

Ref. #	Option	FY 2008/09	FY 2007/08 potential (assumes April 1 implementation)
		Est. savings	Est. savings
Expenditure reductions			
1	Eliminate one Business Manager position	\$52,000	\$25,000
2	Eliminate one Office Assistant II position	\$31,000	\$15,000
3	Eliminate City Council salaries	\$39,000	\$10,000
4	Close City Hall on alternate Fridays (with 10% employee pay cut)	\$350,000	\$85,000
5	Eliminate General Fund support for the Library	\$951,000	\$160,000
5b	Reduce hours and programs at library to "bare-bones" level. (Operations 30-35 hrs. per week)	\$540,000	\$20,000
6	Eliminate General Fund Support for the Museum	\$249,000	\$90,000
7	Fire services - option #1: eliminate 3 Firefighter positions/cover shifts with overtime	\$95,000	\$5,000
8	Fire services - option #2: eliminate 3 Firefighter positions/no overtime backfill	\$245,000	\$40,000
9	Fire services - option #3: eliminate 3 Firefighter positions/no overtime backfill and eliminate Assistant Fire Chief position	\$370,000	-\$30,000
10	Police services - option #1: Eliminate one Police Officer position	\$97,000	\$14,000
11	Police services - option #2: Eliminate two Police Officer positions and 1 Police Services Technician position	\$256,000	\$44,000
12	Police services - option #3: Eliminate three Police Officer positions and 1 Police Services Technician	\$353,000	\$58,000
13	Public Works services option #1: Eliminate Customer Services Manager position and part-time maintenance worker; reduce maintenance supplies budget by \$10,000	\$122,000	-\$25,000
14	Public Works services option #2: Eliminate Customer Services Manager position and 2 Maintenance Worker positions; eliminate 2 part-time Maint. Worker positions; reduce maintenance supplies budget by \$15,000	\$260,000	-\$25,000
15	Public Works services option #3: Eliminate Customer Services Manager position and 2 Maintenance Worker positions; eliminate 2 part-time Maint. Worker positions; reduce maintenance supplies budget by \$150,000	\$410,000	-\$25,000
16	Continue deferring maintenance; do not establish capital maintenance program	\$300,000	\$0
Cost reduction subtotal		\$3,105,000	\$388,000

Revenue options			
17	Parking meters on Central Ave. (net)	\$105,000	\$0
18	Parking meters along Oceanview/Lovers' Point (net)	\$247,000	\$0
19	Parking meters in City-owned parking lots (net)	\$236,000	\$50,000
20	Parking meters downtown (net)	\$495,000	\$125,000
21	Discontinue annual card rate at golf course; transfer additional revenue to General Fund	\$190,000	\$40,000
22	Long-range planning fee (15% surcharge on other CDD permits)	\$104,000	\$44,000
	New revenue subtotal	\$1,377,000	\$259,000
	TOTAL SOLUTION OPTIONS	\$4,482,000	\$647,000

