

SALT LAKE CITY COUNCIL STAFF REPORT

BUDGET ANALYSIS – FISCAL YEAR 2006-07

DATE: May 12, 2006

BUDGET FOR: **DEPARTMENT OF MANAGEMENT SERVICES**

STAFF REPORT BY: Sylvia Jones

cc: Rocky Fluhart, Sam Guevara, Steve Fawcett, Bryan Hemsley, Gordon Hoskins, Ken Cowley, Dan Mulé, Jamey Knighton, and Mary Johnston

The proposed budget for the Department of Management Services for fiscal year 2006-07 is \$10,708,331, representing an increase in expenditures of \$1,073,810 or 11.1%, as compared to fiscal year 2005-06.

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 2005-06	Proposed 2006-07	Difference	% Change
Office of the Director (budget and policy development, emergency management, environmental management, civilian review board investigations)	\$1,092,814	\$1,126,472	\$33,658	3.1%
Finance (monitors revenues and accounts payable; prepares quarterly and annual financial statements; processes payroll)	\$1,161,144	\$1,233,764	\$72,620	6.3%
City Treasurer's Office (collects, manages and disburses City funds, bills, manages and collects special assessments, and issues and services debt)	\$749,960	\$936,346	\$186,386	24.9%
Purchasing/Contracts/Property Management (provides purchasing, contract development/process and property management services)	\$1,165,016	\$1,227,290	\$62,274	5.3%
Justice Court (traffic/parking adjudication, criminal adjudication, small claims)	\$3,777,581	\$4,394,639	\$617,058	16.3%
Human Resource Management (labor relations, develops and oversees programs that attract, motivate, and retain a skilled, productive work force)	\$1,204,429	\$1,305,153	\$100,724	8.4%
City Recorder (manages city records, administers City elections, publishes official City notices, and records City Council meeting minutes)	\$483,577	\$484,667	\$1,090	.23%
Total	\$9,634,521	\$10,708,331	\$1,073,810	\$11.1%

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 an increase of 13.20 FTE positions and a .50 part time position.
 - \$(75,000 - 10 months) – 1 Deputy City Treasurer (annual cost: \$90,000)
 - \$(52,500 – 10 months) – 1 Human Resources Records Administrator (annual cost: \$62,813)
 - \$(30,000 – 8 months) – 1 Court Hearing Officer (annual cost: \$45,018)
 - \$(28,667 – 8 months) – 1 Court Small Claims Clerk (annual cost: \$42,894)
 - \$(11,000) – 1 Court Traffic Coordinator 0.2 FTE (from part-time to full-time) (annual cost: \$55,092 of which only \$11,000 is the proposed increase)
 - \$(110,667 – 8 months) – 4 Criminal Court Clerks (annual cost: \$40,896 each) (1 clerk assigned to each current judge)
 - \$(25,333 – 8 months) – 1 Court File Clerk (annual cost: \$39,060)
 - \$(56,994 – 6 months) – 1 Court Judge (annual cost: \$116,940)
 - \$(84,000 each – 8 months) -- 3 Criminal Court Clerks for new judge (annual cost: \$41,778 each)

The Council may wish to note that the Justice Court's request for additional staffing as well as one-time funding and funding for ongoing costs are contingent upon a favorable recommendation from the auditor after the weighted caseload study results are finalized.

- Justice Court One-Time Funding – The Justice Court has requested one-time funding of \$89,633 as follows:
 - \$10,000 (Software licenses at \$2,500 each for the new hearing officer, small claims clerk, file clerk and judge positions)
 - \$7,500 (Software licenses at \$2,500 each for 3 new criminal court clerk positions)
 - \$17,000 (Remodeling, security access system, printer, copier)
 - \$10,000 (New computer server)
 - \$45,133 (Continue four contract employees – 4 months)
- Ongoing Costs – The Justice Court has requested funding for ongoing costs of \$52,656 as follows:
 - \$3,984 (Computer lease and phones for new small claims clerk, hearing officer, judge and file clerk at \$996 each)
 - \$500 (Mandatory training for small claims clerk)
 - \$2,000 (Mandatory training for 4 new criminal court clerks.)
 - \$3,984 (Computer lease and phones for 4 new criminal court clerks.)
 - \$2,988 (Computer lease and phones for 3 new criminal court clerks)

- \$1,500 (Mandatory training for new judge)
 - \$1,500 (Mandatory training for 3 new criminal court clerks)
 - \$22,500 (Bailiff services for new judge for 6 months – this will become an ongoing expense in FY 2007-08)
 - \$13,700 (Court interpreter fees)
- Credit card charges – The Treasurer’s Office is requesting \$60,000 for increased costs related to the use of credit cards for building permits and impact fee payments, as well as small amounts associated with general banking charges. Last year, in order to maintain lower banking costs, the Administration proposed that the City stop the practice of accepting credit card payments for building permits. This year, the Administration suggests that the City allow these payments to be made again by credit card. Additionally, according to the Administration, the volume of credit card payments has increased, and there is an associated banking fee paid by the City for each credit card transaction.
 - Parking meter collection costs: The Administration requests \$38,000 for the cost of parking meter coin collection by off-duty police officers. The Administration has indicated that increased meter fees adopted last year cause the meters to fill more quickly, thus the meters must be emptied more frequently.
 - Base salary increase for judges – The Administration is requesting \$29,324 to bring the Justice Court judges’ salaries to 85% of the district court judges. According to Management Services’ staff, the adjustment approved by the Council in FY 2005-06 brought the Justice Court judges’ salaries to 85% of the district court judges’ salaries (for 2004). The current request of \$29,324 will bring the Justice Court judges’ salaries to 85% of the district court judges’ salaries as of July 1, 2006. The Council may wish to note that the City is not required to maintain Justice Court judge salaries at 85% of the district court judge salaries. State law prevents cities from compensating Justice Court judge salaries higher than 85% of district court judge salaries.) The proposed increase equates to an increase of approximately \$7,330 per judge.

