

Responses and Next Steps from the January 10th Working Group on the General Fund Budget

Report to Council

The Robert Bobb Group, LLC

January 17, 2017

Agenda

1. Responses to Questions from 1/10/17 Council Working Session
2. Proposed Budget Calendar for FY17 and FY18 Budgets
3. Missed Real Estate Opportunities
4. Key Next Steps: RFP for Forensic Audits for Purchase Cards, Revenue Office, Treasurer Office & Special and Enterprise Funds
5. Plan for Next Council Meeting on February 7, 2017
6. Transparency

Responses to Questions from 1/10/17 Council Working Session

Council Question	RBG Response & Follow Up
<p>1 Provide an itemization of real estate parcels in the City.</p>	<p>Based on 12/13/16 data from Landis Faulcon, we identified 312 city owned properties with total value (land + building) of \$19.4M.</p>
<p>2 Can the City restrict Freedom Center Services to Petersburg residence?</p>	<p>The Freedom Center does not restrict services to Petersburg residents. It serves all Virginia residents. If the City of Petersburg decided to solely own and operate the center without the FLITE Foundation or any other agency the City can mandate the criteria for assistance and be restrictive.</p>
<p>3 Does the Freedom Support Center duplicate any services that Ft. Lee and McGuire Hospital Provide?</p>	<p>Fort Lee and McGuire have representatives to provide services to veterans. McGuire VA Medical Center: In order to receive services, you must have served a specific number of days in the military and have a character discharge that is general or honorable. They do not assist with job readiness, onsite hiring, housing, education enrollment, and housing as Freedom Center does. Fort Lee: Fort Lee typically offers services to file claims, however they are for persons transitioning from active duty to retiree. FSC assists them due to extensive overload. We do not see duplicating services rather a welcomed addition to help all service men and women in need.</p>

Responses to Questions from 1/10/17 Council Working Session

Council Question

RBG Response & Follow Up

4 Review Utility Bills and provide a breakdown for customers whose water was cut off vs. being on a payment plan.

As of December 13, 2016; there were **11,896 active accounts**:

1. There are **1,380 payment plans**.

2. There are 1,635 ninety (90) day delinquent accounts that total \$1,197,322.50. This is 14% of the active accounts.

3. According to the Code of Virginia, §15.2-2119, a municipality is unable to disconnect public utilities until sixty (60) days after delinquent fees and charges for water and sewer disposal services are due.

From 10/13/2016 to present there have been approximately **192 accounts cut-off for non-payment**.

Responses to Questions from 1/10/17

Council Working Session

Council Question	RBG Response & Follow Up
<p>5 Analyze Healthcare Costs and Evaluate Lower Cost Alternatives.</p>	<p>Based on 491 employees enrolled in health care plans, HR calculates a total Monthly City cost of \$319,705.92. This amount fluctuates based on payroll. The City belongs to a local choice consortium (for 15 years) which is managed by the state department of human resources that serves to negotiate on behalf of smaller localities. The state negotiated with Blue Cross/Blue Shield Anthem and manages back office and admin costs which is built into the rate. The City has experienced an average annual increase of 6% the last two years and the City renews each year. RBG will explore and evaluate feasibility of lower cost alternatives for FY18.</p> <p>The plan provides for individual choice. Employees can decide what deductible amount to pay. The plan includes preventive care (annual physical), risk assessment, and going forward in future, the City at its discretion can establish a Wellness Fair and Wellness program/education throughout the year. The City provides 90% of basic plan costs, well above industry standard.</p>
<p>6 Should we have Hispanic Liaison in FY18?</p>	<p>We are reviewing this office as part of the FY18 overall City Organization Review.</p>

Detailed Health Insurance Rates are provided in the Transparency section.

Responses to Questions from 1/10/17

Council Working Session

Council Question	RBG Response & Follow Up
<p>7 Review the 4 Fire Stations and provide a breakdown of work hours.</p>	<p>The following data is sourced from the fire record management system and reflects total calls for service and fires during calendar year 2016.</p> <p>Engine 2 (Market St.) – 1744 total responses (128 fires) Truck 1 (Market St.) – 457 total responses (94 fires) Engine 3 (Farmer St.) – 1138 total responses (77 fires) Engine 4 (Sycamore St.) – 1446 total responses (91 fires) Engine 5 (Johnson Rd.) – 719 total responses (112 fires) Fire Medic 3/EMS – 2072 total responses Fire Medic 4/EMS – 1076 total responses</p> <p>Petersburg Fire mitigated 9,026 unit responses to 6,776 (502 fires) incidents in calendar year 2016.</p> <p>Fire policy dictates crews remain professionally engaged during business hours, Mon. – Fri. 0800 to 1700 hrs.</p> <p>Saturday and Sunday: 2 hours training (minimum) each day</p> <p>“Down time” is considered after 1700 hours during the week and after training on weekends.</p>

