

**SALT LAKE CITY COUNCIL STAFF REPORT**  
**BUDGET ANALYSIS – FISCAL YEAR 2009-10**

**DATE:** May 19, 2009

**BUDGET FOR:** **DEPARTMENT OF MANAGEMENT SERVICES**

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

The proposed budget for the Department of Management Services for fiscal year 2009-10 is \$11,485,718, representing a decrease in expenditures of \$248,635, or 2.1%, as compared to fiscal year 2008-09.

<b>DEPARTMENT OF MANAGEMENT SERVICES</b>				
	Adopted 2008-09	Proposed 2009-10	Difference	% Change
Office of the Director	\$409,023	\$306,540	(\$102,483)	(25.1%)
Budget and Policy (budget and policy development)	\$808,937	\$446,858	(\$362,079)	(44.8%)
Capital Asset Management (Capital Planning, Capital Procurement, Asset Maintenance, Property Management, CIP support)	- 0 -	\$563,634	\$563,634	
Civilian Review Board	\$133,028	\$132,404	(\$624)	(0.5%)
Emergency Management (Emergency Program Management, Radio System Coordination)	\$147,665	\$167,165	\$19,500	13.2%
Finance (Accounts payable, Financial and budget reports, Payroll, Grant acquisition, Revenue auditing)	\$1,452,938	\$1,934,591	\$481,653	33.2%
City Treasurer's Office (Cashiering, Cash and Debt Management, Special Assessments)	\$960,717	\$923,705	(\$37,012)	(3.9%)
Purchasing/Contracts(Purchasing, Contract Development)	\$1,177,869	\$714,655	(\$463,214)	(39.3%)
Human Resource Management (Human Resources, Employee Insurance, Training and Development, Labor Relations)	\$1,380,607	\$1,315,821	(\$64,786)	(4.7%)
City Recorder (Records Management and Elections)	\$522,081	\$493,286	(\$28,795)	(5.5%)
Justice Court (Cashiering, Criminal and Non-Criminal Adjudication, Small Claims)	\$4,741,488	\$4,487,059	(\$254,429)	(5.4%)
<b>Total</b>	<b>\$11,734,353</b>	<b>\$11,485,718</b>	<b>(\$248,635)</b>	<b>(2.1%)</b>
Sustainability and Environmental Management	\$592,930	\$597,104	\$4,174	0.7%

**Please note: Sustainability and Environment personnel will remain in Management Services; however, the personal services and operations costs will be funded by the Refuse Fund, as proposed in the Mayor's budget.**

\*Management Services staff will be prepared May 19<sup>th</sup> to provide the Council with information regarding:

1. CERT/Citizen Corps
2. Sustainability Enterprise Fund
3. Business Licensing
4. Capital Asset Management

**POTENTIAL MATTERS AT ISSUE AND MAJOR BUDGET ISSUES:**

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

- **(\$361,446) Request to transfer funding of Sustainability programs and operating costs to the newly created Environmental and Energy Fund in the Department of Public Services' Refuse Fund**

According to the Administration the goals and activities of the Sustainability Division are closely related to those of the Refuse Fund. The Mayor's Recommended Budget proposes to expand the functions of the Refuse Fund to include an "Environmental and Energy Fund". This will house sustainability programs, environmental management, outreach and open space. The other continuing functions in the Refuse fund (collection, clean-ups, etc.) will be included in the "Recycling & Operations Fund". The Administration recommends that the annual dividend from the Landfill, which currently subsidizes the City's recycling program, fund these newly transferred Environmental Fund positions. There will be no change in the reporting structure.

The Administration indicates that the loss of the annual dividend will be covered this year with cash reserves in the Operations Fund, and will need to be recovered in future years by a rate increase. (The rate increase currently proposed in the Refuse Fund was needed without the impact of redirecting the annual dividend.) If approved by the Council, this change will reduce the General Fund by \$361,446 and will necessitate the transfer of the following personnel costs and operating expenses:

<b>Position</b>	<b>Fiscal Impact</b>
Sustainability Director salary and benefits	\$128,656
Environmental Program Manager salary and benefits	\$ 96,272
Open Space Land Manager salary and benefits	\$ 80,096
Sustainability Non-personal services (phone, computer, travel, conventions, mileage)	\$ 4,188
Environmental Mgmt. Non-personal services (phone, computer, travel, conventions, mileage)	\$ 52,234
Recycling Manager	Currently funded by Refuse Fund
Recycling Education Coordinator	Currently funded by Refuse Fund
Total personnel costs	\$305,024
Total operating costs	\$ 56,422
<b>Total Transfer to Refuse Environmental and Energy Fund from Management Services</b>	<b>\$361,446</b>

The Mayor will be providing details of his plan to use the one-time dividend of \$7,000,000 from the Landfill later this year.

