SALT LAKE CITY COUNCIL STAFF REPORT

BUDGET ANALYSIS – FISCAL YEAR 2005-06

DATE: May 13, 2005

BUDGET FOR: **DEPARTMENT OF MANAGEMENT SERVICES**

STAFF REPORT BY: Sylvia Jones and Gary Mumford

cc: Rocky Fluhart, Sam Guevara, Steve Fawcett, Tracey Stevens, Gordon Hoskins, Ken Cowley, Dan Mulé, Brenda Hancock, Mary Johnston, and Laurie Donnell

The proposed budget for the Department of Management Services for fiscal year 2005-06 is $9,760,995, representing an increase in expenditures of $376,831 or 4.0%, as compared to fiscal year 2004-05. The increase includes two additional FTEs for $115,000.

The proposed budget for the Information Management Services (IMS) is also included in the last portion of this report. The Insurance & Risk Management Fund will be analyzed in a separate report.

DEPARTMENT OF MANAGEMENT SERVICES				
	Adopted 2004-05	Proposed 2005-06	Difference	% Change
Office of the Director (budget and policy development, emergency management, environmental management, corporate communications, labor relations)	$1,167,915	$1,193,025	$25,110	2.1%
Finance (monitors revenues and accounts payable; prepares quarterly and annual financial statements; processes payroll)	$1,097,742	$1,232,053	$134,311	12.2%
City Treasurer's Office (collects, manages and disburses City funds)	$623,353	$780,004	$156,651	25.1%
Purchasing/Contracts/Property Management (provides purchasing, contract development/process and property management services)	$1,126,464	$1,162,916	$36,452	3.2%
Justice Court (traffic/parking adjudication, criminal adjudication, small claims)	$3,821,181	$3,804,513	($16,668)	(.43%)
Human Resource Management (develops and oversees programs that attract, motivate, and retain a skilled, productive work force)	$1,086,050	$1,105,063	$19,013	1.8%
City Recorder (manages city records, administers City elections, publishes official City notices, and records City Council meeting minutes)	$461,459	$483,421	$21,962	4.8%
Total	**$9,384,164**	**$9,760,995**	**$376,831**	**4.0%**

POTENTIAL MATTERS AT ISSUE AND MAJOR BUDGET ISSUES:

Some of the major changes reflected in the proposed budgets include:

- Additional positions – The Administration has recommended the addition of 2.0 FTE positions:

    - $(45,000) – Payment Processor (Cashier) in the Treasurer's Office, 1.0 FTE
    - $(70,000) – Revenue Analyst & Auditor in the Finance Division, 1.0 FTE (The cost of this position is offset by revenue it is expected to generate.)

- Justice Court $7,500 – The Administration recommends an increase of $7,500 to the Justice Court budget for the cost of prisoner transport when a judge orders immediate transport. Currently, a police patrol officer is dispatched to transport the prisoner to jail. The proposed additional cost to the Court's existing contract for transporting prisoners will allow police officers to remain on regular patrol duty to respond to calls for service.

- Justice Court $48,384 – The Administration recommends an increase in the Justice Court judge salaries which would bring the salaries to 85% of district court judge salaries. This equates to approximately a $10,000 increase for each Justice Court judge.

- Credit card payments $20,000 – The Administration recommends adding $20,000 to the City Treasurer's Office budget for the cost of accepting an increased volume of credit card payments. To keep the banking costs low, the Administration proposes to stop the practice of accepting credit card payments for large payments, including innkeepers taxes, building permit fee payments, or impact fees.

- Health insurance increases – The Department of Management Services will incur a total of $59,544 of additional costs for employee health insurance.

Budgetary Breakdown by Division

Office of the Director:
The Office of the Director has 10.0 FTE and a .50 part time employee. The functions of this office include budget development, policy analysis, project development and management, emergency management, environmental management, Civilian Review Board investigations and Labor Relations. The budget shows an increase of 2.1% or $25,110 as compared to FY 2004/2005. The increase can be attributed to increased health insurance costs and projected salary increases.

Finance Division:

The Finance Division includes the functions of accounts payable, financial and budget reports, payroll, grant acquisition and revenue auditing. The Finance Division has 17 FTEs and a .20 RPT (regular part time employee). The budget reflects an increase of 12.2% or $134,311. The increase is attributed in part to the Administration's request for one additional Revenue Analyst and Auditor in the amount of $70,000. The Administration projects that this individual will be able to recover additional revenue through the auditing process.

The salary and benefit costs for the IFAS Systems Support Administrator were budgeted twice, which frees up $74,412, available for other Council priorities. (IFAS is the City's accounting system.) The remainder is attributed to an increase in health insurance costs and projected salary increases.