Preliminary Options for Cost Reduction and Revenue Enhancement

1. *Eliminate one business manager position (\$52,000 annual savings):* This position was created as part of the recently approved reorganization. As designed, the incumbent would have responsibility for the Recreation and Golf Departments, as well as developing a citywide facilities management and a Capital Improvement Plan (CIP). The total cost for the position, estimated to be \$120,000 annually, is to be shared between the General Fund and the Golf Enterprise Fund. It is currently vacant, with recruitment to begin in January 2008. If the position is eliminated, the management responsibilities would have to be shifted to another existing manager, and other initiatives, such as CIP, would be delayed.
2. *Eliminate one Office Assistant II position (\$31,000 savings):* This position was created as part of the recently approved reorganization. As designed, it will be one of four customer service representatives at City Hall, located in either the Community Development Department or Finance. It is currently vacant, with recruitment currently underway. If the position is eliminated, staff will be unable to deliver the heightened level of customer service that was a primary goal of centralizing administration. Customers may experience delays on the phone or waiting for service at City Hall. Staff may be less prompt in processing licenses, permits, payments, and notices of potential City action.
3. *Eliminate City Council salaries (\$39,000 savings):* Prompted as an option by a City Council member, this option would eliminate the part-time salaries paid to City Council members (\$5,040 per year) and the Mayor (\$8,400 per year).
4. *Close City Hall on alternate Fridays (\$350,000 savings):* This option would save money by imposing a furlough on City employees. The regular schedule for all employees, with the exception of those in Police, Fire, and Golf Departments, would be adjusted to a 9-day/72-hour pay period, as opposed to the current 10-day/80-hour pay period. The effect of the reduced schedule would be to reduce regular pay to affected employees by 10%. This option could save money, but could also create a hardship for employees. If the furlough prompts additional employee turnover, payments associated with accrued leave could offset a portion or all of the intended savings. The hardship may be felt most acutely by overtime-exempt managers, whose workload would not change, but would receive less pay for an increasing workload.
5. *Eliminate General Fund support for the Pacific Grove Public Library (\$951,000 savings):* This option would eliminate virtually the entire budget for the library. The library's budget currently includes approximately \$50,000 from other funds that support particular functions within the library. Staff is examining these funds and the underlying documentation of donations to confirm the purposes for the donations. It is possible that donations previously placed into funds restricted for capital purposes or books were actually intended for library operations. If this is the case, these resources could support library operations for a period of months. When other available City funding is exhausted, the library could remain open only if other, non-General Fund resources could be developed for this purpose. To date, staff has not identified another agency or entity that could assume the financial responsibilities for the library. If the library closed, Pacific Grove residents could access library materials at other libraries in Monterey County.

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- 5b. *Reduce General Fund support for the Library, reducing hours of operation from 52 hours (current) to 30-35 hours (\$540,000 savings, layoffs required)*

This option would allow for the library to remain open on a “bare-bones” basis. Staffing would be reduced to four full-time employees, as opposed to seven in the current model. It would enable basic functions to continue, including circulation, materials management, and administration. Reference services, periodicals management, and library programs would be scaled back. This model would rely on a strong cadre of volunteers to perform shelving and book covering duties. This option also reduces funding for contracts, materials, and supplies to a minimal level, and assumes that purchases of new materials and library building repairs would be funded from non-General funds that exist to fund these types of expenditures.

6. *Eliminate General Fund support for the Pacific Grove Museum of Natural History (\$249,000 savings):* This option would eliminate virtually the entire budget for the Museum. The library’s budget currently includes approximately \$80,000 from the Museum Improvement Fund, but these funds are ostensibly restricted to capital improvements and/or special exhibits, and may not be used for operations. Nevertheless, staff is examining the underlying documentation of donations to confirm the intended purposes for the donations. It is possible that donations previously placed into the Museum Improvement Fund were actually intended for museum operations. If such resources are found, they could potentially support museum operations for a period of months. When other available City funding is exhausted, the museum could remain open only if other, non-General Fund resources could be developed for this purpose.

Fire service reduction options:

Background: The Fire department currently has 17 authorized Firefighter positions (including the Fire Chief and Assistant Fire Chief). 15 positions are assigned among three shifts, providing five firefighters per shift. Circumstances such as vacation, illness, or offsite training usually prohibit full staffing of any shift, leaving four or fewer to staff a shift. Four firefighters are the minimum required to meet the OSHA and fire industry standards for staffing. Therefore, under the current model, when more than one firefighter is absent, an off-duty firefighter must be called in and paid overtime wages to fill the shift. **All options for significant savings in the Fire Department require reducing the complement of firefighters from 17 to 14 (excluding senior management), which would leave each shift with only the minimum staffing of four firefighters per shift.**

7. *Eliminate three firefighter positions/backfill absences with overtime (3 layoffs required):* Eliminating three firefighter positions would save approximately \$245,000 annually. This option would avoid service impacts in the short-term by transitioning to a model referred to as “constant staffing.” This model would enable the City to keep assumes only enough firefighters to provide minimum staffing on all shifts (four firefighters on each of three shifts). To avoid service impacts, off-duty firefighters would have to be called in whenever even a single firefighter is absent from work. This approach would likely require additional overtime costs of approximately \$150,000 annually. The difference between the savings

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from eliminating three positions and the additional overtime costs would amount to approximately \$95,000 in net savings.