**The Council may wish to ask how the sustainability/environmental personnel costs will be funded in the future if the dividend from the Landfill decreases in future years.**

- **Capital Asset Management Group**

The Capital Asset Management group will focus on developing a citywide strategy for the City’s capital assets and large capital projects. The coordination and management of acquisition and disposal of the City’s real property and facilities will be another function of this team.

The group consists of 6.0 FTEs:

<b>Position</b>	
Management Services Deputy Director	1.0 FTE
Senior Administrative Analyst from Budget & Policy	1.0 FTE
Real Property Manager from Property Management	1.0 FTE
Real Property Agent from Property Management	2.0 FTE
Office Tech II from Property Management	1.0 FTE

The Administration indicates that all Property Management personnel were moved to the Capital Asset Management group. There was a change in

reporting structure; however, there was no physical movement of employees, according to the Administration. One of the Department's Deputy Directors heads this team. **The Council may wish to ask whether all six Property Management positions were moved to Capital Asset Management. The Council may also wish to ask about the theory behind establishing this group, ie: has a business plan been created, and if so what are the short and long-term goals for this group?**

The associated budget is itemized as follows:

Description	Fiscal Impact
Total salaries and benefits of 6.0 FTEs	\$534,486
Books, stationery, copies, postage, supplies, etc.	\$ 5,266
Computers, fleet fuel and maintenance, memberships, conventions, workshops, out of town travel, advertising, utilities, phones, etc.	\$ 23,882
<b>Total Expenses</b>	<b>\$563,634</b>

- **Elimination of Chief Administrative Officer (CAO) position (\$150,000)**

The proposed budget recommends the elimination of the Chief Administrative Officer position. In conjunction with this change, the Administration's transmittal for Budget Amendment #3 proposes to merge the CAO's office with the Department of Management Services (Administrative Services). The Council will receive a briefing on Budget Amendment #3 Tuesday, May 26<sup>th</sup>.

- **Eliminate Cashiering Resources Coordinator (\$70,756 retirement)**

The employee currently filling this position has chosen to retire and the position will be eliminated at the beginning of Fiscal Year 2010. The Administration indicates that the responsibilities for this position will be absorbed by other staff members.

- **Eliminate Purchasing Consultant position (\$67,184 retirement)**

This position will also be eliminated due to the employee choosing to retire. The Administration indicates that the responsibilities for this position will be distributed between the remaining five positions. With the implementation of the small purchase limit increase and redistribution of workload, the Division anticipates the ability to provide a timely response to city departments for the acquisition of supplies, material, equipment and services.

- **Proposed Ordinance Fee Changes**

<b>Ordinance Fee Increases</b>	<b>Proposed Increase</b>
Online Payment Convenience Fee (including credit, debit, electronic check or fund transfer transactions)	\$1.00 per transaction
Business License Base Fee (non-home occupations)	\$30.00 increase per business license
Vending cart fee	\$75.00 increase
Auto towing/wrecking fee	\$15.00 increase*
Retail sale of tobacco disproportionate fee (includes grocery and convenience stores, taverns, private clubs, hotels, motels and restaurants)	\$85.00 increase*

\*The Administration indicates that the auto towing/wrecking fee and the tobacco fee increases were proposed for the FY 2009 budget; however, the fees were not increased because the ordinance was inadvertently excluded from the budget transmittal. The Mayor’s budget does not account for the revenue for these two fees due to a lack of data pertaining to the number of businesses associated with the fees. The City will have a better understanding of what to expect in revenues at the end of this next fiscal year.

**Proposed Changes to the Office of the Director**

This Department has experienced a reorganization resulting in a number of personnel changes over the last six months, particularly in the Office of the Director. The net result for the Office of the Director indicates a budget decrease of \$102,483 or 25.1% as compared to FY 2008/09. Council staff will provide additional information prior to the Council meeting.

The Administration indicates there will be no significant service level reductions next year as a result of the proposed four additional personal holidays, and that employees may choose to use personal holidays first before using vacation time.

**1. Name Change to Department of Administrative Services**

The Mayor’s budget proposes to change the department name from Management Services to Administrative Services, indicating that this name is more reflective of the mission and functions of the department.

**2. Elimination of the Chief Administrative Officer’s (CAO) position and consolidation with the Department of Administrative Services**

As recommended by the Administration, the Chief Administrative Officer’s position will be eliminated, and the Office of the Chief Administrative Officer will be consolidated with the Department of Administrative Services.

**3. Emergency Management Program and Civilian Review Board**

The Emergency Program Manager (1.0 FTE), the part-time Emergency Management Assistant (.50 RPT), the Assistant to the CAO, and the Civilian Review Board Administrator (1.0 FTE) will be transferred to the Office of the Director as a result of merging the CAO’s office with Administrative Services.