City Treasurer's Office:

This Division has 8.0 FTEs. The functions of the Treasurer's Office include cashiering, cash and debt management, as well as special assessments. The Treasurer's Office budget reflects an increase of 25.1% or $156,651. The Administration has requested $45,000 for one new payment processor (cashier), as well as $20,000 for the cost of accepting an increased volume of credit card payments. A portion of the Cash Management Assessments Analyst position should have been reimbursed by the special assessment fund, which frees up $31,172 for other Council priorities.

The Administration conducted an analysis of the cashiering needs in the Treasurer's Office. (Please see attached report.) The study states that although the Treasurer's Office has implemented efforts to increase the efficiency of cashiering functions, such as accepting on-line cash payments, 600-level staff members have been filling in to meet cashiering needs for a 200-level position. Because of internal controls, certain other office staff is unable to provide back up services to the cashiers. Based on the conclusions of the report, and as mentioned above, the Administration recommends hiring an additional payment processor (cashier).

Purchasing/Contract/Property Management Division:

The functions of the Purchasing, Contract and Property Management Division include contract development, purchasing and property management. There are 17 FTEs in this Division, and the Division's budget reflects an increase of 3.2% or $36,452.

Some costs are increasing relating to City property located at the International Center, known as the Foreign Trade Zone Warehouse. In the past, Property Management has rented half of the warehouse space (approximately 48,000 square feet) to a tenant. Property Management is currently looking for another tenant. Several City departments use the other half of the warehouse for storage

purposes, including Fire, Police, and Parks and Recreation. In exchange for using the warehouse to store the Liberty Park tennis dome, Parks crews perform some of the grounds maintenance at the warehouse.

As there is currently no tenant renting half of the warehouse, the City is paying for all of the utilities. (The Police Department contributes a portion of the utility costs in exchange for use of warehouse space.) There is a slight increase in building repair and maintenance given that the warehouse office space may need to be re-painted and re-carpeted. The remainder can be attributed to increased health insurance costs and projected salary increases.

The building was originally established as a 'Foreign Trade Zone' and companies leasing the space were able to take advantage of benefits allowed by federal law. **The Council may wish to ask whether such benefits are still available, or could be renewed to increase the marketability of the property. The Council may wish to ask the Administration whether it is economical for the City to retain the space given the current uses or whether those needs could be met in another way.**

Justice Court:
The Justice Court functions include adjudicating small claims, criminal and non-criminal cases, domestic violence court cases, and cashiering. The Division's budget decreased by .43% or ($16,668). The decrease is attributed to the one-time funds appropriated during the 2004/2005 budget process for the interactive voice recognition system hardware and software ($174,000).

A budget increase of $48,384 is requested for adjustments to judge salaries, which would bring the salaries to 85% of district court judge salaries. An increase of $7,500 is proposed for transporting prisoners to jail when a judge orders arrest of a person appearing in court.

The Administration recommends no additional funding recommendations for the Justice Court budget at this time. **The Council will receive preliminary findings of the Justice Court audit later in May.**

Human Resources Division:
The functions of the Human Resource Division include overseeing employee insurance, training and development and employee programs. The Division's budget increased by 1.8% or $19,013. This increase can be attributed to increased health insurance costs and projected salary increases.

City Recorder's Office:
The Recorder's Office functions include managing City records, administering City elections, publishing official City notices and the recording of City Council meeting minutes. The budget for this office reflects an increase of 4.8% or $21,962. This increase can be attributed to increased health insurance costs and projected salary increases.

LEGISLATIVE INTENT STATEMENTS

The Council issued the following legislative intent statements that relate to the Management Services budget:

Budget Projection – It is the intent of the City Council that the Administration work with Council staff to develop a three-year baseline projection of revenues and expenditures for fiscal years 2005-2007, for presentation to the City Council no later than January 4, 2005.

Response from the Administration – Staff from the Council Office and the Administration met to determine how best to develop and present budget and revenue projections. A number of scenarios using several economic variables were developed by Council and Administration staff. A final extension of historical data was delivered to Council in March, 2005.

City Employee Benefit Plan Review - It is the intent of the City Council that the Administration and the Citizens Compensation Advisory Committee review the City's Employee Benefit Plans and transmit to the City Council by February 3, 2004 information, comparisons and recommendations for options relating to the benefit package; the Council is particularly interested in options that would reduce the amount of the vacation and personal time payout upon employee retirement or resignation.

Response from the Administration: The Citizen's Compensation Advisory Committee provided this report to the Council in February of 2004. However, the Committee recommended further study by the Employee Benefits Committee and the Human Resources Division. The study is still in progress.

Retirement Payouts - It is the intent of the City Council that the Administration provide to the Council by September 1, 2003 information, options and a recommended plan to budget for payments of vacation leave and other retirement payouts.

Response from the Administration: The Administration prepared written information regarding retirement and other leave payouts and submitted to the Council in October, 2003**. One Council Member has expressed interest in recommending that the Council appropriate an amount equivalent to two or three years' worth of liability to a special reserve account.**

During the briefing on the proposed budget, the Council may wish to identify legislative intents relating to the Department of Management Services.