The Council Members may wish to note that Justice Court judges’ salaries are currently outside of their current pay structure range, according to Human Resource Management. The Administration is proposing to move the judges from the Executive Plan to the Unclassified Plan. According to the Administration, this change is necessary regardless of whether the Council funds the judges’ salaries at 85% of the Third District Court judges’ salaries.

- Health insurance increases – The Department of Management Services will incur a total of \$27,792 of additional costs for employee health insurance.

Budgetary Breakdown by Division

Office of the Director:

The Office of the Director has 9.0 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, and Civilian Review Board investigations. The budget shows an increase of 3.1% or \$33,658 as compared to FY 2005/06. The increase can be attributed to projected salary increases, pension and health insurance adjustments.

Given the Council's recent interest in emergency planning from a district and citywide perspective, the Council may wish to request quarterly written briefings regarding the status of the City's emergency preparedness plan, including a description of the trainings being conducted, and updates regarding key issues that emergency management is addressing.

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 17.0 FTE and .20 part time employees. The budget reflects an increase of 6.3% or \$72,620 which is attributed to projected salary increases, pension and health insurance adjustments.

City Treasurer's Office:

This Division currently has 8.0 FTE. 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 24.9% or \$186,386. The budget increase can be attributed in part to the Division's request for a Deputy City Treasurer to assist the City Treasurer with the Division's increasing workload. According to the Administration, the Deputy Treasurer will assist with the creation, certification and updating of comprehensive investment and debt policies; the creation and implementation of Citywide cash handling policies and procedures; the preparation of RFP's and the maintenance of existing contracts; provide support to each program within the Division; assist in the performance review process of employees, and other duties related to administration of the Division. The Treasurer's Office anticipates that the recruitment process for this position will take approximately 1-2 months, and requests funding for a 10-month period during FY 2006-2007. Other increases are for bank fees (for credit cards) and parking meter collections. The City Treasurer has provided staffing justification for the Council's review. Please see the attached documents which describe the City's future debt issues and compare Salt Lake City to other comparable cities from a debt management standpoint. The Deputy Treasurer's position is proposed at a salary equivalent to a senior level analyst position.

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 5.3% or \$36,452, which is attributed to projected salary increases, pension and health insurance adjustments.

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 is proposed to increase by 16.3% or \$617,058. The increase is attributed to the budget request for additional FTEs, as well as ongoing funds requested for employee training, computer lease, bailiff and interpreter services. One-time funds are requested for software and facilities remodeling.

As a result of a recent Justice Court audit, the City Council approved funding for Matrix Consulting Group and the National Center for State Courts to conduct an independent weighted caseload study of Salt Lake City's Justice Court. The Council anticipates that the results of the weighted caseload study will provide an objective and realistic methodology for determining staffing needs for the Court. The auditor anticipates that the study will be completed in six months.

The Administration has submitted a memorandum (see attachment) in support of funding the additional FTEs for the Court, explaining that Salt Lake City's Justice Court, the Police Department, the City Prosecutors and Legal Defenders are four interdependent components of the same system. The memorandum states that modifications to one area create change in the three other areas. For instance, hiring additional police officers in the field may increase caseloads for the Justice Court, the Prosecutor's Office, as well as the Legal Defender's Office.

The Administration maintains that hiring an additional judge will reduce the number of cases per judge, and allow the Court to set smaller calendars, which could decrease the amount of waiting time for police officers during court proceedings, as well as the frequency with which officers are called to testify.

According to the auditor's first report, the comparative survey results indicated that by a variety of measures, the Justice Court Criminal Section operates with workloads significantly higher than other courts. However, during the Council's Work Session discussion with the auditor, the auditor recommended that before staffing adjustments are made, the Justice Court should implement most of the audit recommendations and review the impact of changes to workflow. The auditor also recommended that an independent weighted case workload assessment should be conducted before requesting additional staff.

A Council Member has raised a number of questions relating to the Justice Court and asked whether other Council Members would be interested in discussing how it compares to the District Court. One question relates to the amount of police overtime and whether the Justice Court system has reduced or better-managed the amount of police overtime (as compared to police overtime that was required when the Third District Court was hearing the City's cases). According to the Administration, the information isn't available given that Police Department records are kept for only three years. Justice Court personnel indicated that when

traffic violations were civil in nature, the Justice Court could schedule officers to appear in court during their 'on-duty' time; however, now that traffic violations are criminal, the Justice Court schedules officers to appear in court during both off and on-duty time. One could argue that efficiencies can be achieved through the efforts of the hearing officers who work towards avoiding court appearance altogether.

