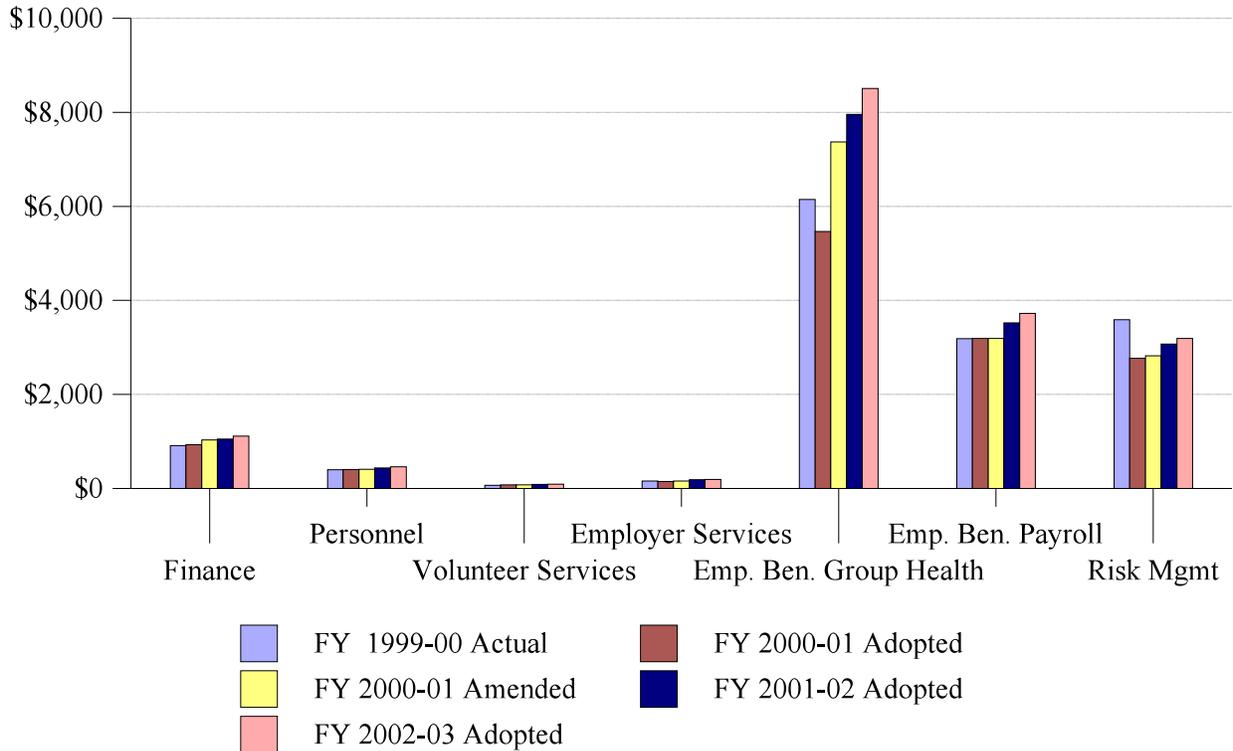


Administrative Services Department

Expenditure Comparisons

(In Thousands)



CITY OF REDDING BIENNIAL BUDGET
FISCAL YEARS 2001-03

ADMINISTRATIVE SERVICES DEPARTMENT

Overview

The Administrative Services Department's adopted budget for fiscal year 2001-02 totals \$16,310,120, an increase of \$1,253,146 from the fiscal year 2000-01 amended budget. This increase is primarily due to increased costs in Group Health Insurance and in Risk Management worker's compensation and liability claims. The adopted budget for fiscal year 2002-03 totals \$17,276,570, an increase of \$966,450 from the fiscal year 2001-2002 adopted budget.

