

# TOWN OF FAIRFAX STAFF REPORT

**TO: Mayor and Town Council**

**FROM: Michael Rock, Town Manager**

**DATE: August 4, 2010**

**SUBJECT: Discussion/Consideration of Draft FY 2010/11 Town Budget and discussion of staff reorganization options**

## **DISCUSSION**

Consider the following options for balancing the Draft FY 2010/11 Budget:

1. Leave the Senior Maintenance Worker position unfilled (3 months)	\$ 18,000
2. Delete the Proposed Equity Adjustments for managers	\$ 14,000
3. Eliminate the \$200/month health care pay back for management staff	\$ 16,800
4. Utilize the vacancies of staff positions during recruiting	\$ 50,000
5. Reduce Public Works Director to part-time	\$ 86,000
6. Cut operating costs in all departments	\$ 20,760

**Total considered additional adjustments** **\$205,560**

The six cost saving items above will balance the budget for the 2010/11 fiscal year. However, there still is a structural deficit inherent within the budget. This is represented primarily by the out-of-balance retirement and health care benefit coverage currently provided to Town employees.

- Rate increases by PERS and enhanced retirement 2.5% @ 55 and 3% @ 50 and salary increases (approved four years ago) has resulted in Retirement benefits increasing 18.9% annually each year for six years – net cost to Town - \$712,368
- Enhanced Health Care benefits (approved four years ago) and rate increases has resulted in an 11.6% increase annually each year for six years – net cost to Town - \$173,374

## **FISCAL IMPACTS**

Adopting the six items above balances the budget for the FY 2010-11. Items 1, 2, 4, and 6 are already producing savings to the budget. Items 3 and 5 will produce savings following adoption of the FY 2010/11 budget.

The Council requested staff to propose several options for long term reorganization of the staff. Listed below are several possible reorganizational models that staff believes will work and still provide excellent customer service to our residents. It is recommended that staff work towards implementing either Option A or B for the FY 2011/12 budget.

### **OPTION A:**

1. Combine the Town Manager and Planning and Building Services Director positions.  
(Annual savings of \$158,200)

2. Replace the Public Works Director with a Public Works Manager.  
(Annual savings of \$23,000)
3. Combine the Assistant to the Town Manager with the Finance Director position and rename Administrative Services Director  
(Annual savings of \$118,433).

Increase Accountant to fulltime position.  
(Added annual cost of \$42,381).

**Total Net Savings of Option A on an annual basis: \$257,252**

OPTION B:

1. Combine the Town Manager with the Public Works Director position.  
(Annual Savings of \$142,702)
2. Replace the Senior Maintenance Worker with a Public Works Manager  
(Added cost of \$36,492)
3. Combine the Assistant to the Town Manager with the Finance Director position and rename Administrative Services Director  
(Annual Savings of \$118,433)

Increase Accountant to fulltime position  
(Added annual cost of \$42,381)

**Total Net Savings of Option B on an annual basis: \$182,263**

OPTION C:

1. Combine the Town Manager with the Planning and Building Services Director position. (Annual Savings of \$158,200)
2. Reduce Public Works Director to a part time position  
(Annual savings of \$88,436)
3. Combine the Assistant to the Town Manager with the Finance Director position and rename Administrative Services Director  
(Annual savings of \$118,433).

Increase Accountant to fulltime position. Increase Community Resources Coord. to fulltime position.  
(Added annual cost of \$67,381)

**Total Net Savings of Option C on an annual basis: \$297,688**

In order to fully explore the three options above and address the structural deficit, I recommend that we take the fiscal year 2010/11 (July 1, 2010-June 30, 2011) to work with the community, the Town Council, and staff to find long term solutions to the structural deficit. This will allow time to meet and confer with all labor groups and discuss with the community and the Town Council recommended changes to the organizational structure of the Town government to assist with the goal of a long term, sustainable budget. The Town Council will be holding a special Council Workshop on September 11, 2010 to discuss a Fiscal Sustainability Plan and to adopt the updated Strategic Plan and Goals.

**ATTACHMENTS**

1. Attachment A: Salary and Benefit Information

## **ATTACHMENT A**

### **SALARY AND BENEFITS INFORMATION**

Combines base salary and benefits:

Assistant to the Town Manager	\$118,433	
Planning and Building Services Director	\$158,200	
Public Works Director	\$142,702*	(Part time \$54,266)
Town Manager	\$161,000*	
Accountant	\$119,000	(Part time \$42,500)
Community Resources Coordinator	\$ 40,100	
Public Works Manager	\$119,000	
Senior Maintenance Worker	\$ 82,510	

\*Currently these positions do not draw health benefits from the Town and thus the health benefit cost is NOT added into these figures.