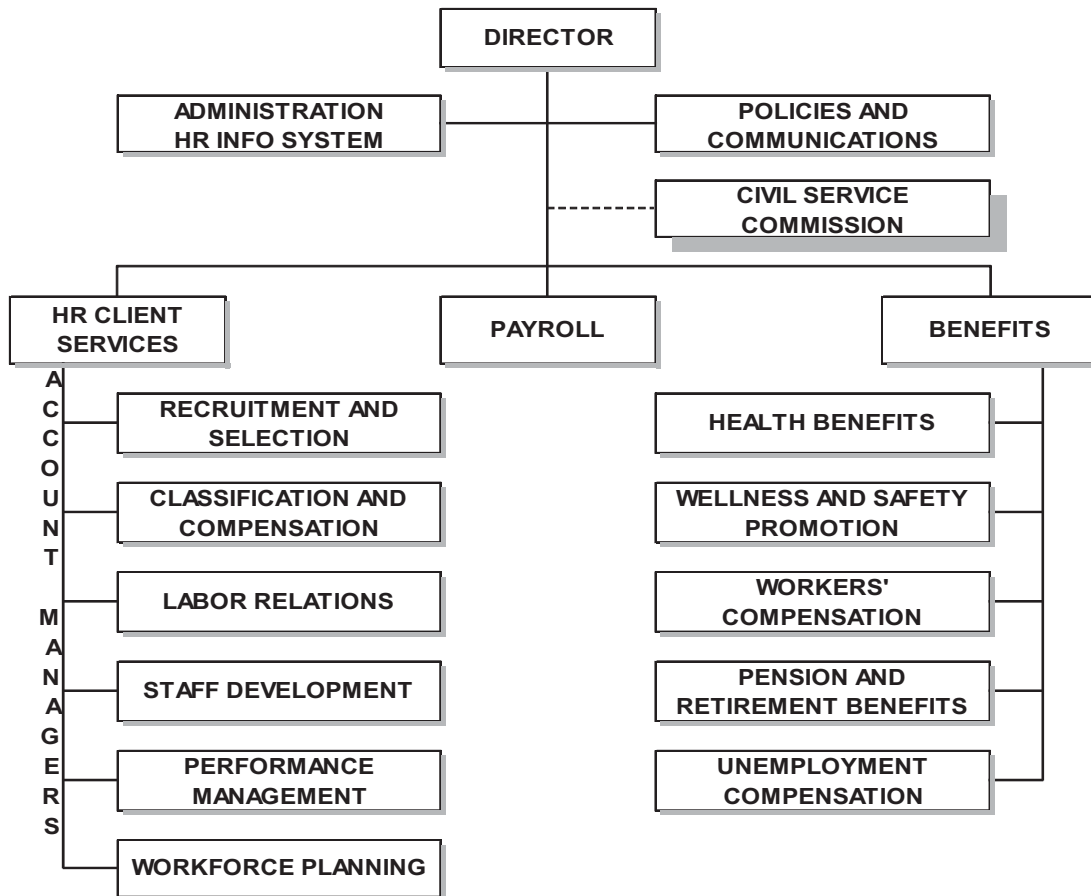


## HUMAN RESOURCES DEPARTMENT



### Departmental Mission

The most important factor in providing quality City service is the caliber and composition of the City's workforce.

We partner with departments to recruit and retain a workforce capable of performing the City's work; and to develop a safe, satisfying, motivating work environment, and a cost-effective, financially sustainable labor force.

**Description of Services**

The Human Resources (HR) Department supports the mission of the City through employees and personnel programs.

We are:

- Business partners with client work groups.
- Subject matter experts.

We design and administer:

- Total compensation programs (wages and benefits).
- Performance programs (selection, training, performance management).
- Systems (payroll, Human Resources Information System, Civil Service).
- Policies and compliance programs.

We ensure that the taxpayer receives value for labor dollars.

We advocate for all employees.