During the briefing, the Council may wish to identify potential programs or functions to be added to the Council's list for future audits.

INFORMATION MANAGEMENT SERVICES BUDGET

Information Management Services provides citywide computer and network support, maintenance, software development, and telephone services and repair. Internal service funds such as Information Management Services are used to account for the financing of services provided by one department or agency to other departments or agencies of the City. Cities use internal service funds in order to account for the full cost of providing the services similar to private businesses. This type of accounting helps governments know whether the services are competitive with private businesses with regard to their fees. Internal service funds reimburse the General Fund for overhead costs and track the full cost of their operations.

Revenue for the Information Management Services Fund for fiscal year 2005-06 is proposed to increase by $293,746 or 3.9% over fiscal year 2004-2005. Expenses are increasing $75,816 or 1.0%. As the Council may recall from recent budget amendment discussions, the cash deficit is proposed to be reduced by $183,176.

INFORMATION MANAGEMENT SERVICES FUND PROPOSED BUDGET				
	Adopted 2004-05	Proposed 2005-06	Difference	Percent Change
Revenue & other sources				
Fees from departments/funds	$2,563,661	**$2,579,317**	$15,656	0.6%
Interest	75,000	**20,000**	(55,000)	(73.3%)
Miscellaneous revenue & sale of Equipment	37,078	**37,077**	(1)	0.0%
Transfer from General Fund	4,828,792	**5,161,883**	333,091	6.9%
Total revenue	$7,504,531	**$7,798,277**	$293,746	3.9%
Expenses & other uses				
Network/infrastructure	$2,689,271	**$2,667,664**	$(21,607)	(0.8%)
Software engineering	1,226,852	**1,323,740**	96,888	7.9%
Web services	448,034	**389,554**	(58,480)	(13.1%)
Telephone services	764,149	**852,387**	88,238	11.5%
Consulting team (coordinate with customers)	988,036	**1,025,761**	37,725	3.8%
Security group (from hackers, viruses, spam)	529,069	**395,779**	(133,290)	(25.2%)
IFAS (accounting system)	178,994	**178,994**		
SLCTV – video processing	30,550	**76,820**	46,270	151.5%
Administration	684,330	**479,402**	(204,928)	(29.9%)
Computer rental program		**225,000**	225,000	
Total expenses	$7,539,285	**$7,615,101**	$ 75,816	1.0%
Increase or (decrease) to cash	$ (34,754)	**$ 183,176**		

Beginning with fiscal year 2005-06, a separate cost center was established to account for the rental of desktop computer to general fund departments. Previously this was accounted for in the Network/Infrastructure cost center.

POTENTIAL MATTERS AT ISSUE AND MAJOR BUDGET ISSUES

Some of the major changes reflected in the proposed budgets include:

- <u>$45,554 – Web Producer (SLCTV), 1.0 FTE</u>
  The Administration is requesting an additional 1.0 FTE position. This individual will perform audio and video production and content creation for SLCTV. Some of the work will carry over to the web as well.

- <u>SLCTV Equipment and Software purchases $31,400</u> – The Administration recommends increasing the Division's budget in the amount of $31,400 for equipment and software purchases and ongoing maintenance.

- <u>Reductions in Operating Costs</u> – The proposed budget recognizes savings in operating costs including reduced contract maintenance costs of the computer network and the telephone network. In addition, some equipment costs in the current-year budget can be eliminated because these were one-time expenses.

- <u>Transfer from General Fund</u> – The General Fund's portion of major systems is funded by a direct transfer from the General Fund. A $5,161,883 transfer is proposed for fiscal year 2005-06, which is an increase of $333,091, or 6.9%. The transfer includes $96,621 for pay adjustments, $34,000 for health insurance increases, $125,516 for a network support rate increase, $45,554 for the additional SLCTV FTE, as well as $31,400 for SLCTV equipment.

- <u>Fees from Departments/Funds</u> – Departments are charged for computer maintenance (set fee per computer), for discretionary computer support services not covered by the set fee amount, and for telephone services.

- <u>IMS Fund Lease Program:</u> The lease program provides for the IMS Fund to purchase computers and lease them to City departments (for general fund only) which pay for the computers over time. IMS has created a plan to recover approximately $183,000 in FY 2005/2006 in attempts to decrease the deficit position. IMS Administration projects that at the end of FY 2005, the cash deficit will be no larger than $383,200; at the end of FY 2006, the deficit will be no larger than $150,000, and by FY 2007, IMS anticipates a surplus of at least $20,200.

- <u>Equipment versus cash on hand:</u> As of 3/31/05 IMS Administration reports to have net assets (corporate computers) totaling $611,745 and cash on hand totaling $626,911; however, IMS Administration is still projecting a deficit at the end of FY 2005 as mentioned above.

