TO: HONORABLE CITY COUNCIL

FROM: CITY MANAGER DEPARTMENT: COMMUNITY SERVICES

DATE: OCTOBER 25, 2004 CMR: 427:04

SUBJECT: COMMUNITY SERVICES DEPARTMENT RESTRUCTURING INCLUDING ADOPTION OF A BUDGET AMENDMENT ORDINANCE AMENDING THE TABLE OF ORGANIZATION AND AN ORDINANCE AMENDING THE MUNICIPAL CODE TO CREATE NEW DEPARTMENTAL DIVISIONS

REPORT IN BRIEF

As part of the City Manager’s efforts to “Strengthen the Bottom Line”, senior management has committed to review organizational vacancies and retirements seeking opportunities to restructure and reorganize operations. Due to this economic necessity, staff retirements and the creation of a new Department of Libraries, the Community Services Department has developed a succession and restructuring plan that reduces management staffing by 2.5 FTE and reduces hourly staffing by .5 FTE, flattens the organizational structure, and saves $340,939 annually in salary and benefits costs. This plan also proposes to maintain current service levels of all divisions in the Community Services Department. This report requests Council approval for changes to the Table of Organization, the addition of recommended new classifications, and the creation of new departmental divisions in order to implement the plan.
RECOMMENDATION
Staff recommends that Council:

1. Adopt the attached Budget Amendment Ordinance amending the budget, including
   the Table of Organization for fiscal year 2004-05 to implement the organizational
   restructuring of the Community Services Department (CSD) (Attachment A, Exhibit 1)

2. Adopt an ordinance amending municipal code section 2.08.210 to create three new
divisions within Community Services (Attachment B):
   a. On October 1, 2004
      i. Cubberley Center and Human Services Division
   b. On January 1, 2005
      i. Recreation and Youth Sciences Division
      ii. Open Space Division

3. Approve a resolution amending the Compensation Plan for Management and
Professional Employees (Attachment C)

4. Approve a resolution amending the Compensation Plan for Classified Employees
(Attachment D)

BACKGROUND
In the past few years the City of Palo Alto has seen General Fund revenues decline
significantly while experiencing dramatic increases in benefit and retirement costs. Due
to these budgetary pressures, senior department managers were directed to assess their
Departments to determine if restructuring and reorganization opportunities could result in
cost reductions yet maintain existing services levels. During the 2003-04 budget
Community Services eliminated 2.0 FTE positions.

Subsequently, the Community Services Department began to experience retirements at
the upper management levels of the organization. The Community Services Director and
Cubberley Manager retired in spring of 2004. The Director of Arts and Culture retired in
July 2004; and in January 2005, the Director of Recreation, Open Space and Sciences
will retire. These retirements represent almost 100 years of institutional knowledge.

The department structure was also changed when its Library Division became a separate
department. These factors have presented an opportunity for CSD management to
reassess both structure and resources.

DISCUSSION
In order to meet the economic and organizational issues it faced, the Community Services
Department has developed a restructuring and succession plan to mitigate the loss of
seasoned managers and reduce the impact to the General Fund. This succession plan
eliminates positions and promotes in-house talent to larger roles of responsibility, thus
flattening the organization. For example, the Recreation and Youth Sciences Division
will remove one level of management with the elimination of the Recreation Superintendent classification. At the administrative level, the elimination of the Deputy Director position, the reassignment of infrastructure staff to the Public Works Department and the creation of the Cubberley Center and Human Services Division also flattens and clarifies reporting channels within the department’s organizational structure. (Attachments F, G)

The department structure is also redesigned to make better use of its management and classified talent and physical resources. An example of this type of organizational restructuring is the creation of the new Open Space Division which eliminates another yet another management layer.

The following information describes the staffing and organizational changes and cost savings associated with the recommended succession and restructuring plan. For a more in depth analysis see Attachment E, “Financial Analysis of CSD’s Proposed Reorganization Plan” which provides costing and adjustments to full time equivalent (FTE) data and Attachments F and G which outline the Community Services Department organizational restructuring.

- **CSD Administration:** Even though the position of Deputy Director was eliminated during the 2003-04 budget year, the administrative job functions attached to the position still remain. This request reclassifies a position to the department administrative level, which will be responsible for the department’s budget, grants, technology, and business functions. This position is created through the elimination of a vacant 1.0 FTE Executive Assistant position located in the Recreation and Youth Sciences division and the addition of a 1.0 FTE Senior Administrator (to be under-filled at the lower Administrator level to create additional cost savings) reporting to the director of Community Services. The new position will cost an additional $18,871 per year, which is offset by the $137,621 of savings from the eliminated Deputy Director position. Additionally, 2.0 FTE of capital project management staff were transferred to the Public Works Department consequently freeing up CSD management resources that could be better channeled towards service delivery.

- **Cubberley Center and Human Services:** This is an add/drop request to move the incumbent Human Services Director into a newly developed classification, Cubberley Center and Human Services Division Manager. The new position will be responsible for both the Cubberley and Human Services operations. Since the retirement of the Cubberley Manager, staff has begun a cross-training program to empower both the Human Services and Cubberley staff members to work together, in a team approach, allowing Cubberley to maintain its excellent customer service tradition. This restructuring will cost approximately $12,000 of salary adjustment
and is offset by the $109,333 savings from the elimination of the Cubberley manager position.

In order for the Cubberley Center and Human Services Division Manager to successfully take on the management of both operations, she requires additional project supervision that an Office Specialist cannot perform but a Program Assistant can. A reclassification of an existing Office Specialist to Program Assistant will accomplish this, with an approximate annual salary increase of $5,329 per year.

