



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Del D. Borgsdorf

**SUBJECT: APPROVAL OF 2003-2004
GENERAL FUND 100 VACANT
POSITIONS ELIMINATION PLAN**

DATE: March 12, 2004

Council District: City-wide

RECOMMENDATION

It is recommended that the City Council:

1. Approve the 2003-2004 General Fund 100 Vacant Positions Elimination Plan recommended in this memorandum and detailed in Attachment A.
2. Direct staff to utilize the \$5.4 million in 2004-2005 cost savings associated with the elimination of the 100 positions (not including Council Appointees) towards reducing the projected 2004-2005 General Fund shortfall.

BACKGROUND

As part of the Mayor's 2003-2004 Mid-Year Budget Actions Memorandum, approved by the City Council on February 17, 2004, the Administration was directed to provide a list of 100 vacant positions in the General Fund to be deleted immediately to help save funds now while limiting service level impacts. Uniformed public safety (sworn) positions were to be excluded from the vacant positions elimination plan.

The Administration was further directed to return to the City Council with information regarding the implementation of 2003-2004 CSA/Department Cost/Position Management Plans that will generate General Fund savings of \$8.6 million by year-end. It should be noted that as part of the 2003-2004 Mid-Year Budget Review, these savings were removed from each department and placed in the 2004-2005 Future Deficit Reserve (bringing the total reserve to \$16.5 million) to be utilized in balancing a portion of the 2004-2005 projected General Fund shortfall.

ANALYSIS

2003-2004 General Fund 100 Vacant Positions Elimination Plan

As displayed in the chart below, a total of 493.38 positions were vacant as of March 10, 2004, excluding 71 Fire Department and Police Department sworn positions not eligible for elimination under this plan and 70.50 positions that were defunded and held vacant as part of the 2003-2004 Adopted Operating Budget. Of these 493.38 vacant positions, a total of 253.45 positions were

ANALYSIS (Cont'd.)

2003-2004 General Fund 100 Vacant Positions Elimination Plan (Cont'd.)

funded in the General Fund and 239.93 positions were funded in other City funds. As part of this report, the Administration recommends the elimination of 100.02 positions that are funded primarily in the General Fund (across five City Service Areas (CSAs) and the Council Appointees), leaving 393.36 vacancies city-wide. It should be noted that as a placeholder, 12.0 positions in the Council Appointees have been counted toward this plan, however, specific information regarding these positions will be brought forward for consideration separately by the Mayor's Office.

Excluding the savings associated with the Council Appointees positions, this elimination plan would generate 2004-2005 savings of \$5.4 million in the General Fund and \$5.7 million in all funds. Savings have been calculated for 2004-2005, rather than 2003-2004, as the majority of current year savings have been accounted for in the removal of funding associated with Cost/Position Management Plans, each departmental budgeted vacancy factor (an amount, which varies by department, removed to account for historical savings generated each year from position vacancies), and/or the costs associated with backfilling vacancies or other leaves of absences during portions of the year. Consistent with previous City Council direction, the Administration further recommends utilizing the savings associated with the elimination of the 100 positions towards reducing the projected 2004-2005 General Fund shortfall.

2003-2004 General Fund 100 Vacant Positions Elimination Plan Summary
(Vacancies as of March 10, 2004)

CSA	<u>Vacant Positions** (FTE)</u>			<u>2004-2005 Savings</u>		
	General Fund	Other Funds	Total	Recm'd for Elimination	All Funds(\$)	General Fund (\$)
Aviation Services	0.00	37.00	37.00	0.00	N/A	N/A
Economic and Neighborhood Development*	10.87	40.85	51.72	(4.00)	(311,264)	(311,264)
Environmental and Utility Services	0.00	66.50	66.50	0.00	N/A	N/A
Public Safety*	31.00	0.00	31.00	(17.00)	(1,163,319)	(1,163,319)
Recreation and Cultural Services	152.57	15.23	167.80	(34.52)	(1,731,307)	(1,731,307)
Transportation Services	16.55	12.95	29.50	(12.00)	(957,400)	(744,241)
Strategic Support	27.01	65.85	92.86	(20.50)	(1,537,672)	(1,425,708)
Council Appointees	15.45	1.55	17.00	(12.00)	N/A	N/A
TOTAL	253.45	239.93	493.38	(100.02)	(5,700,962)	(5,375,839)

* Excludes 71 sworn positions in the Fire and Police Department that are currently vacant, but not eligible for elimination under this plan.

** Excludes 70.5 positions that were defunded and held vacant as part of the 2003-2004 Adopted Operating Budget.

ANALYSIS (Cont'd.)

2003-2004 General Fund 100 Vacant Positions Elimination Plan (Cont'd.)

Attachment A contains the listing of positions recommended for elimination as part of the 2003-2004 General Fund 100 Vacant Positions Elimination Plan. The positions are listed by CSA with overall service level impact summaries provided. Each position listing contains the following information: position classification, notation whether the position is included in the CSA/Department Cost/Position Management Plan (CPMP), position vacancy date, position number, full-time equivalency (FTE), 2004-2005 savings generated in all City funds, and 2004-2005 savings generated in the General Fund. For the majority of positions, service level impacts have already been realized as many positions have been vacant for a year or longer.