Council Members may wish to consider asking the Administration to respond to the following questions:

- **What is the current ratio of City computers to IMS technicians?**
  According to the Administration, the Gartner Group, (a nationally recognized IT consulting group), now measures in terms of IT staff versus the size of the organization. A Gartner Group study from February of 2005 recommends a ratio of between 5 and 7 IT staff for every 100 employees in an organization. Of those IT staff, it was recommended that 42% of those would be in networking and help desk roles. Based on 3000 employees, (full time and part-time), Gartner's recommendation would be to have 63 people assigned in those roles. IMS has 33. See attached spreadsheet detailing these numbers and recommendations. According to the Administration, the national standard is 5:1 IT staff per 100 employees.

  The Council may wish to ask for further clarification on this standard – a portion of the City's employees are providing direct services and are not operating computers. These would include the streets, sanitation, maintenance, fleet, public utilities operations and airport operations workers. **The Council may wish to ask whether the Administration has information from the International City Management Association or others similar organizations regarding the average staffing ratio for government organizations.**

- **SLCTV:** The Council may wish to ask the Administration how much time is being spent on filming SLCTV, and how IMS is balancing these needs with other duties. Does this work create a backlog in other areas?

  The Council may wish to ask the Administration whether the additional $31,400 is adequate to purchase all of the equipment necessary to film and edit SLCTV programs. Will IMS need to rent any equipment in order to film and edit programs?

- **IVR (Interactive Voice Response System):** The Justice Court was given one-time funds last year to purchase an IVR or Interactive Voice Response system. The funds were approved with the understanding that other City departments would be able to use the technology as well, such as Building Services and Licensing for online inspection scheduling. **The Council may wish to ask about the anticipated timeline to get the Justice Court's IVR system ready to operate, and the status of the Building Services and Licensing's IVR system.**

- **GIS (Geographic Information System):** During the division briefings, Council Members asked for an update on the GIS system coordination. **As a follow up to that discussion, the Council may wish to ask whether IMS is acting as coordinator such that when divisions alter or update their processes or**

programs, that any upgrades make the division systems more compatible so that they are able to share data.

Additional Information

LEGISLATIVE INTENT STATEMENTS

No legislative intent statements are outstanding for the Information Management Services Fund.

During the briefing on the proposed budget, the Council may wish to identify legislative intents relating to the Information Management Services Fund.

During the briefing, the Council may wish to identify potential programs or functions to be added to the Council's list for future audits. **The Council's Audit Sub-committee has recommended a performance and operations audit of the Information Management Services Division. The Administration is aware of this recommendation. <u>Do Council members wish to proceed with this audit?</u>**

SIX YEAR BUSINESS PLAN

The following anticipated budget changes have been outlined, by division, as identified in the Department of Management Services Six Year Business Plan:

- Policy and Budget, Emergency Management, Environmental Management, Civilian Review Board, and Labor Relations, all expect to remain at the current level of operating costs adopted by the City Council in the FY 2005 budget. The Finance Division expects the only budgetary changes to be reflective of salary and benefit adjustments as outlined in the compensation plans.
- Justice Court
    - o The traffic school section of the Justice Court would like to increase the fee for traffic school from the current $30.00 to $40.00 to help bring in revenue. (Based on more recent discussions, the Administration is considering increasing this fee to $50.00. Any fee increase would require Council approval.)
    - o In the Misdemeanor/Small Claims section of the Justice Court, caseloads are extremely high. In order to maintain current service levels, it is likely that more clerk, and possibly judge positions will need to be added. One way to help manage workload, is by the implementation of the Interactive Voice

Recognition (IVR) system, which should be in place by late FY 2005.

- Human Resource Management Division
  - As Salt Lake City's organizational and development training expenditures fall well below other employers', the division will continue to advocate for more training resources, in order to provide higher levels of training for city employees.
  - Annual adjustments for the City's benefit program must be made to ensure adequate reserves so that unexpected claims will not negatively impact or deplete premiums from the City and employees.
- Information Management Services:
  - Increased internet usage will require the Division to provide additional software development and network maintenance.
  - Growth in wireless services continues to improve and decrease in cost. Systematic implementation throughout city offices are ongoing.
  - Radio Frequency ID tags are a new technology used for tracking parts, files, and equipment. The division will begin to test RFIDs throughout the city in FY 06 with possible implementation by FY 08 or FY 09.
  - Additional system capacity will be required as large files and graphics are increasingly shared over e-mail, and as GIS mapping becomes more widely used.
  - Virus and hacker prevention is taking up increased time and resources, as it has increased exponentially industry-wide.
    - To accomplish this and the above listed anticipated changes, an additional two network technicians, one in FY 06 and one in FY 09 will be requested, to maintain the industry standard ratio of 1 technician to every 100 PCs. Additional software engineers will also have to be hired in order to achieve desired results (one every year from FY 06-09).
  - Infrastructure costs will steadily increase over the years, ranging from $721,847 in FY 2005, to just over $1 million in FY 2010. This will include wiring upgrades to provide better service to city facilities.
- Purchasing, Contracts, & Property Management
  - Purchasing - Implementation of a city-wide Environmentally Preferable Procurement Policy (EP3) and a partnership with the US Environmental Protection Agency, in their WasteWise program, to reduce waste and pollution – a team will meet quarterly to track the progress of the program.
  - Contracts – Insurance and liability management issues since 9/11 have become more challenging. Over the past ten years, City contracts have increased three-fold, while 2 clerical positions, a

supervisory position, a buyer position, a part time technical writer and a full time contract insurance specialist position have been eliminated. In order for the shift in staff responsibilities to be handled by the remaining 3 contract employees, the department must maximize technology and process improvements in order to maintain a satisfactory level of service.