Division	FY 1999-00 Actual	FY 2000-01 Adopted	FY 2000-01 Amended	FY 2001-02 Adopted	Change	FY 2002-03 Adopted	Change
Finance	912,801	932,570	1,031,702	1,051,290	\$19,588	1,114,250	\$62,960
Personnel	397,405	404,930	405,500	436,410	30,910	459,860	23,450
General Fund Subtotal	1,310,206	1,337,500	1,437,202	1,487,700	50,498	1,574,110	86,410
Volunteer Services	69,129	78,130	78,130	86,650	8,520	91,090	4,440
Employer Services	155,849	149,950	159,150	187,690	28,540	190,850	3,160
Employee Benefits Group Insurance	6,148,527	5,464,020	7,369,250	7,953,820	584,570	8,507,330	553,510
Employee Benefits Payroll	3,187,041	3,190,990	3,190,990	3,522,090	331,100	3,724,560	202,470
Risk Management	3,587,355	2,770,735	2,822,252	3,072,170	249,918	3,188,630	116,460
Internal Service Fund Subtotal	13,147,901	11,653,825	13,619,772	14,822,420	1,202,648	15,702,460	880,040
Totals	\$14,458,107	\$12,991,325	\$15,056,974	\$16,310,120	\$1,253,146	\$17,276,570	\$966,450

CITY OF REDDING BIENNIAL BUDGET
FISCAL YEARS 2001-03

The following table displays how the Department's budget is broken down between the major expenditure groups.

Division		Personnel	Materials, Supplies, & Services	Capital Outlay	Debt Service	Total
Finance and Accounting	FY 2002-03 Adopted	\$806,460	\$307,790	\$0	\$0	\$1,114,250
	FY 2001-02 Adopted	746,740	304,550	0	0	1,051,290
	FY 2000-01 Amended	674,305	339,487	17,910	0	1,031,702
Personnel	FY 2002-03 Adopted	336,540	123,320	0	0	459,860
	FY 2001-02 Adopted	315,580	120,830	0	0	436,410
	FY 2000-01 Amended	297,700	103,560	4,240	0	405,500
Volunteer Services	FY 2002-03 Adopted	63,620	22,470	5,000	0	91,090
	FY 2001-02 Adopted	58,740	22,910	5,000	0	86,650
	FY 2000-01 Amended	51,640	19,790	6,700	0	78,130
Employer Services	FY 2002-03 Adopted	55,400	135,450	0	0	190,850
	FY 2001-02 Adopted	52,240	135,450	0	0	187,690
	FY 2000-01 Amended	49,050	110,100	0	0	159,150
Employee Benefits - Group Insurance	FY 2002-03 Adopted	69,830	8,437,500	0	0	8,507,330
	FY 2001-02 Adopted	66,320	7,887,500	0	0	7,953,820
	FY 2000-01 Amended	84,020	7,285,230	0	0	7,369,250
Employee Benefits - Payroll	FY 2002-03 Adopted	0	3,724,560	0	0	3,724,560
	FY 2001-02 Adopted	0	3,522,090	0	0	3,522,090
	FY 2000-01 Amended	0	3,190,990	0	0	3,190,990
Risk Management	FY 2002-03 Adopted	250,820	2,937,810	0	0	3,188,630
	FY 2001-02 Adopted	234,160	2,838,010	0	0	3,072,170
	FY 2000-01 Amended	193,550	2,625,582	3,120	0	2,822,252
Total	FY 2002-03 Adopted	1,582,670	15,688,900	5,000	0	17,276,570
	FY 2001-02 Adopted	1,473,780	14,831,340	5,000	0	16,310,120
	FY 2000-01 Amended	\$1,350,265	\$13,674,739	\$31,970	\$0	\$15,056,974

CITY OF REDDING BIENNIAL BUDGET
FISCAL YEARS 2001-03

Capital Outlay

There are not any significant capital improvements contemplated.

Personnel

There are not any new positions included in this budget. The budget does recognize a cost-neutral reorganization of the Personnel and Risk Management divisions in which the Risk Manager position has been eliminated. The Personnel Manager now directly manages the Risk Management Division which has allowed the hiring of one additional support position that will allow for an improved training program without increasing overall costs.