This shift will also move the Cubberley operation from being a branch of CSD administration and make it a new division named the Cubberley Center and Human Services Division.

• **Parks Operations:** This request drops a 1.0 FTE Golf Equipment Mechanic located in the Parks operation and adds a new classification, a 1.0 FTE Parks Maintenance Person Lead. This is a cost-neutral change in that operating budget dollars now used for contracted park repairs will be used to fund the upgrade. The change will provide a higher level of playground and park equipment repair than is available through existing staff and contracts. Additionally, a second related request adjusts the Parks Superintendent’s compensation to better align with CSD and citywide counterparts. The cost of the realignment is $4,467 per year.

• **Golf Course:** This restructuring eliminates a management classification, Golf Course Supervisor, and creates a new classified position, Parks/ Golf Crew Lead. The position will report directly to the Golf Course Superintendent and be responsible for leading and performing crew maintenance work. Approximate annual savings from this shift are $18,000 per year and it reduces CSD management by 1 FTE. Additionally, a second related request adjusts the Golf Course Superintendent’s compensation to better align with CSD and citywide counterparts. The cost of the realignment is $4,467 per year.

• **Arts and Culture:** This conversion combines a regular 0.5 FTE Facility Assistant position (now vacant) with 0.5 FTE hourly salaries to form a 1.0 FTE regular Office Specialist position that will be responsible for class registration and facility supervision. The new position will be under-filled at .75 FTE in order to reduce costs.

The Arts and Culture Director’s position will remain vacant until the completion of the in progress strategic plan and a recommendation will be forthcoming as how to proceed. In the interim, the Children’s Theatre manager and the Art Center
manager are sharing the vacant director’s responsibilities. Annual cost savings while the position remains unfilled are $153,117.

• Recreation, Open Space and Sciences: In December 2004 the incumbent Recreation, Open Space and Sciences (ROSS) Director is retiring. Once this happens, the 1.0 FTE Recreation Superintendent and the 1.0 FTE ROSS Director classifications will be eliminated. A new classification, a 1.0 FTE Recreation and Youth Sciences Division Manager, will be created to manage the Recreation and Jr. Museum and Zoo operations. Open Space will become a new division of the department and be led by the incumbent Open Space Superintendent, in a newly created classification, Open Space Division Manager. Total salary and benefits savings from this shift is $145,393 per year.

• In order to clarify internal reporting relationships and external job market comparisons all CSD division-head classification titles have been changed to “Division Manager”. As an example the director of Parks and Golf will now be classified as the Parks and Golf Division Manager.

It is important to note that one of the impacts of these recommendations is a reduction of administrative expertise and support throughout the department. The Human Resources Department is currently reviewing support job classifications and responsibilities in the Community Services Department. As the reorganization moves forward, further reclassifications or redistributions in resources may become desirable.

Additionally, in order to better understand its role in the City organization and the needs of the community it serves, the department has initiated a strategic planning effort. The completed plan will create a set of goals and redistribute resources to meet the community’s recreation, arts, parks and human service needs for the next five years. The plan is expected to be complete in spring 2005 and will represent the final phase of the department’s restructuring.

**RESOURCE IMPACT**
The Community Services Department proposed reorganization plan will eliminate 2.50 regular FTE and .5 FTE of hourly salary with an estimated annual salary and benefits savings of $340,939.

Of this savings, $246,954 was already incorporated in the 2004-05 Adopted Budget due to the anticipated removal of 2.0 FTES (Deputy Director and Cubberley Manager) while the remaining balance will be recognized in the 2004-05 Adjusted Budget. Since CSD’s reorganization plan has two phases of implementation (October 1, 2004 and January 1, 2005), the earning of this annual savings will be prorated based on the period that this reorganization plan will be implemented. Attachment E “Financial Analysis of CSD’s
Proposed Organization Plan” provides details of the savings. The estimated amendment to 2004-05 the Budget is an increase of $48,065 to the Budget Stabilization Reserve balance. On an annual basis, the increase to the Budget Stabilization Reserve would be $93,985.

**POLICY IMPLICATIONS**
On approval of this recommendation section 22 of the Municipal Code will be amended to indicate the new divisions of the department and new division head titles.

**ATTACHMENTS**
Attachment A: Budget Amendment Ordinance
   Exhibit 1: 2004-05 CSD’s Amended Table of Organization
   Exhibit 2: Budget Amendment Ordinances Impacting General Fund Reserve
   Approved -To-Date in 2004-05
Attachment B: Ordinance of the Council of the City of Palo Alto to Modify Section 2.08.210 of Chapter 2.08 of Title 2 of The Palo Alto Municipal Code Pertaining To Restructuring of The Community Services Department
Attachment C: Resolution of the Council of the City of Palo Alto Amending the Compensation Plan for Management and Professional Personnel and Council Appointees Adopted by Resolution No. 8455, to Amend Five Classifications
   Exhibit 1: 2004-05 Amended Compensation Plan Changes For Management
   And Professional Personnel
Attachment D: Resolution of the Council of the City of Palo Alto Amending the Compensation Plan for Classified Personnel (SEIU) Adopted by Resolution No. 8452, to Amend Two Classifications
   Exhibit 1: 2004-05 Amended Compensation Plan Changes for SEIU Personnel
Attachment E: Financial Analysis of CSD’s Proposed Reorganization Plan
Attachment F: Community Services Department Organizational Chart - January 1, 2004
Attachment G: Community Services Department Organizational Chart - January 1, 2005

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