The Council Member also asked which cases are still heard in the Third District Court. It is Council staff's understanding that the cases heard by the District Court include Class A misdemeanors, as follows:

Assault on police officers
DUI's (with injury or with minor in the car of person issued the DUI)
Domestic violence with prior convictions
Protective orders
Substantial bodily injury/assault
Prostitution based on prior convictions
Sex solicitation based on prior convictions
Drug cases in drug free zones (schools, churches)
Theft based on value (more than \$300, less than \$1,000)
Vehicle burglary
Trial de novo – appeals to Third District Court
Hearing de novo – appeals to Third District Court based on question of law or ruling made in the Justice Court

When Salt Lake City's cases were being handled exclusively by the Third District Court, there were nine judges assigned to handle the caseload generated by the City's prosecution, along with other matters. Currently there are three full-time judges assigned to handle Salt Lake City cases.

The Council may wish to hold a separate briefing on the Justice Court during this budget season, as well as another briefing after the weighted caseload study is completed in six months by Matrix Consulting Group in conjunction with the National Center for State Courts. The Council may also wish to defer funding additional staffing for the Justice Court until after the results of the weighted caseload are received. The disadvantage to this approach is that if the weighted caseload study does justify additional staffing, the Council would be faced with funding that staffing with one-time resources, unless ongoing funding can be identified mid-year.

During the public hearing for Budget Amendment #4, the Council approved funding to hire four contract employees to assist with Court duties. The Administration has proposed continuing the contract employees for four more months and then hiring additional court staff, assuming a favorable recommendation from the weighted caseload study. *The Council may wish to include funding in the budget to allow for a longer transition period, or to allow for the continuation of these positions, should the weighted caseload study not justify additional full-time positions.*

Human Resource Management Division:

The Human Resource Management Division is responsible for managing records which are governed by federal and state laws, rules and regulations. Examples of the types of records include investigative reports related to discrimination complaints, classification reports, employment files, employee records for insurance, training and development, negotiation notes, grievance history and other labor relations issues. Currently, the Division has a total of 18.0 FTEs. The Division's budget proposes an increase of 8.4% or \$100,724. This increase can be attributed in large part to the request for a Human Resources Records Administrator, as mentioned previously in this report. According to the Division, at one time, there was a staff person responsible for records management; however, when that person retired, the position was eliminated as part of a budget cut. Since then employee records have been kept by various staff members, but there is no one specifically charged with retention and maintenance of all employee records. Human Resources will purchase a filing system using funding from their current budget; however, the Division has identified the need for a staff person to gather the records, and manage record retention.

The Division has indicated that the City may be faced with potential liability for not having a records retention program that meets the requirements of the law. If the EEOC, Civil Service or Department of Labor were to find during a legal or administrative hearing that records were destroyed prior to scheduled retention, or if a record should have been destroyed and was not, or if there is no retention schedule for a record requiring one, the City could face increased risk for legal liability, according to the Division. The Division has indicated that this issue has been discussed with the Attorney's Office, and they share the concern.

The Council may wish to ask for additional information regarding the request for a records staff member:

- a. Could a part-time position be added to the City Recorder's Office for this function, since the Recorder's Office has the expertise to manage records in accordance with state statute and city ordinances? Given the level of expertise in the Recorder's Office, a lower level staff person could be hired if the individual were responsible for the records without supervision with this specific expertise. Council staff recognizes that this would necessitate the movement of records. The Recorder's Office also maintains the City's off-site storage system.
- b. Give that the City will transition from internal administration of the medical and dependent flex accounts to external administration, might some time be freed in the Human Resources Division to assist with this filing task?

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 .23% or \$1,090. There are a total of 5 FTE and .50 part time positions in this division.

LEGISLATIVE INTENT STATEMENTS

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

Employee Health Insurance – It is the intent of the City Council that the Administration study the rising costs of health insurance and identify options to help control costs. The study could be combined with a study that the City Library System is proposing.

Response from the Administration: The City's Benefits Committee studies issues related to the rising costs of health care and recommends options to the Administration annually. We have proposed a change in the City's health insurance plans that will be rolled out with the FY 2006-07 Mayor's Recommended Budget. We have not yet discussed or coordinated with the Library as to what their study included.

Advance Notice of Employee Retirement: It is the intent of the City Council that the Administration explore the possibility of requiring that employees give advance notice of retirement or providing an incentive for employees to give advance notice of retirement.

Response from the Administration: This issue has not been dealt with yet. All staff resources that would conduct these reviews have been actively engaged in other projects.

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 2006-07 is proposed to increase by \$252,814 or 3.2% over fiscal year 2005-2006. Expenses are increasing by \$352,323 or 4.6%.