The following chart gives a breakdown of personnel in the various divisions of the Administrative Services Department which have employees:

Division	F/T P/T	FY 1999-00 Actual	FY 2000-01 Adopted	FY 2000-01 Amended	FY 2001-02 Adopted	Change	FY 2002-03 Adopted	Change
Finance and Accounting	F/T	14.00	14.00	14.00	14.00	0.00	14.00	0.00
	P/T	<u>1.23</u>	<u>1.23</u>	<u>1.23</u>	<u>1.23</u>	<u>0.00</u>	<u>1.23</u>	<u>0.00</u>
		15.23	15.23	15.23	15.23	0.00	15.23	0.00
Personnel	F/T	8.00	8.00	8.00	8.00	0.00	8.00	0.00
	P/T	<u>0.48</u>	<u>0.48</u>	<u>0.48</u>	<u>0.75</u>	<u>0.27</u>	<u>0.75</u>	<u>0.00</u>
		8.48	8.48	8.48	8.75	0.27	8.75	0.00
Volunteer Services	F/T	1.00	1.00	1.00	1.00	0.00	1.00	0.00
	P/T	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
		1.00	1.00	1.00	1.00	0.00	1.00	0.00
Risk Management	F/T	3.00	3.00	3.00	3.00	0.00	3.00	0.00
	P/T	<u>0.00</u>	<u>0.00</u>	<u>0.96</u>	<u>0.96</u>	<u>0.00</u>	<u>0.96</u>	<u>0.00</u>
		3.00	3.00	3.96	3.96	0.00	3.96	0.00
Total	F/T	26.00	26.00	26.00	26.00	0.00	26.00	0.00
	P/T	<u>1.78</u>	<u>1.71</u>	<u>2.67</u>	<u>2.94</u>	<u>0.27</u>	<u>2.94</u>	<u>0.00</u>
		27.19	27.71	28.67	28.94	0.27	28.94	0.00

Significant Issues

All Divisions

All budgets in all divisions reflect the Citywide significant increase in employee group health insurance premiums.

Finance

There are no significant budget issues.

CITY OF REDDING BIENNIAL BUDGET
FISCAL YEARS 2001-03

Personnel

There are no significant issues in this division.

Volunteer Services

There are no significant issues in this division.

Employer Services

Operating materials and supplies have increased \$25,350 (23 percent) in 2001-02 over the previous fiscal year primarily due to increased outside consulting costs related to labor relations. Changes in state law related to the provision of binding arbitration for public safety labor groups and the fact that City's now fall under the jurisdiction of the State Public Employees Relation Board (PERB) have made it necessary to set aside funds for increased attorney and other consulting costs.

Employee Benefits -- Group Health

There has been a significant increase in the cost of the self-funded employee group health insurance for both active employees and retirees. The expenditure budget for fiscal year 2001-02 has increased \$584,470 (7.9 percent) from the amended budget for 2000-01. When compared to the original 2000-01 adopted budget, however, the budget has increased \$2,489,000, or 45.5 percent. For fiscal year 2002-03, expenditures are projected to increase another \$553,510, or 7.0 percent). These cost increases have necessitated a premium increase to all operating departments and to retirees (who pay 50 percent of the employee's premium amount) of approximately 30 percent on average the first fiscal year and another 10 percent on average the second.

The reason for the cost increase is the rapidly increasing cost of health care statewide and nationwide. Insurance companies have been increasing premiums in the double-digits for several years now. This is the first increase in premiums for the City of Redding in three years. Ongoing efforts to contain costs have been stepped up and it is likely the City Council will be asked to modify the group health plan during this coming budget cycle to help contain costs into the future.

Employee Benefits -- Payroll

There are no significant budget issues.

Risk Management

There is one significant issue for the Risk Management Division. The budget for worker's compensation claims for fiscal year 2001-02 has increased by \$190,000 (17.1 percent) over the adopted budget for fiscal year 2000-01. This increase is due to higher than projected claims costs. Even with the increase, the \$1,300,000 budgeted is consistent with historical costs and does not represent a significant increase when compared to the average costs over the past five years.