Each firefighter has additional responsibilities supporting community safety programs, such as the Community Emergency Response Team (CERT) and PGUSD student CPR training programs. Eliminating 20% of line staff would likely require cessation of non-essential programs.

8. *Eliminate three firefighter positions/do not backfill absences with overtime (3 layoffs required):* This option would generate \$245,000 annually by eliminating three firefighter positions. The difference from Option #7 is that instead of calling in an off-duty firefighter when a regularly scheduled employee is on vacation, ill, or training, the City would staff the shift with a minimum of three firefighters and not incur the additional overtime costs.

Savings notwithstanding, this model assumes significant risk to the City, residents of Pacific Grove, and firefighters. During periods with three firefighters on duty, the City could staff only one engine company, and could therefore not comply with OSHA's two-in-two-out requirement or be able to respond to simultaneous calls. During FY 2006/07, the Fire Department experienced 111 incidents of simultaneous calls. A single engine response model would represent a significant risk to public safety. Staff recommends that it only be considered as part of consolidated fire services with other agencies.

9. *Eliminate three firefighter positions/do not backfill absences with overtime, and eliminate the Assistant Fire Chief position (\$370,000 savings, 4 layoffs required):* In addition to the impacts of Option #8, this option would eliminate the Fire Department's primary capacity to manage staff training, which is critical as the City faces significant turnover in coming years. The strategy would also limiting the City's ability to integrate new safety standards and emerging federal and state laws into operating procedures, thereby exposing the City to potential legal liability. If this option were adopted, the City would have to reconsider its ability to provide management services to Carmel, thereby jeopardizing approximately \$110,000 in revenue. The potential savings in staff costs from this option is offset by \$50,000 of potential costs required to reclassify other positions to accommodate some of the Assistant Fire Chief duties.

Police service reduction options:

Background: The City currently has 25 authorized sworn police positions. This authorized staffing level provides for one Chief, two Commanders (with broad supervision responsibilities), three detective assignments, one school resource officer assignment, one traffic enforcement (motorcycle) assignment, one community services and training officer, with the remaining 16 officers assigned to patrol. The model allows for four patrol officers assigned to each of four shifts. Dynamics of scheduling (allowing for normal vacation, sick leave, etc.) yields a typical staffing level of three officers on each patrol shift. Patrol, which includes response to emergency calls for service, is the highest priority for Police Departments.

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When budget reductions are required, strategies usually involve moving officers from other assignments to patrol assure effective basic emergency response. However, while a department may continue to respond to emergencies, it can lose its ability to work proactively to prevent crime. Crime could therefore increase, even if the department is adequately staffed in patrol.

Practical realities of day-to-day operations already place severe strains on this model. With the exception of approximately one month last summer, the City has not been able to fully staff the Police Department. Despite ongoing recruitment efforts, actual staffing has hovered at approximately 22-23 officers in recent years. This has meant that the lowest priority assignments, dedicated traffic enforcement and school resource officer, are already unfilled. Additionally, while not desirable, there is a normal level of officer unavailability due to prolonged injuries, other leaves of absence, vacation, and training, that reduces the effective staffing level from 25 to approximately 20.

Objective data provides a perspective on “normal” staffing levels. Each year, the FBI publishes comparative staffing data for police agencies across the country. For Pacific Grove’s region and population category, the average police officer staffing level, is 1.5 per 1,000 residents. Pacific Grove currently has 23 officers, which equates to 1.5 per 1,000 residents. This calculation does not consider additional demands placed on the City of Pacific Grove by the fluctuating tourism economy.