- Treasurer's Divisions
    - The online cash receipt system is running and has proven to be very efficient (eliminating dual entries, encoding errors, cost of printing forms).
    - The goal of the Special Assessment's department is to keep the special assessment payment delinquency rate below 19%. In FY 2004, it averaged 11%. Programs to further reduce the delinquency rate are going into affect, including keeping up-to-date assessment information online for title companies to access. Also, a new foreclosure policy will establish a fair and systematic procedure to follow when foreclosing on non-owner occupied property with delinquent assessments.
    - Cash Management – Though direct electronic payments have reduced previously time-consuming activities, the popularity of credit card payments, and overall cost of processing them (around 2% of the charged amount in order to process) continues to increase steadily. In the future, these costs to the City will be reduced with the introduction of e-Checks (customers can pay directly from their checking account to the City, at a fraction of the processing cost).
    - Debt Management – There is a dramatic strain on staffing at the time a bond is issued due to the significant amount of information that need to be gathered and documents that need to be carefully read and prepared. The fact that sizeable other bonds to be issued are on the horizon, could therefore affect the staffing resources of the cash and debt management programs.

| To: | Rocky Fluhart |
| | Steve Fawcett |

| From: | Laurie Donnell |

| Subject: | Cashiering Needs in the Treasurer's Office |

| Date: | January 12, 2005 |

Proposal   The Treasurer's Office should have sufficient staff for one cashier's window to be open during all business hours.

Background

The Treasurer's Office has typically been the main City location for accepting payments from the public. Before the Justice Court was established, the Treasurer's Office accepted payments for parking and traffic violations as well as other City business fees. When the Justice Court opened at a different location in 2002, one of the cashiers moved to the Court building, and three additional cashiers were hired for the Justice Court. This left two cashiers and the Cashiering Resources Coordinator in the Treasurer's Office. In cost-cutting measures in March of 2003, one cashier position was eliminated, leaving one cashier and the Cashiering Resources Coordinator (level 603) to staff the cashier's window in the Treasurer's Office. At the time, it was thought that this would be sufficient staff to take care of the cashiering needs in the City and County Building. Since then, experience and analysis have demonstrated that one cashier position is not adequate to ensure that one cashier window is open during all business hours.

During the past year, the single cashier in the Treasurer's Office had to take extended medical leave from June 15th through September 15th. A part time cashier (6 hours per day) was hired during this period to compensate for the absence. This had a negative budgetary impact as well as requiring other staff in the Treasurer's Office to fill in, which prompted a review of the staffing.

Analysis

A regular business day in the Treasurer's Office requires 9.5 hours of staffing for one cashier's window. The Permits and Licensing Offices are open to the public at 7:30 am, based on the needs of contractors and business owners, and the Treasurer's Office has typically been open at 7:30 am to receive payments that these customers might have. One full time person works only 8 hours per day, and about an hour and a half of that time the person is not available to be at the window (1 hour required to balance, and 0.5 hours for breaks – 15 minutes in the morning and 15 minutes in the afternoon). When

vacation time and personal leave time are also accounted for, one cashier's window requires 1.7 FTEs on an annual basis in order to be staffed for all regular business hours. (Attachment 1 demonstrates how this was calculated.)

For nearly the past two years, one cashier position has provided 1 FTE, but the remaining need for 0.7 FTE has been filled through 600 level staff "filling in." The same staffing need (1.7 FTEs for each window) exists at the Justice Court. Four cashier positions to staff four cashier windows are not sufficient. At best, the existing four cashiers can staff 2.3 windows on a regular basis, because the Justice Court is open to the public for one more hour per week than the Treasurer's Office. However, that need is expected to be analyzed with the audit of the Justice Court, so it will not be addressed any further in this report. The effect on the Treasurer's Office is that the Justice Court is not able to provide any back-up cashiering staff because they are stretched to meet their own needs.

A cashier at a window must be responsive to the needs of the people who walk in. There are some duties that can be performed, but they must be "interruptable." Tasks that require focused concentration and/or phone calls to other people are not ones that can be done while staffing a window. The result is that the work for which the 600 level staff members are being paid is not being done while they have to provide cashiering coverage. For the Cashiering Resources Coordinator, the work for the other City departments in providing oversight, procedure manuals, auditing, and expertise, has not been accomplished. The remaining 30% of her time (when not cashiering) has been spent working to improve the efficiency in the cashiering area.