CITY OF REDDING BIENNIAL BUDGET
FISCAL YEARS 2001-03

CITY OF REDDING BIENNIAL BUDGET
FISCAL YEARS 2001-03

Status of 1999-00 and 2000-01 Goals and Objectives

Finance

Goal

Provide relevant financial information to operating departments, the City Manager, the City Council, and the public in a timely fashion and in an understandable format.

Accomplishment

Assisted City Manager's Office in preparing a simplified City of Redding 2001-03 Biennial Budget. Worked with City Manager on preparing and presenting the City's two year budget. Developed process for mid-budget adjustments.

Received the "Distinguished Budget Presentation Award" from the Government Finance Officers Association and the "Excellence in Operational Budgeting Award" from the California Society of Municipal Finance Officers for the 1999-2001 budget..

Completed the Comprehensive Annual Financial Report (CAFR) by December 31 of each year. The completed CAFR and management letter were accepted by City Council in January of each year. The CAFR for 1998-99 received the "Certificate of Achievement for Excellence in Financial Reporting" from the Government Finance Officers Association and we anticipate that the FYE CAFR for 1999-00 will also receive the "Certificate of Achievement for Excellence in Financial Reporting"..

Goal

Process all accounting transactions in a timely and accurate manner.

Accomplishment

Processed over 95% of accounts payable checks within seven days of completed request.

Transmitted all biweekly payrolls by noon on Tuesday of the payroll week.

All information for processing monthly financial reports was provided to Information Systems by the 8th of each month. Monthly financial reports were distributed within one business day of receiving reports from Information Systems.

Goal

Implement new procedures and technologies to improve operational efficiency.

CITY OF REDDING BIENNIAL BUDGET
FISCAL YEARS 2001-03

Accomplishments

Crossed trained several employees in various accounting areas.

Implemented new payroll procedures for processing SHASCOM bi-weekly payroll and processed SHASCOM bi-weekly payroll since October 1999. Completed monthly and annual payroll reporting for SHASCOM

Increased the number of successful grant applications by assisting departments with grant application and administration.

Improved procedures in various finance functions that helped improve operational efficiencies in the Finance Division. Improved use of computers to generate work papers for the audit.

Reorganized the workload assignments in the Finance Division resulting in more efficient operations within the Division.

Personnel

Goal

Hire a new Human Resources Manager to take over day-to-day management of the Personnel Division and to assist with labor relations and employee relations issues.

Accomplishments

1. Obtained approval in the 1999-00 budget to backfill the vacant Human Resources Manager position. We have subsequently changed the title back to Personnel Manager.
2. Conducted a thorough statewide recruitment to find the best candidate and made an appointment on September 1, 1999.

Goal

Undertake a comprehensive review and update of Personnel Policies.

Accomplishments

1. The City implemented an Employee Wellness Program Policy as a one-year pilot program. A new discipline policy is nearing completion, as is a new equal employment opportunity policy. The comprehensive review and update of Personnel Policies will continue into the 2001-02 fiscal year.
2. The City negotiated changes, as necessary, with employee bargaining groups and obtained City Manager and/or City Council approval.

CITY OF REDDING BIENNIAL BUDGET
FISCAL YEARS 2001-03

Goal

Prepare for and successfully complete contract bargaining with applicable represented employee groups.

Accomplishments

1. Established City Council goals and strategies for all contract negotiations.
2. Successfully negotiated new contracts with IBEW Maintenance Unit, IBEW Electric Unit, and RPOA Miscellaneous Unit. Staff is in the process of negotiating with the SEIU Supervisory/Confidential Unit, the SEIU CTP Unit, IAFF, and RPOA.
3. The new contracts are consistent with City Council direction.

Risk Management

Goal

Fund Risk Management reserves at prudent levels and allocate costs to departments on an equitable basis.