INFORMATION MANAGEMENT SERVICES FUND PROPOSED BUDGET				
	Adopted 2005-06	Proposed 2006-07	Difference	Percent Change
Revenue & other sources				
Fees from departments/funds	\$2,579,317	\$2,627,719	\$48,402	1.9%
Interest	20,000	20,000	- 0 -	- 0 -
Miscellaneous revenue & sale of Equipment	37,077	37,078	1	
Transfer from General Fund	5,161,883	5,366,294	204,411	4.0
Total revenue	\$7,798,277	8,051,091	252,814	3.2
Expenses & other uses				
Network/infrastructure	\$2,667,664	2,875,203	\$207,539	7.8%
Software engineering	1,323,740	1,389,499	65,759	5.0
Web services	389,554	416,925	27,371	7.0
Telephone services	852,387	740,179	(112,208)	(13.2)
Consulting team (coordinate with customers)	1,025,761	1,065,255	39,494	3.9
Security group (from hackers, viruses, spam)	395,779	349,960	(45,819)	(11.6)
IFAS (accounting system)	178,994	178,994	- 0 -	- 0 -
SLCTV – video processing	76,820	135,988	59,168	77.0
Administration	479,402	433,412	(45,990)	(9.6)
Computer rental program	225,000	382,009	157,009	69.8
Total expenses	\$7,615,101	7,967,424	352,323	4.6
Increase to reserves	\$ 183,176	\$ 83,667	\$(99,509)	(54.3)

In prior years, the Division experienced a cash deficit. Last year, the IMS Administration projected that by the end of FY 2006-07, the division would have a surplus of \$20,000. According to the Division, the cash deficit has been eliminated, and IMS is now projecting a positive cash flow of \$66,000 by the end of FY 2005-06.

POTENTIAL MATTERS AT ISSUE AND MAJOR BUDGET ISSUES

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

- IMS Audit – This past spring, the Council requested an operational audit of IMS. The auditor has finished the field work and is now compiling an executive summary. Some of the auditor's recommendations will take time to implement. Most of the recommendations do not require additional funding or resources.
- SLCTV's Proposed Budget Increase – IMS is receiving additional requests for video services (ie: informational spots for departments, live broadcasts, or tape-delayed broadcasts of city events) from almost all City departments. In January through March of 2005, SLCTV completed 13 projects. 18 projects were completed during the same 3-month timeframe in 2006.

According to the Division, post production work such as editing and video conversion is quite time-consuming. The Division indicates that it can take up to four hours to create one hour of film. In response to growing requests, the Division estimates that 300 hours of overtime will be needed during FY 2006-07 to meet deadlines and deliverable dates.

In FY 2005-06, the Council approved funding for equipment purchases as noted in the left column below. As a result of increased requests for video services, the Division is proposing the purchase of equipment outlined in the column below on the right.

FY 2005-06		FY 2006-07	
Tripods	\$ 500	Post Production	\$ 3,000
Camera	\$2,500	MiniDV VTR	\$ 1,000
Camera	\$2,300	Wireless AV Transmitters	\$ 3,000
Program Monitor	\$1,300	Streaming Media Server	\$ 7,000
Teleprompter	\$5,000	Video Encoder Servers	\$10,000
PA System	\$5,000	Video Encoder Cards	\$ 2,000
Broadcast Monitor	\$ 500	Replacement Workstation	\$ 5,000
Video Capture Cards	\$2,000	Live Captioning Equipment	\$ 7,000
Post Production	<u>\$6,400</u>	Lighting	\$ 3,000
		Workstation	\$ 5,000
		Software	<u>\$ 2,000</u>
Total	\$27,400	Total	\$48,000

The Division is also proposing to hire two interns to assist with SCLTV for 20 hours per week at a cost of \$9,000 annually per intern.

The Council may wish to ask the Division whether the work of two interns at 20 hours per week would completely reduce the estimated 300 hours of overtime necessary to keep up with post production workload.

The Council may also wish to ask which items of equipment are most critical to post production functions versus equipment necessary for a live broadcast.

The Council may wish to discuss working with the Administration to develop a policy on the nature of items that are within the scope of IMS to film, given the limited resources.

The Council may wish to consider whether it may be more cost effective to add a part time or full time employee to this function, if filming for SLCTV is a high priority.

- Transfer from General Fund: The General Fund's portion of major systems is funded by a direct transfer from the General Fund. A \$5,366,294 transfer is proposed for fiscal year 2006-07, which is an increase of \$204,411, or 4.0%. The increase in the transfer includes \$63,468 for projected pay adjustments and health insurance increases, which includes the General Fund's portion of the proposed two interns for SLCTV; \$136,534 for a network support rate increase; as well as \$4,409 for SLCTV equipment (in addition to the amount budgeted in FY 2005-06 for equipment).
- Fees from Departments/Funds: 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.
- IMS Fund Lease Program: 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. The Division anticipates the need to replace an increased number of PC's during FY 2006-2007.
- Security/UNIX (proposed decrease of \$45,819): Most of the decrease can be attributed to a reduction in capital expenditures as well as a reduction in support agreement adjustments. The Division's computer equipment replacement cycle is staggered such that some years will require more funding for equipment replacement than other years.
- Telephone Services (proposed decrease of \$112,208): According to the Division, technology changes have necessitated that telephone services personnel are now receiving more network assignments. To better account for the use of their time, the IMS Administration is re-allocating their time to the network team.

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.

SIX YEAR BUSINESS PLAN

The following are goals and anticipated needs outlined in the Management Services Department's Six Year Business Plan which was prepared in 2004 to apply to Fiscal Years 2005 through 2010. This list was provided to the Council as a reminder, given that several of the items have already been completed.

