

SALT LAKE CITY COUNCIL STAFF REPORT
BUDGET ANALYSIS – FISCAL YEAR 2008-09

DATE: May 9, 2008

BUDGET FOR: **DEPARTMENT OF MANAGEMENT SERVICES**

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The proposed budget for the Department of Management Services for fiscal year 2008-09 is \$11,115,153, representing an increase in expenditures of \$101,428 or 0.92%, as compared to fiscal year 2007-08.

The proposed budgets for the Information Management Services (IMS) Fund and Insurance & Risk Management Fund will be analyzed in separate reports.

DEPARTMENT OF MANAGEMENT SERVICES				
	Adopted 2007-08	Proposed 2008-09	Difference	% Change
Office of the Director (budget and policy development, sustainability and environmental management, civilian review board, and emergency management)	\$1,258,939	809,360	(449,579)	(35.7%)
Finance (monitors revenues and accounts payable; prepares quarterly and annual financial statements; processes payroll)	\$1,303,442	1,452,938	149,496	11.5%
City Treasurer's Office (collects, manages and disburses City funds, bills, manages and collects special assessments, and issues and services debt)	\$1,006,218	960,717	(45,501)	(4.5%)
Purchasing/Contracts/Property Management (provides purchasing, contract development/process and property management services)	\$1,263,921	1,177,869	(86,052)	(6.8%)
Justice Court (traffic/parking adjudication, criminal adjudication, small claims)	\$4,291,924	4,791,739	499,815	11.6%
Human Resource Management (labor relations, develops and oversees programs that attract, motivate, and retain a skilled, productive work force)	\$1,399,265	1,400,449	1,184	0.08%
City Recorder (manages city records, administers City elections, publishes official City notices, and records City Council meeting minutes)	\$490,016	522,081	32,065	6.5%
Total	\$11,013,725	11,115,153	101,428	0.92%

POTENTIAL MATTERS AT ISSUE AND MAJOR BUDGET ISSUES:

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

Proposed Changes to the Office of the Director

- Creation of the Office (or Department) of the Chief Administrative Officer – The Mayor’s Recommended Budget proposes the creation of the Office of the Chief Administrative Officer (CAO) as a separate department from Management Services. Previously the CAO position has technically served as the department Director of Management Services, although from a functional perspective, the Deputy Director of Management Services has carried out the day to day management responsibilities of the department. To accomplish this change, a transfer of personnel and budgets is necessary, including the functions of emergency management, civilian review board administration, and environment and sustainability functions. In addition, the Administration proposes to change the position of Director/Chief Administrative Officer to Chief Administrative Officer. The Administration indicates there is no fiscal impact associated with this change.

If approved by the Council, this change would necessitate the creation of the Office of the Chief Administrative Officer, and the transfer of the following personnel, corresponding salaries and operating expenses totaling \$633,342:

Position	Funding	Transferred from
Chief Administrative Officer	General Fund	Dept. of Management Svcs.
Administrative Assistant to Chief Administrative Officer	General Fund	Dept. of Management Svcs.
<u>Sustainability Division</u> Sustainability Director	General Fund	Dept. of Management Svcs.
Environmental Program Manager	General Fund	Dept. of Management Svcs.
Recycling Manager	Refuse Fund	Public Services
Recycling Education Coordinator (new position)	Refuse Fund	Public Services
Open Space Coordinator	General Fund	Public Services
<u>Office of Emergency Mgmt.</u> Emergency Program Manager	General Fund	Dept. of Management Svcs.
RPT/Emergency Management Assistant	General Fund	Dept. of Management Svcs.
<u>Office of Police Civilian Review Board Administration</u> Police Civilian Review Board Administrator	General Fund	Dept. of Management Svcs.
Downtown Transportation Development Coordinator	Chamber/City /UTA	
Public Safety Building Consultant	General Fund	

The Council may wish to note that while there is no short term fiscal impact to the separation of the Department of Management Services from the Office of the CAO, there may be a long-term financial impact.

The Council may also wish to note that the creation of the new department leaves the Department of Management Services with no department secretary and no deputy director. No other department in the City is without these two positions.