Accomplishments

1. The City was not able to increase reserves for uninsured losses (established to fund the replacement of accidentally damaged high-value City vehicles, the clean-up of pollution incidents, and other such uninsured losses) from \$800,000 to no less than \$1,000,000 due to additional funding needed in the self-funded health care program.
2. The City was not able to maintain workers' compensation and liability reserves at the 85% confidence level due to the need to transfer funding from these accounts to the health care program. The City determined that it was prudent to set reserves at a minimum 70% confidence level which is the industry standard.
3. The City was not able to re-evaluate the Risk Management budget allocation process to determine whether a redesigned and perhaps simpler plan may allocate costs more equitably and effectively to departments and divisions due to workload considerations.

Goal

Increase the effectiveness of the City's safety programs in an effort to further reduce claims.

Accomplishments

CITY OF REDDING BIENNIAL BUDGET
FISCAL YEARS 2001-03

1. The City did evaluate the benefit of Risk Management coordination of departmental safety programs in an effort to best use existing departmental resources and staff on a citywide basis. Through a reorganization, the Personnel Manager assigned the duties associated with a citywide safety officer to the Senior Personnel Analyst. The safety officer will be meeting with departments to review their Injury and Illness Prevention Program and act as a resource to obtain information pertaining to Cal OSHA regulations and compliance issues.
2. The City's new safety officer will establish a citywide safety training program including analyzing an incentive program to assist in reducing lost time injuries. This program will work hand-in-hand with the City's Wellness Program. The ultimate goal is to have more physically fit employees who practice safe work habits.

Goal

Provide updated information to employees as to the City's workers' compensation program and their general responsibilities.

Accomplishments

Due to workload considerations, the City was not able to update the personnel policy relating to the reporting of workers' compensation claims and general employee responsibilities. Staff will continue to work toward this goal in the 2001-02 fiscal year.

Workload Indicators and Performance Measures

Finance

<i>Workload Indicators</i>	<i>1999-00 Actual</i>	<i>2000-01 Estimated</i>	<i>2001-02 Projected</i>	<i>2002-03 Projected</i>
Accounts Payable Transactions	10,157	11,500	11,000	11,000
Payroll Transactions	24,318	24,500	24,500	24,500
General Accounts Receivable	8,669	8,800	8,900	8,900
Audit Field Work Completed	11/16/99	11/07/00	11/15/01	11/15/02
Budget presented to Council	-	6/12	-	6/03

Personnel

<i>Workload Indicators</i>	<i>1999-00 Actual</i>	<i>2000-01 Estimated</i>	<i>2001-02 Projected</i>	<i>2002-03 Projected</i>
Recruitments conducted	60	60	60	60
Employment applications processed	2,755	2,700	2,700	2,700
Employment interest cards processed	2,500	2,600	2,500	2,500
Orientations conducted	199	200	200	200
Employee training sessions conducted by Personnel	23	29	25	25
Labor contracts negotiated	2	4	3	1

CITY OF REDDING BIENNIAL BUDGET
FISCAL YEARS 2001-03

<i>Workload Indicators</i>	<i>1999-00 Actual</i>	<i>2000-01 Estimated</i>	<i>2001-02 Projected</i>	<i>2002-03 Projected</i>
Personnel transactions	498	500	500	500
Retirements processed	16	24	20	20
Labor/management meetings outside negotiation process	36	40	40	40

Risk Management

<i>Workload Indicators</i>	<i>1999-00 Actual</i>	<i>2000-01 Estimated</i>	<i>2001-02 Projected</i>	<i>2002-03 Projected</i>
Workers' compensation indemnity claims opened	63	48	50	50
Workers' compensation medical only claims opened	87	52	54	54
Liability claims opened	156	155	155	155
Liability claims closed without payment	45%	58%	59%	59%

2001-02 and 2002-03 Goals and Objectives

Finance

Goal

Provide relevant financial information to operating departments, the City Manager, the City Council, and the public in a timely fashion and in an understandable format.