**Departmental Budget Summary**

Revenues and Other Sources by Type	2007	2008	2009	Change from 2008	
	Actual	Adopted	Budget	Amount	Percent
<b>Revenues</b>					
Taxes	1,541,703	1,550,545	1,581,050	30,505	2.0%
Intergovernmental	109,301	102,830	112,314	9,484	9.2%
Charges for Services	386,735	485,921	618,777	132,856	27.3%
Miscellaneous	11,647,332	12,765,694	13,133,391	367,697	2.9%
Non-Revenues	72,189	116,051	223,539	107,488	92.6%
<b>Subtotal of Revenues</b>	<b>13,757,260</b>	<b>15,021,041</b>	<b>15,669,071</b>	<b>648,030</b>	<b>4.3%</b>
<b>Other Sources by Fund</b>					
General	959,636	1,074,282	890,160	(184,122)	-17.1%
Unemployment Compensation	54,998	83,175	73,189	(9,986)	-12.0%
Workers Comp Self-Insurance	(203,844)	133,654	183,871	50,217	37.6%
Health Benefits	(146,760)	244,444	225,739	(18,705)	-7.7%
Firefighter Pension and Benefit	(601,035)	1,517,972	(508,636)	(2,026,608)	-133.5%
Police Pension and Benefit	(425,053)	(337,082)	(52,947)	284,135	84.3%
Firefighter's LT Care	(153,633)	-	-	-	--
Police Officer's LT Care	(208,451)	-	-	-	--
<b>Subtotal Reserve Adjustments</b>	<b>(724,142)</b>	<b>2,716,445</b>	<b>811,376</b>	<b>(1,905,069)</b>	<b>-70.1%</b>
<b>TOTAL ALL SOURCES</b>	<b>13,033,118</b>	<b>17,737,486</b>	<b>16,480,447</b>	<b>(1,257,039)</b>	<b>-7.1%</b>

Revenues by Group	2007	2008	2009	Change from 2008	
	Actual	Adopted	Budget	Amount	Percent
<b>Revenues</b>					
Human Resources Admin	75	-	-	-	--
Human Resources Services	307,443	395,283	509,688	114,405	28.9%
Human Resources Training	13,960	12,000	3,000	(9,000)	-75.0%
HR Payroll Services	67,102	81,638	109,089	27,451	33.6%
Unemployment Benefits Services	15,124	18,509	68,584	50,075	270.5%
Workers Comp Benefits Services	787,526	604,129	582,536	(21,593)	-3.6%
Health Benefits Services	8,928,769	10,071,102	10,910,559	839,457	8.3%
Pension Benefits Services	3,637,261	3,838,380	3,485,615	(352,765)	-9.2%
<b>Subtotal of Revenues</b>	<b>13,757,260</b>	<b>15,021,041</b>	<b>15,669,071</b>	<b>648,030</b>	<b>4.3%</b>

**Significant Revenue Changes**

- The increase in Charges for Services is due to an increase in charges to other departments via the Indirect Cost Allocation Program (ICAP) for HR services
- The Miscellaneous Revenues increase is primarily due to increases in employer and employee contributions for benefits.
- The Non-Revenues increase is due to the interest received on the Interfund Loan made from the Fire Pension Fund to help finance the acquisition of Fire Apparatus.

**Departmental Budget Summary (continued)**

Expenditures by Type	2007	2008	2009	Change from 2008	
	Actual	Adopted	Budget	Amount	Percent
Salaries and Benefits	3,353,156	3,771,994	3,958,668	186,674	4.9%
Supplies	125,166	175,716	185,455	9,739	5.5%
Other Services and Charges	9,290,755	11,250,940	12,058,770	807,830	7.2%
Intergovernmental Services	55,587	90,850	70,850	(20,000)	-22.0%
Interfund Charges	197,802	197,986	206,704	8,718	4.4%
<b>Subtotal of Operations</b>	<b>13,022,466</b>	<b>15,487,486</b>	<b>16,480,447</b>	<b>992,961</b>	<b>6.4%</b>
Debt Service	-	2,250,000	-	(2,250,000)	-100.0%
Interfund Transfers	10,652	-	-	-	--
<b>TOTAL EXPENSE</b>	<b>13,033,118</b>	<b>17,737,486</b>	<b>16,480,447</b>	<b>(1,257,039)</b>	<b>-7.1%</b>