The efforts that have been implemented to increase the efficiency of the cashiering function are:
- Armored cars pick up the deposits at various locations and take them directly to the bank, eliminating the need to do a lot of processing at the Treasurer's Office itself.
- An on-line cash receipts system is used city-wide by more than 200 users. This system eliminated dual entries, reduced encoding errors, and eliminated the need for printing four-part forms.
- The public can make payments via the internet using credit cards, and will soon be able to make electronic check payments.
- An automated interactive voice recognition (IVR) system at the Justice Court will soon allow the public to make payments over a 24 hour phone system. This system may be expanded to include other City departments as well.

Using staff at 600 level positions to provide back-up is not an efficient way to meet the cashiering needs. A cashier at a mid-220 pay level would have wages of about $2700 per month ($15.60 per hour)[1]. Using the Cashiering Resources Coordinator (pay level 603,

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[1] Memorandum of Understanding, entered into on June 30, 2003, between Salt Lake City Corporation and Local 1004 of the American Federation of State, County, and Municipal Employees, Appendix B – 200 Series Hourly Pay Schedule, and Appendix B-1 – 200 Series Approximate Monthly equivalent Pay Schedule.

$3800 per month salary, $21.90 per hour [2]) to provide the additional coverage (routine 0.7 FTE need) costs the City over $9000 more in wages per year than if the hours were filled with a cashier position. The 600 level staff who fill in (other than the Cashiering Resources Coordinator) have wages that average about $4750 per month[3] ($27.40 per hour). From July through December 2004, 600 level staff spent at least 127 hours cashiering. This translates to paying $3000 in additional wages per year, and does not account for the fact that they are not able to complete their regular work during that time.

One question that may arise regarding staffing is why the Office Administration Associate (level 307) is not providing the cashiering back up. The reason this is not feasible is because of internal control issues. This position is responsible to prepare the cash receipts for the payments that arrive through the mail. It is not acceptable for the same person to prepare the cash receipts and then turn around and process the payments through the registers. The Finance Division has confirmed that this would be a violation of internal controls.

Alternatives

1. The Treasurer's Office can **continue to use existing personnel** to fill in and provide back up to ensure that one cashier's window is open during all business hours. In conjunction with this, the Treasurer's Office has recently reduced their cashiering hours of operation by one half hour per day, opening at 8 am rather than 7:30 am. This reduces the need for staff from 1.7 FTEs per window to 1.6. This may inconvenience some citizens who are accustomed to having the Treasurer's Office open at 7:30 am to take payments. The re-assigned employees will either not perform the duties of their current job, or will have to complete them by working additional hours.

2. The Treasurer's Office can **use temporary staffing** when / if a longer term leave is required, for either the City Payment Processor or the Cashiering Resources Coordinator. This severely restricts the employee who is left in being able to take any time off, since, for security reasons, the temporary staff does not have the same level of access and authority as the regular City employee. It also creates a budgetary burden because the cost for the temporary staffing has to be covered by existing budget in the Treasurer's Office

3. The Treasurer's Office could **hire one additional cashier position**. This position will essentially replace the position that was eliminated in March 2003. An effort was made to make do with smaller staff, but it is not an efficient use of staff time to continue to use people with other responsibilities to perform cashiering duties. If the person in the new position has time available, he or she can provide assistance and research regarding City financial transactions, and take phone calls regarding City payments. He or she could also provide back-up for the Justice Court in the event they are short-staffed. As an alternative, a 0.7 FTE regular part-time position could be added.

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[2] Compensation Plan for Salt Lake City Corporation "600 Series" and "300 Series" Exempt and Non-Exempt Professional Employees, Appendix A – 600 Salary Schedule
[3] ibid

Recommendation

Authorize the Treasurer's Office to hire one additional cashier. At least 70% of the time, this position is needed to staff the cashier's window. This will allow the other employees in the Treasurer's Office to perform the work they are assigned to do.

FTE Requirements to Staff One Cashier Window
During All Regular Business Hours

Cashiering Needs in Treasurer's Office

Hours: 7:30 am to 5 pm	9.5	hrs/day
	47.5	hrs/week
	2470	hrs/year

1 FTE	2080	hrs/year (40 hrs/wk*52wks/yr)
	-160	vacation hrs/year
	-8	personal holiday
	-80	personal leave/yr
	-390	time for breaks (2 @ 15 min ea.) and balancing (1hr / day)
	1442	hours available per year per FTE