- 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
 - 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.)
 - 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

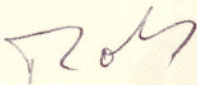
negatively impact or deplete premiums from the City and employees.

- 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.

COUNCIL TRANSMITTAL

TO: Dave Buhler, Chair 
Salt Lake City Council

DATE: May 9, 2006

FROM: Rocky Fluhart, Chief Administrative Officer

SUBJECT: Salt Lake City Justice Court

BACKGROUND/DISCUSSION: See attached memorandum.

MEMORANDUM

TO: Steve Fawcett

FROM: Kay Christensen

DATE: May 8, 2006

ISSUE: The Salt Lake City Justice Court is part of a systemic operation with four separate, but interdependent components: the Court itself, the Police Department, the City Prosecutors and the Legal Defenders. Any change in one of these components has a ripple effect on the other three. When resources are allocated, that interdependency should be a primary consideration. The FY 2006-2007 Mayor's Recommended Budget calls for increases in each.

BACKGROUND

The Justice Court

The Salt Lake City Justice Court opened its doors on July 1, 2002. The Court has jurisdiction over all Class B and C misdemeanors, ordinance violations and infractions committed within the corporate boundaries of Salt Lake City. The Court works with numerous law enforcement agencies, including the University of Utah Police, the Utah Highway Patrol, the Salt Lake County Sheriff and the Salt Lake City Police Department and any other law enforcement agency that might enforce violations of class B misdemeanor or lower in our municipal boundaries.

The Justice Court is made up of three sections. The criminal section handles misdemeanor criminal violations such as driving under the influence and domestic violence cases. The civil/traffic section handles primarily parking and traffic violations as well as returned check collections, vehicle booting, impound hearings, and animal control cases. The third section is the small claims section, which handles legal issues and problems from contractual or service disputes or others claims which do not exceed the sum of \$7,500.

The Salt Lake City Justice Court handles 12% of the overall judicial caseload in Utah and 24% of all DUI cases.

The City Justice Court handles approximately 225,400 cases per year including parking, traffic, civil, criminal and small claims. Approximately 66,000 of those cases could require the involvement of a prosecutor. Approximately 25,000 of those cases are settled when the individual charged simply comes to court and pays the fine. Another 10,000 to 12,000 cases will be handled through a plea in abeyance, leaving approximately 29,000 cases that will be calendared in the Justice Court and will require a prosecutor. Another 1,200 to 1,500 City Class A misdemeanor cases will be calendared in the Third District Court and will also require a prosecutor. Approximately 5800 of the cases will also require the assignment of a legal defender (projected total in this calendar year).

The four sitting Justice Court Judges each carry approximately 7,300 cases, compared to 1,202 for each judge in the Salt Lake County Justice Court, 1,278 cases for each judge in the Sandy Justice Court and 5,712 for each judge in the West Valley Justice Court. The average caseload for a judges is 2,000 in Salt Lake County and nationwide.

The recent management audit of the Salt Lake City Justice Court recognized that the court is operating at a much higher caseload level per judge and support staff than any of the other courts surveyed in the audit.

Recently the Justice Court sponsored a two day workshop through the National Center for State Courts' Institute for Court Management to study the issue of caseload management. The workshop included participants from every phase of the process, including court personnel, legal defenders, prosecutors, police, and jail personnel. The Justice Court is making a sustained effort to run the Court in the manner most conducive to justice and quality service for the public and maximum efficiency in the use of resources.

City Prosecutors

The average caseload handled by the City Prosecutors Office is, as stated, approximately 30,000 a year. In 2005 there were 24,417 new filings, with a rollover of approximately 5,000 cases from the previous year. The management audit showed a yearly clearance rate of 71%, resulting in a rollover of 29%. The criminal filings have been stable for the last two years

and the Prosecutors Office believes that figure will remain stable unless there is a substantial change in the system. For example, an increase in police officers on the street could have an impact on the caseload (the officers approved in the FY 2005-2006 budget have just recently entered the force, for a net increase of seven).

It is also important to note that a backlog of cases may be created if an adequate rate of adjudication or clearance is not maintained. This may be the result of both the lack of initial resources to effectively clear the cases or also because defendants fail to appear. The ability to clear cases is directly related to the capacity to increase the number of cases set for a judge and funding of the proper number of prosecutors and legal defenders to assist in adjudicating these set matters.

Each of the four judges is supported by two full time prosecutors, resulting in a caseload for each attorney of approximately 3600 cases. When a case is given a court calendar, the prosecuting attorney may participate in video arraignments with incarcerated defendants, attend pre-trial conferences, conduct discovery, prepare and take evidence on motions hearings, and participate in bench and jury trials. Post adjudications may also include Trial de novo appeals and Hearing de novo appeals to Third District Court where the process begins anew on the same case.

There are no national standards established for the recommended caseload for misdemeanor prosecution given the jurisdictional and other case variables. The American Bar Association endorsed the level of 300 misdemeanor cases per year. In 2002, the American Prosecutors Research Institute (APRI) concluded that it would be more advantageous to look at average processing time per case and compare that to the number of hours a prosecutor has available. They arrived at an average per misdemeanor case time of 4.3 hours. The gross working hours for each prosecutor are 1772 a year (minus sick leave, vacation, holidays and continuing legal education requirements). Using that basis, the carrying capacity of an attorney is 412 cases a year. Obviously, many cases take much less 4.3 hours, but many take much more. For example, DUI cases average between 5 to 8 hours a case and Domestic Violence cases are close behind (the average number of DUI cases a year is 2000).

