Summary Title: Staffing Flexibility

Title: Policy & Services Committee Recommends the City Council Increase the Number of Flex Positions in the Table of Organization in the Fiscal Year 2012 Proposed Budget

From: City Manager

Lead Department: Human Resources

Recommendation
Staff and the Policy & Services Committee recommend that the Council increase the number of flex positions (over-strength positions) in the Table of Organization in the Fiscal Year 2012 Proposed Budget, from seven to twenty positions.

Background
At its meeting on May 10, the Policy and Services Committee reviewed and discussed the staff presentation and voted to recommend that Council approve the staff recommendation to increase the number of “flex” positions in the Fiscal Year 2012 Proposed Budget. At that meeting, the City also considered an Ordinance amending Chapter 2.28 of the Palo Alto Municipal Code, however staff has since identified other potential changes for Chapter 2.28 and therefore plans to bring forward a comprehensive amendment to that section at a future date.

Due to the increase in retirements and other operational impacts occurring over the last two years, there is an increased need to have flexibility in assigning staffing resources to accomplish key projects and priorities. Under the Charter and the Code, the City Manager already has the authority to assign or reassign
employees to departments as he deems appropriate. However, additional budgetary requirements significantly restrict the Manager’s ability to actually make such changes because the code requires that staffing comply with the budgeted positions listed in the table of organization in the budget.

The City currently has had two methods to add temporary staffing at the management level: first, it can hire an hourly Management Specialist under the provisions in the Hourly Compensation Plan limited to 1000 hours.

The second method was approved on April 4, 2011, when the City Council approved the management compensation plan which included a revision to add terms for “provisional employment.” A provisional employee hired under this section would be any management position filled on an “at will” basis for up to two years. This change gives staff the flexibility to hire positions to assist with special projects, and/or cover responsibilities while a department considers organizational structure changes and develops plans to more effectively meet the City’s needs.

The changes discussed in this report are needed to address the process and funding necessary to hire a provisional employee when the need arises.

Discussion
Open Flex Positions
At the present time, the City has seven budgeted “flex” positions that may be filled on a temporary basis to facilitate organizational transitions and succession planning. They are commonly used in cases of long-term disabilities or temporarily filling critical vacancies created by retirements or other employee departures. The existing seven flex positions are regularly fully utilized limiting the City’s ability to hire provisional employees when needed, and therefore staff recommends increasing the number of flex positions by thirteen, for a total of twenty flex positions. These thirteen additional flex positions would be used to accommodate the newly approved provisional employment program and would
comply with the City’s procedural rules because the positions would be identified in the Table of Organization. The salary will be determined in accordance with an appropriate classification as provided in the Council-approved management compensation plan which will comply with Article III, section 12 of the Charter which requires that the Council set all salary scales. Staff plans to utilize existing position titles in the Table of Organization or another “working title” when needed, that closely matches the job description when filling these provisional employment positions. This will allow the City to more effectively recruit talent that matches the City’s needs.

If it is determined that there is a need to fill a flex position on a permanent basis beyond the term of the temporary contract appointment, City Council approval would be necessary for the permanent addition of a full time equivalent position (FTE).

Available Funding
The funding process for the flex positions is currently somewhat cumbersome. At the present time, when staff transfers a position between departments, the expenditures are not properly booked (the costs continue to accumulate in the department in which the position was originally budgeted). As an example, suppose a position is transferred from the Administrative Services Department (ASD) to the City Manager’s Office to work on environmental sustainability initiatives. The expenditures for this effort will continue to accrue in ASD, even though the employee is working on a City Manager assignment, and will not be accurately recorded in the City Manager’s Office towards this Council Priority. Although it is possible under the current rules to make changes, the process of obtaining Council approval each time a change is made can limit staff’s ability to act swiftly to initiate a new program, address shifting priorities, enhance service delivery, or address a pressing community need that was not anticipated at the time the annual budget was prepared. To help streamline the process, staff will implement an administrative policy of holding the formal budget changes until the mid-year and annual budgets are brought to council. This approach will save
staff time by consolidating approval of the changes to one report to Council, while ensuring that staff continues to be accountable for tracking and reporting all fund transfers between departments.