10. *Eliminate one Police Officer position (\$97,000 savings, no layoff required):* Reducing the authorized staffing level from 25 to 24 officers would mean the elimination of the lowest priority officer assignment, which is the School Resource Officer (SRO) assignment, from the police services model. While this assignment is currently unoccupied, it is an important component of crime prevention strategies. The SRO works in Pacific Grove’s schools to educate students about safety and crime prevention, works to solve conflicts before they escalate into violence or other crime, and help youth build positive relationships with law enforcement agencies. This option would not require an employee layoff.
11. *Eliminate two Police Officer positions and one police services technician position (\$256,000 savings, no layoffs required):* This option includes the reduction described in Option #10. It additionally eliminates the next-lowest priority officer assignment: the dedicated traffic enforcement (motorcycle). Due to existing staffing challenges, the assignment is position is currently unoccupied. It is an important component of the City’s traffic safety efforts. The assignment enables the City to dedicate the efforts of an officer to traffic education and enforcement, which can foster safer driving habits and therefore fewer accidents, in the community. The Police Services Technician (PST) role in the police department is a non-sworn position that provides 24-hour direct service to the public by staffing the front counter. PSTs’ answer questions from the public, help residents file police reports, and assist sworn staff with duties at the police station, and perform other administrative work. Eliminating one (of five) PST could cause additional overtime costs and require the Records Supervisor to cover front desk duties more frequently, thereby delaying higher-skilled administrative work for the department.

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12. *Eliminate three Police Officer positions and one Police Services Technician (\$353,000 savings, one layoff required):* This option requires the reductions outlined in Option #11, and additionally eliminates another sworn officer. The next assignment staff would recommend for elimination would be the Administrative Sergeant. This assignment is responsible for managing the rigorous training programs required for Police Officers. It also supervises the parking enforcement and animal control programs, coordinates public safety plans for community events, and manages the Neighborhood Watch program associated with the Citizens' Police Academy. The position also frequently fills in or backs up patrol duties. In the event this assignment is eliminated most of these duties will not be performed, and the City will accept more risk that Officers will not have adequate training and the City may not recover as much expense reimbursement for required training as it currently does when the training program has adequate management attention.

Public Works service reductions:

The top priority for the Public Works Department is maintaining safety of the City's streets, parks, buildings, sewers, and equipment. After safety priorities are addressed, the department performs maintenance that enhances the aesthetics of the community. At current staffing levels, Public Works employees rarely have time or resources to focus on the aesthetic matters because the list of basic safety maintenance needs is so long. Staff would manage budget reductions in the Public Works Department with the goal of preserving core safety maintenance activities. To accomplish this goal, preventive maintenance cycles and responses to citizen concerns – not regarding immediate safety threats – will be delayed as resources are eliminated.

13. *Eliminate the Customer Service Manager position and a part-time Maintenance Worker position and reduce the maintenance supplies budget by \$10,000. (\$122,000 savings, 2 layoffs required):* The Customer Service Manager Position in the Public Works Department works primarily in the field, addressing citizen concerns about trees, drainage, roadway hazards, and all other matters regarding public rights-of-way. He also conducts inspections for all public works permits for activities such as encroachment in the right-of-way, excavation, and sewer lateral repairs. If the position were eliminated, these duties would be distributed among field crew supervisors, resulting in slower response to calls for service and delayed inspections. Reducing the maintenance supplies budget will limit the amount of pothole-patching and street striping, and sign replacement that crews can complete.

14. *Eliminate the Customer Service Manager position, two full-time Maintenance Worker positions, two part-time Maintenance Worker positions and reduce the maintenance supplies budget by \$15,000. (\$260,000 savings, 3 layoffs required):* This option would include the reductions in Option #13 and additionally eliminate two full-time maintenance worker positions. Reducing Maintenance Worker positions will limit maintenance of streets, buildings, and parks to only essential maintenance services. Routine maintenance would be less frequent. Examples include:

- Parks would be mowed bi-weekly instead of weekly.