In addition to the 3 prosecutors who cover cases in the District Court and the 8 who work in the Justice Court, the Prosecutors Office is aided by 2

full time employees funded by the YWCA. These employees serve as victim advocates and work with witnesses in domestic violence cases. They are often supported by interns who offer additional assistance.

Legal Defenders

The Salt Lake Legal Defender Association has a contract with Salt Lake City to provide legal representation to low income defendants when requested in all Class A, B and C misdemeanor cases. The FY 2005-2006 City budget for this service was \$466,794. This provided the services of 7 legal defenders, 2 secretaries and a part-time law clerk. The Legal Defender Office has 63 full-time attorneys and 100 full-time staff. All other funding comes from Salt Lake County, the other contractual client of the Defenders Office.

As stated above, the legal defenders are assigned approximately 5800 cases in a calendar year at current levels. This is an increase of nearly 800 cases in the last year. One legal defender is assigned to each judge, one assists as needed with all cases and court calendars, and two cover Class A misdemeanor cases at the Third District Court. As a result, each legal defender averages approximately 830 cases. The American Bar Association and the National Legal Aid & Defender Association recommend a maximum yearly caseload of 400 cases per attorney. In reality, the Justice Court caseload is much higher because 2 legal defenders cover the more involved Salt Lake City Class A misdemeanor cases and cases from the County Attorney at the Third District Court. They covered 956 cases last year for an average caseload of 428 per legal defender, a much more manageable figure. That leaves the five legal defenders in the Justice Court to cover over 4,800 cases, an average of 960 cases per each defender.

At the present level of support, Salt Lake City is receiving services from the Legal Defenders that are not covered in their budget. Director F. John Hill's administrative time is not covered nor is the work of Assistant Director, Vernice Trease, or Patrick Anderson, Chief of the Misdemeanor Division. Mr. Anderson meets regularly with the City Prosecutors to coordinate schedules and other matters. Mr. Anderson covers mental health court, Passages, Safe at Home, CAT support and numerous other programs. His work frequently deflects cases into the mental health system, and then the County takes responsibility. Mr. Anderson allocates a portion of his time to City-related work. One additional secretary partially funded by Salt

Lake City opens City case files and an investigator is available as needed to assist in City cases. That investigator also serves subpoenas. Social Service staff at the Legal Defenders Office also serves as a City resource.

The Legal Defender Office encourages courts to assess recoupment costs where possible and does not stand in the way of recoupment.

With a budget of \$466,794 and a caseload of 5,818, the cost to the City for the work of the legal defenders for FY 2005-2006 was \$80 a case.

Salt Lake City Police Department

It is obvious that the caseload at the Justice Court is the direct result of the number of citations and arrests made by the Police Department and other law enforcement entities active within the City's jurisdiction. An increase in officers on the street is likely to result in an increase in arrests and citations.

Patrol officers spend a significant portion of their time supporting the work of the Justice Court. Officers must appear in court when subpoenaed whether on duty or off. When on duty officers appear in court there is no additional cost to the City other than the opportunity costs associated with taking that officer off the street. When off-duty officers appear in court, by contract, they are paid for 2 hours of preparation time and whatever time they actually spend in court. During the FY 2005-2006 budget year it is projected that court costs for off-duty officers will be \$365,000 (this is not broken down by court). Obviously, the City has a major interest in having officers on patrol as much as possible and spending the least amount necessary to cover the costs of court time.

ANALYSIS- Budget Request

The Mayor's Recommended Budget for 2006-2007 contains requests for increases in personnel and services that will impact the interconnected relationships described above.

In anticipation of a positive recommendation from the auditor hired by the City Council to conduct a weighted caseload study of Justice Court operations, the Administration is recommending an additional judge, 3 criminal court clerks to support the judge, and 4 additional clerks, one for each sitting judge. The Administration is also recommending 1 new hearing

officer, 1 small claims clerk, and a file clerk. The Administration also recommends making a part-time traffic coordinator full-time and continuing the 4 contractual clerks until the full-time clerks are hired.

If the City Council approves the new judge, the 3 new clerks are essential. The other positions are necessary regardless of the decision on the additional judge. Those positions affect the internal efficiency of the Court, while the additional judge affects all the interdependent parties.

An additional judge will reduce the number of cases per each judge from 7300 to 5840. In addition, a fifth judge will allow the Court to set smaller calendars and therefore, police officers will not be called as often to cases that are not heard on any given day and their wait to testify could be shortened.

The Administration is also requesting an additional prosecutor and an office technician for the office. If a new judge is added, this additional prosecutor will be essential to cover the judge's calendar. A court without the proper number of attorneys to help facilitate the case flow will result in the dismissal of cases (or no adjudication at all). Thus, the addition of a judge necessitates that a proper number of prosecutors and legal defenders also be funded to be efficient and effective. The City Prosecutors Office continues to seek ways to maximize the use of allocated resources. Both the original council audit and the current case flow support the additional attorney and support staff allocation.