1.71 FTEs required for one cashier window (7:30 am - 5 pm)

Hours: 8 am to 5 pm	9	hrs/day
	45	hrs/week
	2340	hrs/year

1.62 FTEs required for one cashier window (8 am - 5 pm)

Cashiering Needs in Justice Court

| Hours: | 48.5 | hrs/wk |
| | 2522 | hrs/year |

1.75 FTEs required per window

Current staffing of 4 FTEs allows for operation of 2.3 cashier windows

5.25 FTEs needed for 3 windows open for all hours

M E M O R A N D U M

DATE: May 17, 2005

TO: City Council Members

FROM: Jennifer Bruno, Policy Analyst

RE: Budget Forecasting Legislative Intent

CC: Rocky Fluhart, Sam Guevara, Steve Fawcett, Gordon Hoskins, Susi Kontgis

Attached is a multi-year extension of historical data of general fund revenue and expenditures, provided to the Council by the Administration. The Administration has not intended this as a formal budget forecast, but rather an extension of trends in revenues and expenditures over the past five fiscal years.

General fund revenues and expenditures were analyzed from fiscal years 2000 to 2005. Those trends along with other assumptions (listed at the bottom of page 1), were used to calculate general fund revenue and expenditures from fiscal years 2006-2008. Council staff is continuing to examine specific calculations and assumptions.

While specifics are still being investigated and the actual numbers will likely differ from the projected numbers, the overall trend for the general fund is that expenditures are growing at a faster rate than revenues (as shown in the chart).

MULTI-YEAR EXTENSION OF HISTORICAL DATA
## (not intended as a budget forecast)

	ASSUMED GROWTH RATE	FY 2006	FY 2007	FY 2008
General Fund Revenue				
Property Taxes	0.500%	$ 62,906,784	$ 63,221,318	$ 63,537,425
Sales Taxes	0.600%	$ 41,366,964	$ 41,615,165	$ 41,864,856
Utility Franchise Taxes	5.500%	$ 22,706,088	$ 23,954,923	$ 25,272,444
Payment in Lieu of Taxes	9.200%	$ 1,022,609	$ 1,116,689	$ 1,219,424
Business & Regulatory Licenses	1.900%	$ 5,647,336	$ 5,754,635	$ 5,863,973
Construction & Building Permits	2.000%	$ 4,638,794	$ 4,731,570	$ 4,826,202
Intergovernmental (grants & reimbursements)	4.100%	$ 4,212,286	$ 4,384,989	$ 4,564,774
Fees & Charges for Services	-1.900%	$ 3,420,059	$ 3,355,078	$ 3,291,331
Court Fines (parking & court)	0.025%	$ 8,823,180	$ 8,825,385	$ 8,827,592
Parking Meter Collections	0.000%	$ 1,191,786	$ 1,191,786	$ 1,191,786
Interest Income	1.000%	$ 1,595,668	$ 1,611,625	$ 1,627,741
Other Revenue	-15.600%	$ 944,972	$ 797,557	$ 673,138
Interfund Reimbursement	4.300%	$ 8,611,457	$ 8,981,749	$ 9,367,965
Transfers	0.000%	$ 1,350,433	$ 1,350,433	$ 1,350,433
Total (listed) General Fund Revenue	**0.830%**	**$ 168,438,415**	**$ 170,892,903**	**$ 173,479,083**
General Fund Expenditures				
Police Department Total Expenditures	**3.000%**	**$ 46,123,270**	**$ 47,183,402**	**$ 48,269,571**
Personal Services (Salaries, Wages, Benefits)	2.500%	*$ 41,475,740*	*$ 42,512,634*	*$ 43,575,450*
Other	0.500%	*$ 4,647,530*	*$ 4,670,768*	*$ 4,694,122*
Community Development Total	**3.000%**	**$ 7,910,304**	**$ 8,085,131**	**$ 8,264,214**
Personal Services (Salaries, Wages, Benefits)	2.500%	*$ 6,763,767*	*$ 6,932,861*	*$ 7,106,183*
Other	0.500%	*$ 1,146,537*	*$ 1,152,270*	*$ 1,158,031*
Public Services Total	**3.000%**	**$ 34,987,151**	**$ 35,591,526**	**$ 36,209,659**
Personal Services (Salaries, Wages, Benefits)	2.500%	*$ 21,471,970*	*$ 22,008,769*	*$ 22,558,988*
Other	0.500%	*$ 13,515,182*	*$ 13,582,758*	*$ 13,650,671*
Fire Department	**3.000%**	**$ 28,227,044**	**$ 28,877,308**	**$ 29,543,551**
Personal Services (Salaries, Wages, Benefits)	2.500%	*$ 25,456,439*	*$ 26,092,850*	*$ 26,745,171*
Other	0.500%	*$ 2,770,605*	*$ 2,784,458*	*$ 2,798,380*
Management Services Total Expenditures	**3.000%**	**$ 9,727,198**	**$ 9,927,222**	**$ 10,132,032**
Personal Services (Salaries, Wages, Benefits)	2.500%	*$ 7,569,441*	*$ 7,758,677*	*$ 7,952,643*
Other	0.500%	*$ 2,157,757*	*$ 2,168,546*	*$ 2,179,389*
Attorney's Office	**3.000%**	**$ 3,018,979**	**$ 3,088,017**	**$ 3,158,747**
Personal Services (Salaries, Wages, Benefits)	2.500%	*$ 2,697,108*	*$ 2,764,536*	*$ 2,833,649*
Other	0.500%	*$ 321,871*	*$ 323,481*	*$ 325,098*
Mayor's Office	**3.000%**	**$ 1,535,706**	**$ 1,569,817**	**$ 1,604,759**
Personal Services (Salaries, Wages, Benefits)	2.500%	*$ 1,321,596*	*$ 1,354,636*	*$ 1,388,502*
Other	0.500%	*$ 214,110*	*$ 215,181*	*$ 216,257*
City Council Office	**3.000%**	**$ 2,165,011**	**$ 2,195,050**	**$ 2,225,780**
Personal Services (Salaries, Wages, Benefits)	2.500%	*$ 1,094,519*	*$ 1,121,882*	*$ 1,149,929*
Auditing and Other Consulting Expenditures	0.250%	*$ 100,313*	*$ 100,564*	*$ 100,815*
Other	0.250%	*$ 970,179*	*$ 972,605*	*$ 975,036*
Nondepartmental Total	1.000%	**$ 37,307,810**	**$ 38,940,748**	**$ 40,645,160**
Total General Fund Expenditures	**4.200%**	**$ 171,002,474**	**$ 175,458,221**	**$ 180,053,474**
Revenues less Expenditures		$ (2,564,059)	$ (4,565,319)	$ (6,574,391)