New Positions

In light of this year's fiscal budgetary constraints, the Council may wish to weigh these new position requests with other funding requests, as well as with Council priorities.

- Recycling Education Coordinator (1.0 FTE) As mentioned on page two, the Administration recommends the addition of 1.0 FTE, a Recycling Education Coordinator, which will be funded by the Refuse Fund.
- Downtown Transportation Development Coordinator (the City's share of salary and benefits is \$35,000 – 1.0 FTE) The Administration also recommends the addition of a Transportation Coordinator to assist with the implementation of the Downtown Transportation Master Plan. This individual's time, salary and benefits of \$105,000 will be shared by UTA, the Chamber of Commerce and the City. It is staff's understanding that the Downtown Transportation Master Plan will be heard by the Planning Commission in the coming weeks and then advanced to the City Council.

Other Changes or Requests for Funding

- Proposed change to Emergency Program Manager position – The Administration is proposing to eliminate the current position of Emergency Program Manager and create the position of Emergency Management Director. This proposed action equates to the layoff of the current Emergency Program Manager; however, this individual would be eligible to apply for the Director position. According to the Administration, the change in responsibilities (from Manger to Director) includes less technical, more policy and strategic-based functions. There is no fiscal impact related to this change at this time. This higher level position would be an appointed position.
- \$50,000 for Sustainability Program – To assist the sustainability program, the Administration proposes a budget of \$50,000. \$23,500 of this request will fund the City's climate registry membership and complete an emissions calculation and verification. Additionally, the Administration indicates that the Salt Lake City Green Web Site needs to be updated. IMS has estimated an approximate budget of \$20,000, with the goal of having the web site updated internally by sustainability personnel in the future.

- \$20,777 Sustainability Operating Expenses – The Administration has requested funding for operational expenses for the Sustainability Director as follows:

Telephone duct rental (IMS)	1,000
Computer lease (IMS)	1,428
Printing	3,000
Advertising	5,000
Telephone lease (IMS)	449
Memberships	1,000
In City conferences	2,000
Mileage reimbursement	1,800
Out of town travel and training	5,000
Office supplies	<u>100</u>
Total	\$ 20,777

- \$50,000 (one-time funding) for Open Space Management Plan Development – The proposed budget requests \$50,000 for the development of an Open Space Management plan. The Administration indicates that funding is needed to master plan each open space property, and currently, there is no funding to plan for how the open space should be used, managed and protected for the future. **Given the cost of master plans and this one-time funding request, the Council may wish to ask what the Administration anticipates receiving for \$50,000. It is Council staff’s experience that \$50,000 would not be adequate to address this need.**

Status of Parley’s Historic Nature Park Plan: Council Members have asked for an update of the Parley’s Historic Nature Park Management Plan. (This will continue to be managed by the Department of Public Services.) \$100,000 was funded from CIP for a three level study of the Parley’s Historic Nature Park. The three scoping components are:

- baseline study of existing plant and wildlife
- park-wide master plan
- park management plan

The consultant RFQ was issued a few months ago; the responses were received and interviews were conducted in April. The Administration is conducting final interviews on Wednesday, May 14th. A selection will be made with the intent that a consultant will be under contract by the first or second week of June. Public Services Engineering will assign a project manager and manage the project like any other park consultant. Since this is a city park asset, it will be managed and maintained by the Public Services.

- \$150,000 (one-time funding) for Public Safety Building Consultant – According to the Administration, the Chief Administrative Officer has been tasked with overseeing the Public Safety Building project development. The Mayor’s budget requests \$150,000 to hire a consultant to facilitate and manage this project. The Administration indicates that these monies will fund the cost of a consultant for two years, from the start of the project to a potential bond in

2010. **The Council may wish to clarify the role of the consultant, as well as the Administration's current plans for the Public Safety Building.**

Proposed Changes to the Office of the Director

If approved by the City Council, the creation of the CAO's office will transfer various functions as itemized previously in this report. In addition, the Administration has proposed the following changes:

- Eliminate Deputy Director position in Management Services – If the Council agrees to create the Department of Chief Administrative Officer, the Administration recommends eliminating the Deputy Director position in Management Services and creating a Director of Management Services position. The Deputy Director is currently serving as interim Director. There is no fiscal impact associated with this change.
- Transfer of Compensation Program Administrator (1.0) – In February of 2008, the Administration transferred from Human Resources to the Director's Office a vacant unclassified HR Consultant position and reclassified it to the position of Compensation Manager/Dept. of Management Services Employee Development Coordinator. Previously, city compensation was completed by another senior level Human Resources Consultant. Because of the additional workload placed on that position to support Human Resources, the Administration indicates that a change was necessary to free up more time for that position to function optimally. Because compensation is not a 100% full-time position, and the current Interim Director of Management Services recognized that the department needed assistance with employee development (training, goal setting, evaluation development, succession planning, labor liaison representation, etc.) this position was created to provide the combined functions.

Proposed Changes to the Finance Division

- Change in Revenue Analyst/Auditor position – The Mayor's Recommended budget proposes to change a Revenue Analyst/Auditor to a Revenue Analyst/Administrative Internal Auditor. The functions of this position include conducting internal financial and operational audits under the direction of the Audit Oversight Committee which has yet to be formed. The Administration indicates there is no budgetary impact with this change. An existing revenue auditor will take on these responsibilities. The Council may wish to note that this reactivates the internal audit function.

Proposed Changes to the City Treasurer's Office

- Transfer and change of Debt Management Analyst position – The Mayor's recommended budget proposes to change the debt management analyst position to a policy and budget analyst position and transfer it and the

corresponding salary to the Office of the Director. The Administration indicates that there is a need for additional assistance with policy analysis and research. The Administration further indicates that the functions of the debt management analyst position will be assumed by the Deputy City Treasurer. There is no fiscal impact associated with this change and transfer.

- Reduction and Change to Administrative Associate position – Currently, the position of Administrative Associate is full-time. The Administration recommends that the position be changed to a .50 RPT Administrative Assistant. The responsibilities of this position include staff support to the City Treasurer and Deputy City Treasurer. The Administration indicates that this represents a reduction in budget of \$27,000; however, current services levels should be maintained.
- \$20,000 Credit Card Charges – The Treasurer’s Office is requesting \$20,000 as a result of increased costs related to the use of credit cards for building permits and impact fee payments, as well as for increased bank fees, armored car services and mandatory credit card compliance testing which helps to prevent credit card fraud and various other security threats. According to the Administration, the volume of credit card payments continues to increase, as well as the associated banking fees paid by the City for each credit card transaction. Debit card payments are less costly to process; however, there is no internet payment mechanism to enter a pin ID number.

Proposed Changes to the Purchasing/Contract Division /Property Management Division

- \$53,984 – Elimination of 1.0 FTE Property Control Specialist position (layoff)
The functions of this position include tracking and reconciling fixed assets inventory of furniture, equipment, vehicles, etc. throughout the departments of the City. The Administration indicates that the rules of accounting for these items have changed, and that the remaining property control agent will be able to absorb this work with interim assistance from the Finance Division.

FTZ Warehouse Transfer to Airport – The FTZ warehouse has been transferred to the Airport and the proceeds of the transfer will be placed in the Surplus Land Account as required by ordinance. The change in budget reflects the utilities and minor maintenance funds being eliminated from General Fund Support.

Proposed Changes to the Justice Court

- **New positions:**

\$ 50,251 each (add 2.0 FTE) Criminal Clerks

\$ 58,940 (add 1.0 FTE) Lead Criminal Clerk

\$ 50,251 (add 1.0 FTE) Small Claims Clerk for the Justice Court

\$159,442

As recommended in the 2007 Judicial and Court Staff Workload Assessment for the Justice Court, the Administration is recommending the addition of 4.0 FTE to assist with the Court's workload, including the addition of 2.0 Criminal Clerks in the Criminal section, 1.0 FTE Lead Criminal Clerk, and 1.0 Small Claims Clerk (civil section). According to the audit results, the additional personnel will allow the Court to address case management issues, including disposition and age of pending caseload.