<b>TOTAL PAID STAFF</b>	<b>14.4</b>	<b>15.0</b>	<b>14.0</b>	<b>(1.0)</b>	<b>-6.7%</b>
-------------------------	-------------	-------------	-------------	--------------	--------------

Breakdown of Salaries and Benefits	2007	2008	2009	Change from 2008	
	Actual	Adopted	Budget	Amount	Percent
City-wide Cost	2,218,071	2,530,000	2,752,100	222,100	8.8%
Human Resources Department	1,135,085	1,241,994	1,206,568	(35,426)	-2.9%
<b>Salaries and Benefits Total</b>	<b>3,353,156</b>	<b>3,771,994</b>	<b>3,958,668</b>	<b>186,674</b>	<b>4.9%</b>

\*Citywide cost is primarily LEOFF retiree benefits, but a small portion is for Unemployment and Medical opt-out payments.

Expenditures by Group	2007	2008	2009	Change from 2008	
	Actual	Adopted	Budget	Amount	Percent
Human Resources Admin	356,666	387,815	368,188	(19,627)	-5.1%
Human Resources Services	670,776	805,919	773,155	(32,764)	-4.1%
Human Resources Training	91,148	105,375	101,286	(4,089)	-3.9%
HR Payroll Services	216,119	244,429	248,572	4,143	1.7%
HR Employee Services	13,507	19,665	20,736	1,071	5.4%
Unemployment Benefits Services	70,122	101,684	141,773	40,089	39.4%
Workers Comp Benefits Services	583,682	737,783	766,407	28,624	3.9%
Health Benefits Services	8,782,009	10,315,546	11,136,298	820,752	8.0%
Pension Benefits Services	2,249,089	5,019,270	2,924,032	(2,095,238)	-41.7%
<b>TOTAL EXPENSE</b>	<b>13,033,118</b>	<b>17,737,486</b>	<b>16,480,447</b>	<b>(1,257,039)</b>	<b>-7.1%</b>

**Significant Expenditure Changes**

- Increases in Human Resources Salaries and Benefits include the estimated cost for citywide items such as medical opt-outs, unemployment reimbursement, and pension payments for retired personnel. See Breakdown of Salaries and Benefits Table above for further detail.
- The increase in Other Services and Charges is primarily due to an increase in the cost of medical premiums for City employees.
- The change in Debt Service is for removal of an interfund loan of \$2.25 million budgeted in 2008 from the Fire Pension Fund to the General Fund for the purpose of replacing existing fire fighting apparatus.

## **Departmental Objectives for 2009**

Focus on sustainable workforce initiatives.

1. Negotiate affordable collective bargaining agreements with our five public safety groups. (Council Goals 7 and 8)
2. Conducting external employee health benefits review for efficiencies. (Council Goal 8)
3. Partner in strategic workforce planning (Council Goals 7, 8 and 9)

Complete HRIS Phase I and begin Phase 2. (Council Goal 8)

4. Go live with Payroll and Timekeeping modules.
5. Prepare to implement additional components including Management and Employee Self Service

Emergency Preparedness (Council Goals 7 and 8)

6. Participate in continued planning for workforce communications, staffing and maintenance of pay and benefits during an emergency.