The Salt Lake Legal Defender Association is requesting a budget increase in FY 2006-2007 of \$148,368. This will allow them to add two new attorneys and one new legal secretary to handle Salt Lake City's caseload. This increase is necessary whether the fifth judge is added or not. The Association has stated in writing that the current staffing level is not sufficient for them to continue to meet their constitutional and ethical duty to provide adequate defense services. The Administration strongly supports this request and included it in the Mayor's Recommended budget. If case referrals remain at approximately the same level, this will mean that the cost for representation for Salt Lake City is at \$105 per case.

The Administration is also recommending an increase of 8 new police officers and 1 new sergeant. With the 7 new officers who have just entered the force, this could result in an eventual increase of officers in the field that

would impact caseload (an increase of 7 officers would only mean that 1 or 2 more officers would be in the field at any given time).

The Administration urges the City Council to consider the above requests as a set of recommendations aimed at achieving maximum efficiency and effectiveness in our law enforcement and justice system, and to consider the impact of each funding decision on the overall system.

SALT LAKE CITY CORPORATION
Management Worksheet for Budget Development
Request for Deputy City Treasurer Position
Treasurer's Division
April 2006

Measurable Impact on Functions, Structure and Organization

The workload continues to increase in the Treasurer's Division requiring additional staff support. This Division is currently understaffed based on comparisons with private industry and cities similar in population to Salt Lake City. Increasing the staffing will assist in assuring that cash and debt management issues, as well as special assessment needs, are being addressed timely and managed efficiently.

Criteria

The debt management and cash management programs within the Treasurer's Division are understaffed based on comparable information provided by other municipal treasurers' offices as well as private industry. Outstanding indebtedness for the City is currently at \$321 million. The current size of the City's investment portfolio is \$427 million. Staffing to support these programs consists of three positions, a Debt Management Analyst, a Cash Management Analyst and the City Treasurer.

Boise, Idaho, a capital city with a population of 193,000, currently manages debt of \$115 million and investments of \$131 million with a combined staff of 4 individuals. Salem, Oregon, also a capital city and having a population of 147,000, currently has \$286 million in outstanding debt and a \$197 million investment portfolio. Salem has a combined staff of 3 individuals.

At Intermountain Healthcare (IHC) the treasury function consists of short-term investing and banking relationship management. There are five positions within the Treasury: treasurer, cash manager, investment manager, cash accountant, and investment accountant. This group currently manages a \$320 million fixed income portfolio, but does not issue or manage debt.

Staffing to support the special assessment program within the City Treasurer's Division consists of the Assessments Analyst and the City Treasurer. No other city or town within Utah has an assessment program as extensive as ours with which we can provide a reasonable comparison. As of March 31, 2006 there were 4,771 active special assessment accounts. Each fiscal year approximately 3,800 new street lighting assessment accounts are billed and 3,400 are collected. During the current fiscal year, 2,580 new street lighting construction assessments and curb and gutter assessments were created. Also this year nearly 1,300 Central Business Improvement Districts were billed.

Condition

Currently, the City is anticipating issuing approximately \$78 million in new debt during FY 2007 and an additional \$17 million in FY 2008. These amounts are over and above the \$321 million of debt outstanding at this time. Issuing bonds directly impacts cash management functions because as bond proceeds are received these monies need to be invested in accordance with the applicable terms of the borrowing instruments.

Many of the future bonds to be issued are special assessment bonds for proposed special improvement districts that have been or are in the process of being created. These new districts and the associated accounts that require servicing will dramatically impact the workload of the City Treasurer and Assessments Analyst throughout the life of each district, from the time the Notice of Intention is prepared until the last assessment is cleared and the final bond payment is made.

Effect

Debt Management: With so many bond issues and not enough support staff, the risk of missing important deadlines is greatly increased; bond issues may be delayed when schedules and crucial information are not provided timely; errors or omissions may occur when bond documents are hastily proofed during the review process; debt related budgets may not be accurate when prepared too quickly; difficulty maintaining compliance with continuing disclosure requirements and bond covenants may occur.

Cash Management: Without enough staff support, covering daily cash needs for the entire City is very challenging; delays in reconciling daily transactions with daily bank deposits will hold up the Finance Division's monthly reconciliations of bank statements; investment opportunities may be lost; cash handling policies and procedures are not developed or updated.

Special Assessments: With so many accounts to manage and not enough staff support, billings may be delayed; problem payments may not be resolved or properly applied; response time to customer questions may not be timely; and infrequent reconciling of parcel information with County records may result in uncollectible assessments.

Cause

The number of new bond issues is increasing which equates to additional outstanding bond issues that need to be managed. The sizeable current investment portfolio is increasing. New products and services change the way our three banking relationship contracts (general banking services, lockbox services and credit card processing services) are managed. New developments in electronic commerce change the way we do business. The number of assessment districts is increasing. The types of districts we assess are changing.