Assumes a 7% funding of CIP.

Unknown factors: Unable to anticipate Legislatively mandated changes from year to year, such as sales tax, franchise tax, etc.

Large contracts are unpredictable from year to year. Examples are Legal Defenders and Sales Tax rebates.

MULTI-YEAR EXTENSION OF HISTORICAL DATA
(not intended as a budget forecast)

FY 2005 - FY 2010
Expend vs. Revenues

Legend:
- Total (listed) General Fund Revenue
- Total General Fund Expenditures
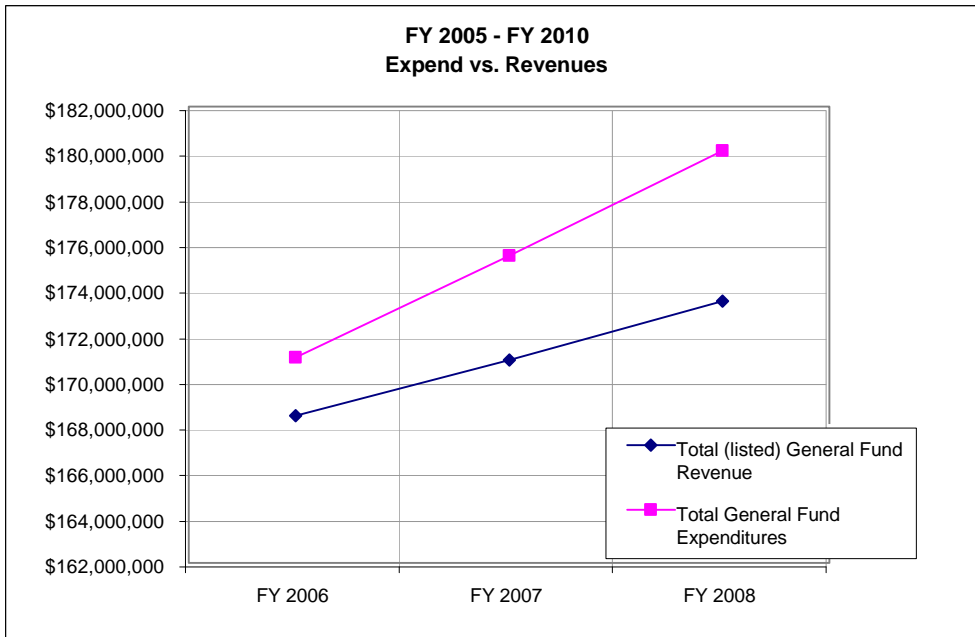
IMS GARTNER RESEARCH

Number of Employees	Job Role or Function	Approximate Percentage of Total IT Staffing (Average)	Recommended By Gartner	IMS Actuals
3000				
Average Staffing of IT				
5	Application development (including coding, testing and project management)	25%	38	8
	Application support and maintenance	15%	23	10
	Database administration	6%	9	Shared among existing employees
	Summary for Software Engineering	46%	69	18
Recommended Number of IT Staff	Production/operations	15%	23	9
150	Networking/security	15%	23	15
	Planning and architecture	4%	6	3
	Help desk	8%	12	6
	Summary for Network and Comms	42%	63	33
	Relationship management	3%	5	5
	IT administration (for example, CIO, sourcing managers and IT financial managers)	9%	14	7
	Summary For Admin and Management	12%	18	12
	Total		150	63