

INTRODUCED: September 11, 2017

A RESOLUTION No. 2017-R070

To create a new reservation of fund balance called the General Employee Bonus Reserve intended to be categorized as an assigned fund balance and used for payment of one-time annual bonuses to general employees of the City.

Patrons – Ms. Robertson, Vice President Newbille, President Hilbert, Mr. Jones,
Ms. Trammell and Mr. Addison

Approved as to form and legality
by the City Attorney

PUBLIC HEARING: SEPT 25 2017 AT 6 P.M.

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF RICHMOND:

That, effective upon the adoption of this resolution:

(a) A new reservation of fund balance called the General Employee Bonus Reserve (the “Reserve”) is hereby created.

(b) It is the intent of this resolution that (i) all amounts assigned to the Reserve be appropriated for the payment of one-time bonuses to general employees of the City and (ii) the Reserve be categorized as an assigned fund balance for purposes of generally accepted accounting principles.

AYES: 9 NOES: 0 ABSTAIN: _____

ADOPTED: OCT 9 2017 REJECTED: _____ STRICKEN: _____

(c) Up to the amount equal to the amount needed to pay a one-time bonus equal to two-and-a-half percent of estimated annual base salary for the period commencing July 1, 2017, and ending June 30, 2018, as determined by rate of pay for the last full pay period before the date on which the bonus is paid, to each employee of the City, other than sworn police and fire employees, who:

(1) Has been employed continuously by the City in a part-time permanent position or a full-time permanent position in the classified service or the unclassified service on and after July 1, 2017, through the date on which the City pays the bonus;

(2) Has received tenured status (if a classified employee) on or before June 30, 2017;

(3) Has not been issued a suspension or disciplinary demotion on or between July 1, 2016, and June 30, 2017; provided that if the employee appeals the disciplinary action and the disciplinary action is overturned or the appeal results in a lesser disciplinary action than suspension or disciplinary demotion, the employee will receive the bonus;

(4) Is not in leave without pay status during an investigation or disciplinary review as of July 1, 2017; provided that:

a. If the outcome or disciplinary review is suspension, disciplinary demotion or termination, the employee will not receive the bonus; and

b. If the employee appeals the disciplinary action and the disciplinary action is overturned or the appeal results in a lesser disciplinary action than suspension or disciplinary demotion, the employee will receive the bonus; and

(5) Is not in leave without pay status for the entire period of time commencing July 1, 2016, and ending June 30, 2017, unless on approved military leave,

from any year-end General Fund surplus remaining after the Unassigned General Fund Balance for the fiscal year commencing July 1, 2016, and ending June 30, 2017, reaches an amount equal to ten percent of Total Budget Expenditures as defined in the Unassigned Fund Balance Policy of the City of Richmond adopted by Resolution No. 2012-R42-72, adopted April 23, 2012, and after all other reserves adopted prior to this resolution for the fiscal year commencing July 1, 2016, and ending June 30, 2017, have been satisfied, shall be assigned to the Reserve.



Richmond City Council

The Voice of the People

Richmond, Virginia

Lou Brown Ali
Council Chief of Staff

Office of the Council Chief of Staff

RECEIVED

AUG 31 2017

OFFICE OF CITY ATTORNEY

Ordinance/Resolution Request

TO Allen Jackson, City Attorney

THROUGH Lou Brown Ali, Council Chief of Staff *LB*

FROM Charles M. Jackson, Council Budget Analyst *C. J.*

COPY Ellen Robertson, 6th District Council Member
Meghan K. Brown, Deputy Council Chief of Staff *MLB*
Kiya Stokes, 6th District Liaison

DATE August 29, 2017

PAGE/s 1 of 3

TITLE Resolution to create a new reservation of fund balance, to be categorized as an assigned fund balance for a one-time general employee bonus of 2.5 percent.

This is a request for the drafting of an

Ordinance

Resolution

REQUESTING COUNCILMEMBER/PATRON

SUGGESTED STANDING COMMITTEE

Ellen Robertson

Finance and Economic Development

ORDINANCE/RESOLUTION SUMMARY

The patron requests a resolution to request that:

- 1.) Upon achieving an Unassigned General Fund Balance equal to ten percent (10.00%) of the budgeted General Fund expenditures (total budgeted expenditures), as defined in Resolution No. 2012-R042; and
- 2.) After all other adopted reservations (reserves, committed up to \$2,000,000 of Fiscal Year 2017 (FY17) surplus have been satisfied;
- 3.) Any remaining General Fund surplus for FY17 shall be reserved as an assignment of fund balance for the purpose of providing funding for a one-time expense of a 2.5% bonus for all City general employees.