Recommendation

Fund one new position in the Treasurer's Division—one Deputy City Treasurer. (Aside: The Deputy City Treasurer position was eliminated in 1993. The current City Treasurer held that position until he was appointed City Treasurer in 1993.) This new position is needed to assist the City Treasurer with the Division's increasing workload. The Deputy City Treasurer will assist with the creation, certification and updating of comprehensive investment and debt policies; the creation and implementation of City-wide cash handling policies and procedures; the preparation of RFP's and the maintenance of existing contracts; provide support to each program within the Division; assist in the performance review process. This is not a complete identification of duties.

FUTURE DEBT ISSUES*

Bond Type	Project Description	Estimated Issue Date	Estimated Par Amount
General Obligation	The Leonardo at Library Square	FY 2007	\$10,200,000
General Obligation	Open Space Lands Program	FY 2007	5,400,000
Sales Tax Revenue	Fleet Facility	FY 2007	24,700,000
Sales Tax Revenue	Grant Tower	FY 2007	11,300,000
Special Assessment	Yale Avenue Street Lighting - 106029	FY 2007	208,000
Special Assessment	900 South - Main St. to 900 West - 102004	FY 2007	505,000
Special Assessment	Sidewalk Replacement - 102112	FY 2007	408,000
Special Assessment	Quayle Avenue - 102113	FY 2007	84,000
Special Assessment	Strong's Court - 102109	FY 2007	74,000
Special Assessment	Fenway Avenue - 102129	FY 2007	67,000
Special Assessment	900 South and 900 East Streetscape - 106018	FY 2008	467,000
Special Assessment	Sidewalk Replacement - 102119	FY 2008	500,000
Special Assessment	Sidewalk Replacement - 102136	FY 2008	700,000
TRAN's	General Fund cash flow needs	FY 2007	25,000,000
Water & Sewer	Water line replacements and water treatment plant improvements	FY 2008	15,100,000
Total Future Debt Issues**			<u>\$94,713,000</u>

* Bond issues impact the cash management section with additional investment responsibilities.

** Plans to issue general obligation bonds to fund construction of public safety facilities is not included in this analysis.

Bonds Issued by Salt Lake City Corporation Since 1999

Bond Types/Names	Amounts
Municipal Building Authority Bonds	
MBA Series '99A	\$13,595,000
MBA Series '99B	\$24,935,000
MBA Series '01	\$11,855,000
MBA Bonds Subtotal	\$50,385,000
Motor Fuel Excise Tax Bonds	
MFET Series '99	\$5,155,000
MFET Bonds Subtotal	\$5,155,000
General Obligation Bonds	
GO Series '99	\$81,000,000
GO Series '01	\$22,650,000
GO Series '02	\$48,855,000
GO Series '04A	\$11,300,000
GO Bonds Subtotal	\$163,805,000
Airport Bonds	
Airport '00A	\$19,145,000
Airport '01	\$19,200,000
Airport '04A&B	\$61,875,000
Airport Bonds Subtotal	\$100,220,000
Special Improvement District Bonds	
SID 101007 '01	\$174,000
SID 101011 '02	\$124,000
SID 103009 '03	\$1,217,000
SID 101016 '03	\$62,000
SID Railyard '03	\$17,600,000
SID 106024	\$472,000
SID Bonds Subtotal	\$19,649,000
Redevelopment Agency Bonds	
RDA '02A	\$16,190,000
RDA Bonds Subtotal	\$16,190,000
Tax and Revenue Anticipation Notes	
TRAN '99	\$16,000,000
TRAN '00	\$22,000,000
TRAN '01	\$25,000,000
TRAN '02	\$25,000,000
TRAN '03	\$21,000,000
TRAN '04	\$25,000,000
TRAN '05	\$21,000,000
TRAN Subtotal	\$155,000,000
Housing Authority Bonds	
Housing Authority '03	\$16,300,000
Housing Authority Bonds Subtotal	\$16,300,000
Industrial Revenue Bonds	
IRB Rowland Hall '01	\$18,500,000
IRB Valley Mental Health '01	\$16,120,000
IRB Spring Air '03	\$3,840,000
IRB Subtotal	\$38,460,000
Water & Sewer Bonds	
Water & Sewer '04	\$30,955,000
Water & Sewer '05	\$11,075,000
Water & Sewer Bonds Subtotal	\$42,030,000
Sales Tax Revenue Bonds	
Sales Tax Series 2004	\$17,300,000
Sales Tax Series 2005A	\$47,355,000
Sales Tax Revenue Series Subtotal	\$64,655,000
Grand Total of All Bonds Issued Since 1999	\$671,849,000

**DEBT AND INVESTMENT PORTFOLIO BENCHMARKING
FOR
CITIES SIMILAR IN SIZE TO SALT LAKE CITY**

City	Population as of July 1, 2005	Outstanding Indebtedness (Current)	Investment Portfolio (Current)	Number of Employees Involved in Debt and Cash Management Functions
Boise, ID*	193,085	\$114,886,272	\$130,840,821	4
Chandler, AZ	247,807	\$296,439,000	\$458,925,769	6
Eugene, OR	146,160	\$130,379,930	\$202,432,244	2
Salem, OR*	147,250	\$286,188,430	\$197,340,285	3
Salt Lake City, UT*	178,605	\$320,895,423	\$426,742,940	3
Spokane, WA	200,000	\$191,987,486	\$269,965,210	3
Tacoma, WA	194,900	\$1,224,137,000	\$790,948,428	11

* State Capital