Responses to Questions from 1/10/17 Council Working Session

Council Question	RBG Response & Follow Up
<p>8 Limits of Risk Management policies: should they be higher (e.g., Police limits are \$1M)?</p>	<p>We believe these limits should be higher than \$1M not just for Police, but for other high risk areas such as fire and public works. RBG will look at this going forward. For example, in Newport News: GL SIR {Self-Insured Risk} is \$1M, Excess GL is \$10M and Management Practices Liability {i.e. Public Officials Liability} has a limit of \$5M. Their population is 180,179 and number of employees is 3,531.</p>
<p>9 What is the current status of the Perpetual Care Fund?</p>	<p>The Perpetual Care Fund currently has \$1.4M. Since FY15, ~\$525K was transferred from the account to support general fund operations leaving a balance of \$1.4M. Funds were not properly appropriated by Council to support this action. This will be a part of our forensic audit.</p>

Responses to Questions from 1/10/17 Council Working Session

	Council Question	RBG Response & Follow Up
10	Vacant Building Registry Update for 1/17/17	Vacant Property Listing includes 200 properties as of 1/17/17.
11	Status Update on the Lockbox?	RBG and the City Treasurer met with SunTrust and the Lockbox payment process will be implemented in approximately 90 days. The City Treasurer will provide a progress report update each month in the interim.
12	What is the status on getting new Fire Trucks?	We are working on getting equipment for Fire Safety (e.g, breathing apparatus) and update during the 2/7/17 Council meeting.

Proposed Budget Calendar for FY17 and FY18 Budgets

ZERO-BASED BUDGET

Department Leaders must build their budgets starting from \$0, account for every dollar, document every service and function provided, and the proposed budget should not exceed more than a 5% increase from the FY 2017 2nd amendment.

PREPARATION FOR MEETING WITH CITY LEADERSHIP

Starting the week of February 13, all departments who have a budget in the City's All Funds budget will be required to meet with City Leadership. Department Leaders will be responsible for the following:

- Explain every dollar you are requesting.
- Explain the service/function your budget allows for AND the level of service you are providing (e.g. this budget provides the City's waste and recycling collection with a once per week pick-up).
- Know every dollar that the City receives that supports your operation and where the revenue is recorded (i.e. the fund and account code).

Proposed Budget Calendar for FY17 and FY18 Budgets

TOPIC	DATE
Special Work Session on the FY 17 budget	January 10, 2017
Distribute Budget Instructions and Guidance	January 17, 2017
Distribute FY 18 Budget Calendar at Council	January 17, 2017
Staff Training on New Budget Building Module	January 24, 2017
FY 17 Budget 2nd Amend. Public Hearing Advertised	Jan. 25 and Feb. 1
FY 17 Budget 2nd Amend. Public Hearing/Appropriation	February 7, 2017
FY 18 Proposed Department Operating Budgets Due	February 10, 2017
Capital Budget and CIP Plan Due to CIP Committee	February 10, 2017
Advertise CIP for Planning Commission	February 15, 2017

Proposed Budget Calendar for FY17 and FY18 Budgets

TOPIC	DATE
Departmental Meetings with City Leadership	Feb. 13-March 3
Preliminary FY 18 Real Estate Figures Available	March 1, 2017
Council Work Session with Schools	Week of March 6
Capital Budget and CIP Presented at Planning Commission	March 1, 2017
City Manager Proposed Budget to City Council	March 21, 2017
Council Work Sessions on FY 18 Budget	March 27 – April 7
Set Maximum Tax Rate	TBD
Advertise Public Hearing on FY 18 Budget	April 5 and April 12

Proposed Budget Calendar for FY17 and FY18 Budgets

TOPIC	DATE
Public Hearing on FY 18 Budget	April 18, 2017
Schools Presentation of FY 18 Budget	TBD
City Council submits recommended changes to City Manager (must include the support of 3 additional Council members to be considered)	April 21, 2017
Special Work Session of City Council to discuss changes to the budget	April 25, 2017
City Council Adoption of FY 18 Budget	May 2, 2017
FY 18 Landbook Finalized	June 2017
Appropriation of FY 18 Budget	June 20, 2017
Re-Appropriation of FY 17 Grant/Capital Funding	August 15, 2017

Lack of Real Estate Deal Making Process

Our surplus property disposal process is inefficient and results in missed opportunities. Here are 3 examples valued at ~\$4M.

1. Titmus/ Commerce Street (~\$2.4M Missed Opportunity)

- a. ReMax (the City's real estate broker) will meet with Mission Bay to discuss the possibility of moving forward with the purchase of the Titmus property. The amount for the missed Titmus/Commerce Street opportunity was \$2.4 million.
- b. Background: After 3 presentations to City Council, the deal fell apart due to Lihtec concerns. This group is still interested and returning for follow up meetings with the City.

2. Titmus Property B (~\$1.0M Missed Opportunity)

- a. This was another Titmus Property estimated at a \$1M sale.
- b. Background: Highly qualified potential Buyers were bottlenecked by the property sale process.