## **Departmental Objectives for 2008 with Accomplishments**

1. Complete, with ITSD, Phase I implementation of new Human Resources Information System (HRIS), including going live with payroll, benefits self-enrollment and timekeeping. (Council Goal 1)

*In partnership with ITSD, Position Control system went "live" July 2008. Payroll "go-live" date deferred to 2009.*

2. Conclude and implement Civil Service rules revisions, including municipal code changes, policy revisions and bargaining unit contract updates. (Council Goal 1)

*Civil Service Rules Revision project to streamline the City's HR business processes was completed December 2008.*

3. Conduct Labor Negotiations with AFSCME 114, AFSCME 114L and Teamsters 231. (Council Goal 1)

*Have pending agreement AFSCME 114. Completed agreements with IAFF Locals 106, 106S and AFSCME 114 L and Teamsters 231.*

4. Plan and train for HR's Citywide Disaster Preparedness Plan. (Council Goal 11)

*Assisted in disaster preparedness planning by training and monitoring certifications.*

5. Focus on strategic recruitment and succession programs by increasing community outreach to potential job applicants and evaluating the pilot career development and tuition reimbursement program. (Council Goal 1)

*Successful implementation of low cost career development and tuition reimbursement programs to aid in future development of our workforce. Initiated "branding" for City of Bellingham employment and new modes of advertising and increasing awareness of careers with the City via Neighborhood Newsletter.*

## Human Resources Department

### Performance/Activity Measures

#### Human Resources Department

Human Resources Department Inputs	2003 Actual	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Budget	2009 Budget
Expenditures shown in millions							
Department Operating Exp	\$ 9.239	\$ 10.543	\$ 11.185	\$ 12.362	\$ 13.022	\$ 15.487	\$ 16.480
Debt Service, Capital, Interfund	\$ 2.059	\$ 0.412	\$ 0.302	\$ 0.014	\$ 0.011	\$ 2.250	\$ -
Total Department Expenditures	\$ 11.298	\$ 10.954	\$ 11.487	\$ 12.376	\$ 13.033	\$ 17.737	\$ 16.480
Total Department FTEs	15.5	15.4	14.4	15.0	14.4	15.0	16.0

Human Resources Department Workload	2003 Actual	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Actual
Authorized Regular City Staffing	814	777	780	795	821	849
City Staff per HR FTE	52.5	50.5	54.2	53.0	57.0	56.6
All regular positions, including seasonal parks employees, excluding temporary labor. Note that this is not the same count, by definition, as in the Budgeted Positions List.						

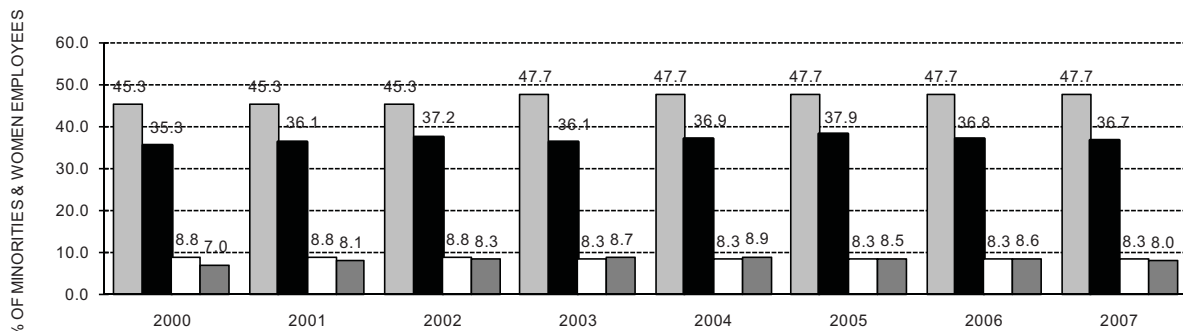
#### Human Resources Services Group

HR Services Group Inputs	2003 Actual	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Budget	2009 Budget
Expenditures shown in millions							
HR Services Group Exp	\$ 0.428	\$ 0.492	\$ 0.484	\$ 0.560	\$ 0.671	\$ 0.806	\$ 0.773

HR Services Group Workload	2003 Actual	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Actual
Applications for Employment	2,428	1,932	2,205	2,152	2,434	1,845
Clerical applications in the open and continuous pool allow a single application to be counted in multiple selection processes.						
Selection Processes	52	56	78	84	90	67
Includes regular and temporary labor selections.						
Classification actions: job audits	new measure (redefined)			32	41	23

HR Services Group Effectiveness	2003 Actual	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Actual
Turnover Rate	new		7.10%	6.25%	7.25%	5.92%
Citywide Overtime Costs as % Compared to Base Wage	3.31%	3.76%	5.04%	5.57%	5.23%	4.38%

#### LABOR FORCE DIVERSITY STATISTICS LOCAL LABOR MARKET VS CITY OF BELLINGHAM



Local labor market statistics based census data published in Residential Labor Force, Bellingham MSA, Access Washington Workforce Explorer.