- \$18,167 Operating Expenses for new Justice Court employees – In conjunction with the request for the four new Justice Court positions, the Administration has requested \$18,167 to fund required training and the purchase of software licenses, phones, and computers for all four positions. \$11,932 of this request is one-time monies.
- Elimination of position – Justice Court Lead Payment Processor position: Savings of \$55,000 – The Mayor's budget recommends the elimination of the Justice Court Lead Payment Processor position, a savings of \$55,000, which will require the Civil Section Manager to directly supervise the payment processors and provide additional assistance with payment processing.
- \$18,739 - Increase in Jury Fees – As a result of adding two jury calendars per week, the jury fees have increased.
- \$18,702 - Increase in Interpreter Fees – According to the Administration, the State of Utah increased its certified interpreter rates in July of 2007 from \$35.00 an hour to \$37.50 an hour, and the approved/qualified rates from \$30.00 to \$32.14 an hour. If the Justice Court does not raise their rates accordingly, interpreters will work for the courts paying the higher wages. The State Court has dictated that the City use certified interpreters. If there are no certified interpreters available, the City can use approved/qualified interpreters.
- \$11,560 - Increase in Building Security Costs – The Justice Court's security/bailiff contract expires in July of 2008. The Administration anticipates an increase in contract costs of 3%, although this is an estimate; the actual increase could be higher.
- \$112,000 – (one-time funding) Remodel of 2nd floor lobby of Justice Court – The Administration has requested one-time funding in the amount of \$112,000 for the purpose of remodeling the 2nd floor lobby as follows:

- \$ 50,000 Purchase and placement of lockable partitions to create jury deliberation room
- \$ 5,000 Contingency (this bid was requested in 2007 – costs have increased since that time)
- \$ 12,000 Design, engineering, permits
- \$ 35,000 Furniture, fixtures and equipment
- \$102,000 Subtotal

\$ 10,000 Project contingency

\$112,000 Total

- \$9,525 – (one-time funding) Convert three attorney/client rooms to offices – The Mayor’s budget requests one-time funding of \$9,525 for the purpose of converting three attorney/client rooms into cubicle spaces for six staff.

Cubicle configuration at \$2,508.20 X 3	\$7,524.60
Purchase of four chairs at \$500.00 each	<u>\$2,000.00</u>
	\$9,524.60

The Administration indicates that the small jury rooms may be used for attorney/client rooms when the small jury rooms aren’t in use.

Proposed Changes to the Human Resource Management Division

- Increase Human Resources Equal Employment Opportunity (EEO) Program Manager RPT position to an FTE position – The Administration proposes to convert the EEO RPT position to a full-time FTE position, which represents an increase of .50 FTE or \$35,000. The Human Resources Division indicates it will absorb any additional costs for 2007/08. The responsibilities of this position include educating employees and investigating reports of EEO violations.
- Health insurance increases – The Mayor’s Recommended Budget includes a citywide cost-of-living increase, adjustments to pension rates and health insurance costs. Council staff will prepare a separate report on compensation once negotiations with labor unions have concluded.

Proposed Changes to the City Recorder’s Office/IMS

- The Administration proposes to split the City Recorder’s Office from the IMS Division. The Chief Information Office (CIO)/Director of IMS will no longer function as the City Recorder. In addition, the position of the Deputy City Recorder position will be eliminated and the City Recorder position will be created. According to Administration, there are no budgetary impacts associated with these changes.

Budgetary Breakdown by Division

Office of the Director of Management Services:

If the Department of the Chief Administrative Officer is approved by the Council, the Office of the Director will have 6.0 FTE’s, including the transfer of one employee from the Treasurer’s Office. The functions of this office include budget development, policy analysis, and project development and management. The budget shows a decrease of 35.7% or \$449,579 as compared to FY 2007/08. The

decrease can be attributed to the proposed creation of the CAO's office and the transfer of budget and FTE's associated with that change.

Finance Division:

The Finance Division includes the functions of accounts payable, financial and budget reports, payroll, grant acquisition and revenue auditing. The Finance Division consists of 17.0 FTE employees. The budget reflects an increase of 11.5% or \$149,496, which is attributed to the transfer of a Property Control Agent from the Purchasing Division, and is also a result of projected salary increases, pension and health insurance adjustments.