Objective

1. Produce an understandable annual financial report that conforms to generally accepted accounting principles by December 31, of each year. Qualify for the "Certificate of Achievement for Excellence in Financial Reporting" from the Government Finance Officers Association.
2. Implement Governmental Accounting Standards Board Statement 34 "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments".
3. Produce a two-year budget document that is easy to read and understand for the City Council's consideration by June 30, 2003. The two-year budget will qualify for the "Distinguished Budget Presentation Award" from the Government Finance Officers Association and the "Excellence in Operational Budgeting Award" from the California Society of Municipal Finance Officers.
3. Produce monthly financial reports that are easy to read and understand.

Goal

Process all accounting transactions in a timely and accurate manner.

CITY OF REDDING BIENNIAL BUDGET
FISCAL YEARS 2001-03

Objectives

1. Transmit the biweekly payroll by noon on Tuesday of payroll week.
2. Issue 95 percent of all accounts payable checks within seven days of completed request.
3. Have all information for processing monthly financial reports to Information Systems no later than the 8th of each month. Distribute monthly financial reports within one business day of receiving reports from Information Systems.
4. Insure staff is cross-trained to back up other staff members when necessary to avoid backlogs or delays.
5. Develop standard procedure manuals for various areas of responsibilities.

Goal

Implement new procedures and technologies to improve operational efficiency in the Finance Division.

Objectives

1. Improve the City's fixed asset procedures. Implement the Government Finance Officers Association recommendations for establishing the appropriate thresholds for capitalizing fixed assets.
2. Improve organizational functions, assignments and procedures to help the Division be more efficient in processing information.
3. Improve computer use of preparing audit work papers.

Goal

Assist other departments with their financial needs.

Objectives

1. Meet with departments on an individual basis to inform them of grant opportunities.
2. Assist departments with grant application and administration to insure the City is successful in the grant application process.
3. Offer training course to other divisions on the available City financial information.

Personnel

CITY OF REDDING BIENNIAL BUDGET
FISCAL YEARS 2001-03

Goal

Continue to improve the efficiency and responsiveness of the Personnel Division.

Objectives

1. Fill remaining Personnel Technician position.
2. Continue ongoing workstation training and cross-training program to fully implement the realignment of Personnel, Risk Management and Volunteer Services functions.

Goal

Continue the comprehensive review and update of Personnel Policies.

Objectives

1. In conjunction with the City Attorney's Office review one major Personnel Policy every two months.
2. Update Personnel Policies that are either out of date or need improvement.
3. Negotiate changes, as necessary, with employee bargaining groups and obtain City Manager and/or City Council approval.

Goal

Reduce or contain the spiraling health and welfare benefits costs to the City.

Objectives

1. Monitor and improve the pilot Employee Wellness Program to include physical fitness program, wellness newsletter, and general wellness education.
2. Supervise and monitor the re-energizing of the work safety program in accordance with SB 198 to include specified job safety training lectures and record keeping.

Risk Management

Goal

Continue to improve the efficiency and responsiveness of the Risk Management Division.

Objectives

CITY OF REDDING BIENNIAL BUDGET
FISCAL YEARS 2001-03

1. Maintain regular contact with claims administrator and injured worker while off from work.
2. Insure that all paperwork involving Workers' Compensation Claims, Liability Claims, Insurance Certificates, etc., are handled expeditiously.

Goal

Reduce or contain Workers' Compensation and Liability claims involving City employees.

Objectives

1. Continue the re-energizing of the work safety program in accordance with SB 198 to include job safety training and record keeping.
2. Utilize the Employee Wellness Program to provide strength, cardio vascular and mobility training.
3. Provide training and a system of accountability as dictated by nature of liability claims (i.e., backing accidents or other types of vehicle accidents).

Goal

Take action to insure that the appropriate City staff are competent in the fast changing regulations and laws regarding Workers' Compensation processes and procedures.

Objectives

1. Schedule Risk Management Division staff to attend formal conferences and workshops as appropriate to be fully proficient in administering all changes in Workers' Compensation regulations and laws.
2. Implement training sessions with appropriate departmental personnel to insure compliance with procedural changes, and an understanding of their general responsibilities.

CITY OF REDDING BIENNIAL BUDGET
FISCAL YEARS 2001-03

Notes