□ Labor Mkt/Women ■ COB/Women □ Labor Mkt/Minorities ■ COB/Minorities

**Performance/Activity Measures (continued)**

**Human Resources Payroll Services Group**

<b>Payroll Services Group Inputs</b>	<b>2003 Actual</b>	<b>2004 Actual</b>	<b>2005 Actual</b>	<b>2006 Actual</b>	<b>2007 Actual</b>	<b>2008 Budget</b>	<b>2009 Budget</b>
Expenditures shown in millions							
Payroll Services Group Exp	\$ 0.037	\$ 0.048	\$ 0.041	\$ 0.043	\$ 0.091	\$ 0.105	\$ 0.101

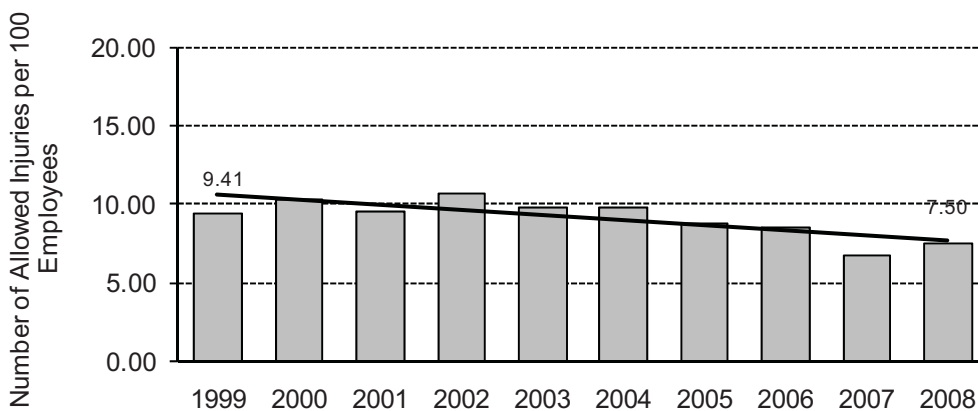
<b>Payroll Services Group Workload</b>	<b>2003 Actual</b>	<b>2004 Actual</b>	<b>2005 Actual</b>	<b>2006 Actual</b>	<b>2007 Actual</b>	<b>2008 Actual</b>
Active Employees Receiving a Paycheck (including temp labor)	968	949	930	947	967	990

**Human Resources Benefits Services Groups (Unemployment, Workers' Comp., Health, and Pension)**

<b>HR Benefits Groups Inputs</b>	<b>2003 Actual</b>	<b>2004 Actual</b>	<b>2005 Actual</b>	<b>2006 Actual</b>	<b>2007 Actual</b>	<b>2008 Budget</b>	<b>2009 Budget</b>
Expenditures shown in millions							
Unemployment Benefits Group	\$ 0.091	\$ 0.068	\$ 0.053	\$ 0.069	\$ 0.070	\$ 0.102	\$ 0.142
Workers' Comp Benefits Group	\$ 0.489	\$ 0.533	\$ 0.627	\$ 0.688	\$ 0.584	\$ 0.738	\$ 0.766
Health Benefits Group	\$ 8.098	\$ 7.447	\$ 7.599	\$ 8.140	\$ 8.782	\$ 10.316	\$ 11.136
Pension Benefits Group	\$ 1.571	\$ 1.831	\$ 2.172	\$ 2.290	\$ 2.249	\$ 5.019	\$ 2.924