City Treasurer's Office:

This Division currently has 9.0 FTEs. The functions of the Treasurer's Office include cashing, cash and debt management, as well as special assessments. The Treasurer's Office budget reflects a decrease of 4.5% or \$45,501. The budget decrease can be mainly attributed to a request to transfer the Debt Management Analyst position to the Office of the Director.

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, and the Division's budget reflects a decrease of 6.8% or \$86,052, which is attributed to the elimination of a position and transfer of another position to the Finance Division.

Justice Court:

The Justice Court functions include adjudicating small claims, criminal and non-criminal cases, domestic violence court cases, and cashing. The Division's budget is proposed to increase by 11.6% or \$499,815. The increase is attributed to salary and benefit adjustments, as well as a request for four new positions, and funding to remodel and reconfigure office space. With the addition of the four new positions, there will be 52.0 FTE in the Justice Court.

Human Resource Management Division:

The Human Resource Management Division is responsible for labor relations, and 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. There are currently 15.0 FTEs and .66 RPT within Division. The Mayor's budget proposes an increase of .08% or \$1,184.

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 6.5% or \$32,065, which is mainly attributed to projected salary increases, pension and health insurance adjustments. There are a total of 5.0 FTEs and .50 part time positions in this division.

Additional Information

LEGISLATIVE INTENT STATEMENTS

Fund Balance – It is the intent of the City Council that the Administration identify a process to restore fund balance to 15% of general fund revenue as reserves for unforeseen events or emergencies, and establish 15% of fund balance as a target for the minimum amount allowable (rather than the previous 10%).

Response from the Administration: The Administration has identified two options for the City Council to consider: The Council could appropriate 12% per year to increase the fund balance (approximately \$1 million per year). At this rate, it would take approximately five years to reach 15%. At the end of the fiscal year we usually have more than 15%. Another option the Council could consider is not to make appropriations that reduce the balance below 15%. This option would allow the balance to reach 15% in one year.

Continuing Legislative Intent Statements

Citywide Emergency Preparedness Plan – It is the intent of the City Council that the Administration provide quarterly written briefings regarding progress of the City's emergency preparedness.

Response from the Administration: The Council has set up an Emergency Response Subcommittee and that Committee has been briefed on emergency preparedness. The Administration will continue to brief the Council on a regular basis. The Council participated in a tour of the Emergency Management offices in April.

Justice Court – Once the independent weighted caseload study is completed, it is the intent of the City Council that the Administration provide follow-up information to the Council on the Administration's recommendations as a result of the study and any efforts the Administration is making to improve case-flow management and the overall management of court resources. It is also the intent of the City Council that the Administration provide an assessment of the long-term adequacy of the court facility and identify options for Council consideration.

Response from the Administration: The Administration briefed the City Council on February 19, 2008 and will provide follow-up briefings as requested for Council members who were unable to attend the February briefing.

FTZ Warehouse – It is the intent of the City Council that the Administration consider selling the FTZ Warehouse in the International Center to help replenish the funds spent to purchase land for a new fleet facility rather than include the purchase price of the land in the bond (less any funds needed for replacement of the minimal storage function). The Administration could also consider selling the old employee clinic building on Redwood Road.

Response from the Administration: The FTZ warehouse has been transferred to the Airport and the proceeds of the transfer will be placed in the Surplus Land Account as required by ordinance. Half of the former employee clinic building is leased to a private clinic. The clinic will now also house the Emergency Management Division. This move was necessary to provide additional space for the City Attorney and the City Prosecutor at Plaza 349 to accommodate the additional staff they received by budget amendment in fiscal year 2007-08.

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: The City cannot require employees to give extended notice of their intent to retire but can encourage such notice when applicable. The majority of City retirees make their decision within a two week to one month period. Often an employee is waiting to hear if they were selected for a position with another employer. As soon as they find out, they usually give their department a two week notice. In such cases, an incentive would not have an impact. The Police Department continues to work closely with employees as they make retirement plans in an effort to provide as much notice as practical.

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.