**4. Transfer of CERT functions to Office of the Director**

The proposed budget recommends transferring the Community Emergency

Response Team (CERT) function to the Office of the Director from the Fire Department. There is no associated budget related to this move. Previously, the Fire Department had 1.5 CERT positions included their budget; however, according to the Administration, the Fire Department is unable to manage the CERT program due to limited resources. The CERT positions were eliminated during the mid-year reductions. The proposed budget indicates the Emergency Management program will manage any grant-funded CERT functions, and will house a new volunteer coordinator provided by the Citizen Corps. The Fire Department will continue to provide grant-funded trainers, expertise and potentially some support from on-duty firefighters. **The Council may wish to ask whether the grant-funded instruction will be able to meet the needs of the community. The Council may also wish to ask to what extent the grant writers have been in obtaining funding for CERT training. The Council may further wish to inquire as to whether the Administration has checked with neighboring jurisdictions to determine whether there are opportunities for cost sharing or contracting for training resources.**

### **Proposed Changes to Office of Budget and Policy**

The budget reflects a decrease of \$362,079 or 44.8%, a portion of which results from moving 1.0 FTE and some expenses to the capital asset management group, the elimination of an interim director position, the transfer of the compensation program administrator position to the Human Resources Division, and the elimination of the Official Rumor.

### **Proposed Changes to the Finance Division**

The Finance Division includes the functions of accounts payable, financial and budget reports, payroll, grant acquisition, revenue auditing, and business licensing. The Finance Division consists of 24.0 employees; 18.0 FTE in Finance and 6.0 FTE in Business Licensing. The budget reflects an increase of \$481,653 or 33%, attributed mainly to the transfer of Business Licensing from Community and Economic Development.

### **Proposed Changes to the City Treasurer's Office**

This Division currently has 6.5 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 a decrease of 3.9% or \$37,012, which is mainly attributed to the elimination of a Cashiering Resources Coordinator position. This individual is retiring.

\$40,000 Increase in Credit Card Charges – The Treasurer's Office is requesting \$40,000 as a result of increased costs relating to the use of credit cards for building permits and impact fee payments. Credit card usage continues to increase significantly, according to the Administration.

\$8,000 Increase in Meter Collection Charges – The Police Department has increased the inter-office billing amount to collect meter revenue. According to the Administration, actual overtime rates for officers are used to calculate the collection charges. Senior officers are given preference to sign up for meter collection. Their overtime rates are higher, which translates into an increase in collection rates. **The Council may wish to ask whether the Administration has**

**evaluated using a private contractor for this service.**

**Proposed Changes to the Human Resources Management Division**

The Human Resources Management Division is responsible for training and development, employee benefits, and records management. There are currently 20 FTEs in the Division. The Mayor’s budget proposes a decrease of 4.7% or \$64,786, which is the result of a \$15,000 decrease in training, printing costs, materials and supplies, as well as the 1.5% salary decrease.

**Proposed Changes to the 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 a decrease of 5.5% or \$28,795, which is mainly attributed to the elimination of a prior year contingency personal services budget of \$16,000. There are a total of 5.0 FTEs and .50 part time positions in this division.

**Proposed Changes to the Purchasing Division**

Functions of the Purchasing Division include contract development and purchasing. There are 10.0 FTEs. The Division’s budget reflects a decrease of 39.3% or \$463,214, which is attributed to the retirement of the Purchasing Consultant and the elimination of the position. In addition, two Real Property Agent positions, the Real Property Manager position, and an Office Tech II position have been moved to Capital Asset Management.

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*Additional Information*

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**LEGISLATIVE INTENT STATEMENTS**

**Staffing Document** – It is the intent of the City Council that the Administration continue to refine its approach to providing information to the City Council regarding the City’s staffing document, including:

- a. An annual itemization of trust or grant-funded positions, seasonal, part-time, and vacant positions in a format workable for the Administration. For example, an attachment or chart included with the staffing document.
- b. Additional detail added to the staffing document summary, including consolidated information listing the various types of positions from the staffing document and attachments. It is also the Council’s intent that the Administration provide a quarterly update to the Council including reclassifications or staffing changes with a budget impact, as well as bonuses.

Further, the staffing document is understood to be a snapshot in time of current position levels as a benchmark with the understanding that the Administration has the authority under ordinance to adjust positions.

As in the past, the Council would request a list of the vacant positions.

Response from the Administration: The Administration will provide quarterly updates to the staffing document approximately 15 days after the end of each quarter. The Administration will include information on grant funded, seasonal, part-time and vacant positions as part of the staffing document prepared for the FY 2009-10 budget.

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.