<b>HR Benefits Groups Workload</b>	<b>2003 Actual</b>	<b>2004 Actual</b>	<b>2005 Actual</b>	<b>2006 Actual</b>	<b>2007 Actual</b>	<b>2008 Actual</b>
Employee Assistance Program Utilization	15.4%	13.0%	14.2%	10.9%	14.0%	20.1%
Allowed Workers' Comp. Claims	74	74	68	65	55	61
Allowed Workers' Compensation Claims per 100 Employees	9.81	9.98	8.73	8.48	6.71	7.50

**CITY OF BELLINGHAM INJURY INCIDENT RATE**



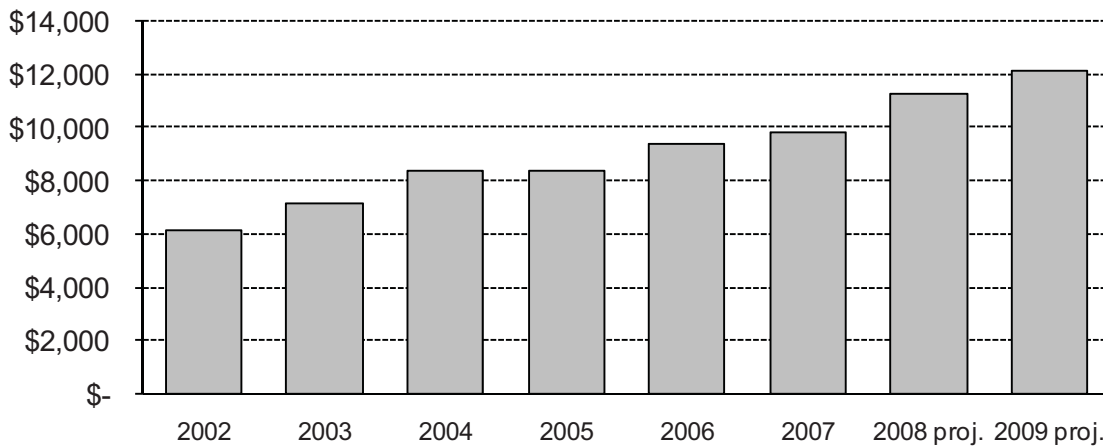
**Performance/Activity Measures (continued)**

**Human Resources Benefits Services Groups (continued)**

HR Benefits Groups Efficiency	2003 Actual	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Actual
Total Benefit Costs as % Compared to Base Wage	28.46%	30.18%	31.90%	33.79%	36.17%	37.73%

The cost per enrollee for health insurance coverage is rapidly rising. This graph represents only the City's cost.

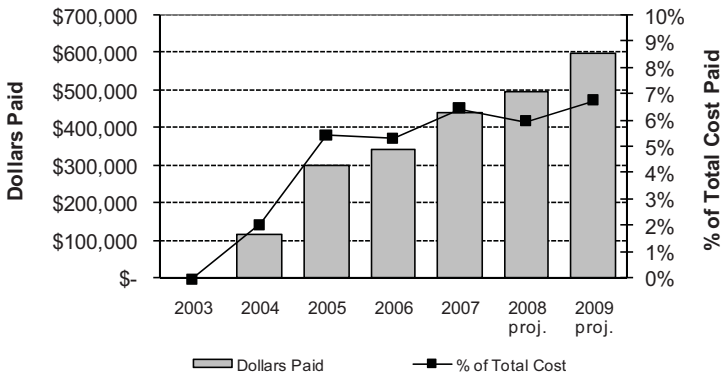
**Average Per Enrollee Annual Cost to the City for Medical, Dental, and Vision Coverage**



The City has implemented two programs to help offset the rising cost of medical benefits.

- Beginning in 2003, employees are required to pay a portion of their medical premiums. Amounts paid in by employees for premium cost sharing are shown below on the left.
- Beginning in 2005, employees that have medical coverage from another source have the option of receiving a cash payment to opt out of receiving coverage from the City. The net premium saving (premium cost saving less opt out payments) is shown below on the right.

**Employee Paid Medical Premiums - Mandatory Premium Sharing**



**Opt-Out Net Savings**