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- Weeding and building repairs will be performed only for hazardous conditions.
- Crew will patch potholes on a monthly instead of weekly basis.
- Construction inspections will likely require one week's notice instead of one day's notice.
- City Hall building maintenance tasks will be performed 2-3 times per week instead of daily.
- Oceanview Blvd. turnouts will be maintained only for safety hazards, not aesthetics.

15. *Eliminate the Customer Service Manager position, two full-time Maintenance Worker positions, two part-time Maintenance Worker positions and **reduce the maintenance supplies budget by \$150,000.** (\$260,000 savings, 3 layoffs required):* This option includes the reductions from Option #14, and additionally eliminates funding for \$100,000 from planned forestry work (e.g., tree pruning, maintenance, and planting) that would have been completed by contract and \$50,000 from the storm water management program budget. The City is required to inspect certain types of businesses annually for to determine compliance with State and Federal requirements. This work is planned to be performed by contract. If this reduction strategy is adopted, City staff will perform the inspections. Since the inspections are mandatory, this will take priority over other maintenance tasks, thereby exacerbating the maintenance delays described in previous options.

16. *Continue deferring maintenance; do not establish a preventive maintenance program (\$300,000, no layoffs required):* The \$2.6 million target staff is recommending the City achieve includes \$300,000 additional (new) funding to establish routine, preventive maintenance of City street, buildings, parks, etc. Given the severity of the potential reductions outlined above for Public Works, staff is including the option of removing this component from the \$2.6 million goal, effectively "saving" \$300,000 toward the goal.

Options #17-20, expand parking meters program:

The City currently operates parking meters on the streets in the area of the American Tin Cannery. These meters generate approximately \$2,000 per meter per year. This option would expand the meter program into other areas of town. Potential areas for expansion along with potential revenue are shown below:

Parking meters on Central Ave. (net)	\$105,000
Parking meters along Oceanview/Lovers' Point (net)	\$247,000
Parking meters in City parking lots (net)	\$236,000
Parking meters downtown (net)	\$495,000

The revenue estimates assume the technology used in the City's current meters, which provides the City considerable flexibility in setting rates (or allowing free parking) for different time periods, depending on demand and enforcement goals. The vendor from whom the City leases existing meters has told the City that meters could be installed within 45 days of signing a contract for the meters. Since the Central Avenue corridor falls in the Coastal zone, meters in

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this location and along Oceanview Blvd. would require Coastal Commission approval. For this reason, staff recommends not including these meters as a near-term solution.

Option #21: Discontinue annual card pricing option at Pacific Grove Golf Course (\$190,000):

This option would raise additional golf fee revenue that could be transferred to the General Fund to support General Fund services.

Total rounds FY 2006/07 77,242

Annual card play FY 2006/07	Rounds	Revenue
9-hole card	11,054	
18-hole card	17,181	
Total	28,235	\$269,499

If annual cards are discontinued:

Assumption: 60% decrease in rounds from previous card holders.

	Rounds	Rate	Revenue
9-hole	4,422	\$12	\$53,059
18-hole	6,872	\$20	\$137,448
Total	11,294		\$190,507

Assumption: Half of lost rounds replaced by daily (full) fee player.

	Rounds	Rate	Revenue
9-hole	3,316	\$20	\$66,324
18-hole	5,154	\$40	\$206,172
Total	8,471		\$272,496

Total revenue if cards discontinued	\$463,003
Additional revenue	\$193,504

Option #22: Long-range planning fee (\$104,000 annually): The reorganization plan included a Senior Planner whose focus will be on long-range planning: updating the City's General Plan, developing a Local Coastal Plan, and updating zoning ordinances. Currently the position is to be paid for with General Fund resources. The City could establish a long-range planning fee, which is typically structured as a surcharge on development permits and/or other development charges. Based on FY 2007/08 estimated development fee revenue of \$696,600, a surcharge of 15% would generate \$104,400, which would approximately cover the cost of the Senior Planner position.