As mentioned above, staff did discuss potential changes to PAMC Chapter 2.28 at the Policy and Services committee meeting to further address this issue. However, several additional potential changes to Chapter 2.28 were identified following that meeting. Therefore, in lieu of making piecemeal changes, a proposal for comprehensive amendments to Chapter 2.28 will be brought forward at a future meeting. In the meantime the mid-year reporting policy will be a sufficient approach for handling funding for staffing flexibility.

In all of these scenarios, the total General Fund budget authority and the total number of authorized positions approved with the adoption of the budget would remain the same.

The benefits associated with the recommended changes include:

- Ability to effectively match staff positions to needs of the organization
- Ability to expeditiously line-up needed resources to effectively manage workload
- Ability to enable those with the most expert knowledge of the City’s current needs and requirements to get ordinary and extraordinary work done
- Ability to allocate funding to those departments that need the funding and associated staffing to do the work
- Ability to align resources (both staff and funding) with the services to be provided; better alignment of resources with the City’s dynamic workload requirements
- Ability to match funding and staffing levels in departments to comply with generally accepted accounting standards and reimbursements from partners or other governmental agencies.
• Ability to leverage existing financial resources; ability to use savings generated in one department for another department where there is a need

In this demanding economic environment, the ability to efficiently respond to shifting priorities and workloads is critical. The proposed changes give staff the flexibility to improve its responsiveness to the community.

RESOURCE IMPACT

While staff has requested increase from 7 flex positions to 20 to be added to Table of Organization in Fiscal Year 12 budget there is no budget impact. Funding for flex positions will be allocated from any, existing vacant positions (FTEs). Staff will report use of these positions during mid-year budget and regular budget processes. If there is a need to create a permanent, regular position, staff will return to Council for approval.

Policy Implications
These changes are being implemented consistent with City policy.

Attachments:
• Staffing Flexibility, provisional employee description (PDF)

Prepared By: Michele Dallara, Human Resources Assistant

Department Head: Sandra Blanch, Interim Director, Human Resources Department

City Manager Approval: James Keene, City Manager
P. Q.—AT-WILL STATUS

Department heads hired after July 1, 2004 will be “At-Will” employees whose terms of employment are specified by an employment contract. Any current department head or the Assistant City Manager may elect to remain covered by the Merit Rules or to become At-Will employees with an employment contract that shall include a severance package. All current executive managers shall maintain all the benefits they presently have or would have as a new executive manager.

The City has created a program for Provisional employment when funding is available. The program's purpose is to create limited duration senior management level work for the City Manager’s Office or as designated by the City Manager. A Provisional Employee will be an “at will” employee whose term of employment shall be no more than two years. A Provisional Employee shall be exempt and not eligible to earn overtime. A Provisional Employee will receive limited benefits as specified in an Employment Agreement. Sections I and II of this Compensation Plan shall not apply to Provisional Employees, except as specified by the City Manager.

P.O. ADDITIONAL COMPENSATION FOR MAYOR AND VICE MAYOR

The Mayor shall receive $150 monthly, and the Vice Mayor $100 monthly to defray additional expenses of these offices.

Q.R. REIMBURSEMENT FOR RELOCATION EXPENSE

Policy Statement

The City of Palo Alto, in rare instances, may provide a Basic Relocation Benefits Package for new management and professional employees, upon the approval of the City Manager or designated subordinate. In addition, the provision of “Optional Benefits” or portions thereof, may be extended for exceptional circumstances and only the approval of the City Manager or designee, or for Council-appointed officers, the City Council.

The details of the Relocation Expense program are specified in the City’s Relocation Expense policy.

R.S. MEAL ALLOWANCE

Management and professional employees assigned to attend night meetings are eligible to receive reimbursement for up to $20.00 per dinner. This provision covers only receipted meals actually taken and submitted for reimbursement.

S.T. REDUCTION IN WORKFORCE

The City will make every effort to follow the 2005 transition plan if a reduction in workforce is necessary in 2009 or 2040. The Management/Professional