3. 20 W Tabb (~\$670,000 Missed Opportunity)

- a. The appraisal from 1/7/16 was for \$670,000. ReMax will work on an updated appraisal.
- b. Background: The City issued an RFP, selected a developer, and the deal never closed.

We plan to propose a new process that has worked in other jurisdictions at the next Council meeting on 2/7/17.

Forum for Surplus Real Estate Assets

We plan to hold a forum during week of February 13th to sell off surplus real estate assets.

1. Real Estate Forum

- a. Based on city data as of 12/16/16, we identified 312 city owned properties with a total land and building value of \$19.4M.
- b. We plan to conduct a Real Estate Forum and report back to you on what is the current status of real estate in the City, and what is available to be sold.

Auction for Surplus Physical Assets

We plan to hold an auction during week of February 13th to sell off surplus physical assets.

1. City Auction

- a. We plan to work with Motleys Asset Disposition Group to hold a public and online auction.

We plan to work with City schools to support the sale of their surplus assets to provide them with additional revenue.

Vendor Forum on 1/25/17

We will conduct a Vendor Forum on Jan. 25th and report back to you on 2/7/17. The purpose of our vendor forum will be to brief vendors on the current state of the City's finances, our strategy for how we will pay them, and discuss potential payment plans. The venue is the Petersburg HS auditorium.

Plan for Next Council Meeting on 2/7/17

In our next meeting on 2/7/17, we will propose a 2nd amendment to the FY17 General Fund budget for your approval following a public hearing.

We will submit the FY18 budget recommendations at the second city council meeting in March.

Key Next Steps: RFP being sent out for Forensic Audits for Purchase Cards, Revenue Office, Treasurer Office & Special and Enterprise Funds

City Council Vision Session on 2/18/17

We are requesting Council to schedule a City Council Visioning Session on February 18, 2017 - Saturday

Transparency

- Health Insurance Rates

Health Insurance Rates

Attached is the healthcare premium chart as of 8/2016 when the FY 2017 rates were created. Included are the monthly overall costs. At the bottom is the annualized amount.

CITY OF PETERSBURG - HEALTH INSURANCE RATES
FY 2016/2017

(1) KEY ADVANTAGE EXPANDED - COMPREHENSIVE DENTAL								(2) KEY ADVANTAGE EXPANDED - PREVENTIVE DENTAL						
	# EES	Bi-Weekly Employee Cost	Monthly Employee Cost	Monthly Employee Cost	Monthly City Cost	Monthly City Cost	Combined Monthly Total	# of EES	Bi-Weekly Employee Cost	Monthly Employee Cost	Monthly Employee Cost	Monthly City Cost	Monthly City Cost	Combined Monthly Total
EE Only	214	84.50	169.00	36,166.00	529.00	113,206.00	698.00	2	75.56	151.12	302.24	535.88	1,071.76	989.24
EE + One	43	266.00	532.00	22,876.00	759.00	32,637.00	1,291.00	0	259.35	518.70	0.00	752.30	0.00	1,271.00
EE + Family	27	387.75	775.50	20,938.50	1,109.50	29,956.50	1,885.00	1	378.82	757.64	757.64	1,097.36	1,097.36	2,612.64
TOTALS	284			79,980.50		175,799.50		3			1,059.88		2,169.12	
(3) KEY ADVANTAGE 500 - COMPREHENSIVE DENTAL								(4) KEY ADVANTAGE 500 - PREVENTIVE DENTAL						
	# EES	Bi-Weekly Employee Cost	Monthly Employee Cost	Monthly Employee Cost	Monthly City Cost	Monthly City Cost	Combined Monthly Total	# EES	Bi-Weekly Employee Cost	Monthly Employee Cost	Monthly Employee Cost	Monthly City Cost	Monthly City Cost	Combined Monthly Total
EE Only	115	27.50	55.00	6,325.00	529.00	60,835.00	584.00	6	18.56	37.12	222.72	535.88	3,215.28	795.72
EE + One	40	160.50	321.00	12,840.00	759.00	30,360.00	1,080.00	1	153.85	307.70	307.70	752.30	752.30	1,367.70
EE + Family	40	233.75	467.50	18,700.00	1,109.50	44,380.00	1,577.00	2	224.82	449.64	899.28	1,097.36	2,194.72	2,446.28
TOTALS	195			37,865.00		135,575.00		9			1,429.70		6,162.30	
INS PLANS	# Employees	Monthly EE Cost	Monthly City Cost											
1	284	79,980.50	175,799.50											
2	3	1,059.88	2,169.12											
3	195	37,865.00	135,575.00											
4	9	1,429.70	6,162.30											
Monthly Totals	491	120,335.08	319,705.92											
Annual Total		\$1,444,020.96	\$3,836,471.04											
Annual Grand Total		\$5,280,492.00												