BACKGROUND

During the FY18 Council Budget Work Sessions, the patron expressed an interest in identifying statistics pointing to the inconsistency of salary increases or bonuses on an annual basis for City employees. The information is intended to serve as support for providing a one-time salary bonus to City general employees.

The May 2017 City of Richmond Performance Review, released by the Virginia Commonwealth University's Wilder School, highlighted the growing general employee dissatisfaction regarding 1) inconsistent incentive compensation, 2)

competitive pay and 3) COLA increases in recent years.

The combination of these factors has resulted in a significant decline in morale, increased staff turnover, and greater instances of (mid-career) job burnout. In addition to pay dissatisfaction, the performance review highlighted employee concerns about other challenges such as increased service demands, high workloads and outdated equipment. All while dealing with these challenges, the majority of staff are left to deal with long periods of stagnant salaries.

Since 2012, the City of Richmond has paid an annual flat-rate (percentage) salary increase only twice. Exhibit 1 below lists the salary increase and bonuses provided in the last several years; excluding any step increase or pay adjustments for Police and Fire sworn officers or constitutional officers:

Exhibit 1. Salary and Bonuses provided since 2012.

1. Fiscal Year 2012 - \$1,000 bonus for full-time employees and \$500 for part-time employees
2. Fiscal Year 2013 - \$0
3. Fiscal Year 2014 - 2% salary increase for general employees
4. Fiscal Year 2015 - 2% bonus for general employees
5. Fiscal Year 2016 - 2% salary increase for general employees
6. Fiscal Year 2017 - \$500 bonus for full-time employees and \$250 Bonus for part-time
7. Fiscal Year 2018 - \$0

Based on the data above, general City employees have received two cost of living adjustment in the past six years. With no funding currently authorized in the FY18 adopted budget for a cost of living adjustment for general City employees, it would then become twice in seven years.

Additionally, the City is currently in the process of conducting a comprehensive review and assessment of its current classification and compensation systems. The current classification and compensations systems were constructed over more than fifteen years ago. A recent memo received providing employees with an update on the status of the review, indicated that,

"It is anticipated that the final product of this study will result in significant changes to the City's classification and compensation systems that ensure much better alignment of our system with the competitive marketplace." The memo further states that, "While we are unsure at this moment as to what the final recommendations will be, we are optimistic future recommendations will resolve many of the challenges we currently face relative to job classification, pay and pay progression."

While final recommendations have not yet been made, it is believed that some of the anticipated recommendations will have a fiscal impact to the City. Consequently, the City must evaluate the impact of appropriating salary adjustments within the parameters of the current classification and compensation system against any revisions which may cause salary inequities or irregularities as a result of the compensation study.

Also during the FY18 budget deliberations, there was significant discussion relative

to Police and Fire Sworn Officer salary adjustments. These discussions revealed similar issues that concern general employees, including compensation compression and competitive pay. These issues are said to be some of the main factors that are resulting in high turnover (particularly to local jurisdictions) and additional work responsibilities on remaining staff. As part of the FY18 adopted budget, approximately \$5 million in funding was provided for pay adjustments as part of year one of a three year plan. Ultimately, it is estimated that it will be a significant cost to pay for the salary adjustments over the three years from FY18-20.

The Administration indicated in the Fiscal Year 2017 Third Quarter Revenue & Expenditure Projection Report that the FY17 projected budgetary surplus was \$12,239. On August 15, 2017, the Administration provided the Fiscal Year 2017 Fourth Quarter Revenue & Expenditure Projection Report that now projects the FY17 budgetary surplus to be \$7,430,834. With this significant change in the year end projected surplus the patron would like to reserve all remaining surplus funds as an assignment of fund balance in order to provide some monetary compensation to general employees in lieu of a salary increase.

The patron believes that due to the factors listed above that the City should continue to commit funding to address these issues. By reserving these funds as an assignment of fund balance and authorizing across-the-board (flat-rate) bonuses, the City will at a minimum provide additional compensation for the fifth consecutive year to general employees.

FISCAL IMPACT STATEMENT

Fiscal Impact Yes No

Budget Amendment Required Yes No

Estimated Cost or Revenue Impact:

During the FY18 budget deliberations it was indicated that a 2.5% salary increase for general city employees, excluding Sworn and Constitutional officers would cost approximately \$2,725,000. That amount is estimated as the annual cost.

Should any additional surplus be identified, after the unassigned fund balance policy and all other adopted reservations of surplus are met, remaining portions are to be reserved for the purpose of providing a source of funding for one-time expenditures dedicated to salary bonuses for City general employees.

Attachment/s Yes No