2003-2004 CSA/Department Cost/Position Management Plans

In October 2003, for the third year in a row, departments (in coordination with the appropriate CSA) were assigned General Fund Cost/Position Management Plan reduction targets to achieve cost savings with the least impact on City services. All General Fund departments were assigned a 3% target (applied to their adjusted base budget), with the exception of the Fire Department, Police Department, and Independent Police Auditor's Office who were assigned a 1.25% target. These reductions were intended to generate additional savings in the General Fund as a means to begin to offset the projected 2004-2005 shortfall and to preserve position vacancies to provide redeployment flexibility and minimize, to the extent possible, employee layoffs in the coming year. Based on CSA and departmental recommendations, a total of \$8.6 million in cumulative savings is expected to be achieved by year-end. As outlined and approved as part of the 2003-2004 Mid-Year Budget Review, these savings were removed from each department and placed in the 2004-2005 Future Deficit Reserve (bringing the total reserve to \$16.5 million) to be used later as one of many strategies to balance the 2004-2005 General Fund shortfall. As directed by the City Council, more detailed information regarding the implementation of the 2003-2004 CSA/Department Cost/Position Management Plans is provided below.

It is important to note that approximately half of the positions recommended for elimination as part of the 2003-2004 General Fund 100 Vacant Position Elimination Plan are also included in CSA/Department Cost/Position Management Plans. As previously discussed, these positions and their corresponding service level impacts are noted on Attachment A. In addition to these positions, however, other reductions are necessary to achieve the assigned savings targets. These cutbacks are appropriate responses to a reduction in General Fund resources and are in keeping with our historically prudent fiscal management practices. The following is a summary of the most significant of those additional reductions (not discussed earlier).

Economic and Neighborhood Services

In addition to the positions held vacant and recommended for elimination under the 2003-2004 General Fund 100 Vacant Positions Elimination Plan, in the Office of Economic Development, a funding transfer from the General Fund to the Community Development Block Grant (CDBG) Fund to pay for loan program staffing was recommended. The CDBG funds were originally planned for outsourcing loan administration costs, however, this was postponed to allow for the development of alternative service delivery methods. Although there is no reduction in service related to this funding transfer, the loss of the capacity to outsource loan administration may impede the realignment of Economic Development staff to new tasks.

ANALYSIS (Cont'd.)

2003-2004 CSA/Department Cost/Position Management Plans (Cont'd.)

Public Safety

In addition to vacancy savings generated from both sworn and civilian positions in the Police Department that have been vacant for over a year, several strategies were recommended in the Public Safety CSA to generate General Fund savings. The Fire Department recommended that a hose wagon at Station #6 – the only remaining one of its kind in the City – be temporarily removed from service for approximately three and one half months, from mid-March through June. All other hose wagons were taken out of service in 1992-1993. This vehicle at Station 6 functions as a second apparatus in the engine company and is available to respond separately to non-emergency calls, such as good intent calls (e.g. keys locked in cars, flooded basements). The decommissioning of this hose wagon for the remaining months of the year should not result in any degradation in response time for emergency/medical calls in the Station #6 area.

Also, the January 2004 Police Recruit Academy and two Fire Recruit Academies have been postponed, with no anticipated impact on current service deliveries. In alignment with the Mayor's January 2003 Budget Control Strategy, departmental non-personal/equipment savings have also been identified through controlling expenditures on travel, meals, marketing, technology and vehicle purchases. As a result, the purchase of 21 unmarked vehicles and 2 marked vehicles has been deferred by the Police Department until 2004-2005, and possible service level impacts will be mitigated by careful management and rotation of vehicles to prolong their useful life span. Moderate savings in non-personal/equipment budgets in the Office of Emergency Services and the Office of the Independent Police Auditor were also identified, and are anticipated to have no impact on the current levels of service.

Recreation and Cultural Services

The essential functions of the majority of vacant positions identified in the Parks, Recreation and Neighborhood Services Department's Cost/Position Management Plan have already been absorbed by other staff, and no further service level impacts are expected beyond those already realized by customers as a result of the hiring freeze that has been in place since fall 2001. The Library Department's Cost Management Plan identified non-personal/equipment savings of \$400,000. This will be achieved through reductions in non-personal/equipment items, including supplies (i.e., less computer printer paper being available for public usage), training and utilities, at all seventeen branches of the Library system.

Transportation Services

Most of the savings identified by the Transportation Department are generated by vacancy savings from long-term vacancies; continuing to hold these positions vacant would not have any further service level impacts beyond those already realized. However, by holding a Maintenance Supervisor and a Heavy Equipment Operator position vacant, it is estimated that slightly fewer miles of residential street sealing will be completed in 2003-2004 than initially programmed in the 2003-2004 Adopted Operating Budget (a 2 mile reduction, or approximately 5%). By

ANALYSIS (Cont'd.)

2003-2004 CSA/Department Cost/Position Management Plans (Cont'd.)

Transportation Services (Cont'd.)

holding two Electricians and an Electrical Maintenance Supervisor vacant, preventive maintenance on traffic signals would be eliminated, while emergency maintenance and repairs to malfunctioning signals would continue without impact. Moderate non-personal/equipment savings in landscaping contracts, asphalt and the deferral of the purchase of a parking compliance sedan are not anticipated to have any further reductions in service levels beyond those already realized or described here.

Strategic Support

The majority of savings associated with the Cost/Position Management Plans for the Strategic Support CSA include savings from positions that have been vacant for the entire fiscal year or longer. The remaining savings have primarily been generated from funding shifts to more closely align funding sources with work performed (in the case of Employee Services Department staffing in the Benefit Funds) and miscellaneous minor non-personal/equipment savings from the Finance Department, Information Technology Department and General Services Department with no service level impacts anticipated.

/s/

DEL D. BORGS DORF
City Manager

Attachments:

Attachment A - 2003-2004 General Fund 100 Vacant Positions Elimination Plan