



# Inter-Departmental Communication

DATE: September 4, 2002  
TO: Evert Asjes, Chair, Finance and Audit Committee  
FROM: Mark Funkhouser, City Auditor  
SUBJECT: Potential Budget Changes for 2004

In response to requests from you and the Budget Officer, we put together a list of changes to city expenditures that could help the city address the expected \$45 million shortfall in the 2004 budget.

While the City Manager suggested short term changes to the 2003 budget to address the immediate budget problems, our suggestions address changes that could be considered to help close the expected shortfall in the 2004 budget.

Our suggestions include consolidating related city functions, closing facilities and eliminating programs, controlling overtime costs, and several other operating changes. Where possible we include rough estimates of the potential dollar amounts involved with the changes to give you some sense of the magnitude of the financial impact of the options. Our rough estimates indicate that the total financial impact of the suggestions would be \$45 million. These estimates could and should be refined for the changes that the Council directs staff to explore further.

## **Consolidate related functions**

Where appropriate, increase the span of control and decrease the number of management layers within city departments. Span of control refers to the number of employees reporting to a supervisor. Management layers refer to the number of levels in an organization. These actions would be targeted at changing the modal span of control in the city from three to four. (\$1.3 million)

Consolidate city fleet maintenance operations. Consolidate construction, building maintenance, and street maintenance functions in Parks and Public Works. (\$0.4 million)

Consolidate the city and Police Department's network and PC support. (\$0.29 million)

Reduce the general fund appropriations for the Housing and Community Development Department. Combine the home weatherization and minor home repair programs and eliminate general fund support. (\$0.2 million)

Consolidate economic development activities from HCD and EDC into the City Planning and Development Department and eliminate general fund support to the EDC. (\$0.79 million)

Consolidate youth programs in the Neighborhood and Community Services Department into the Parks Department and cut general fund support by half. (\$0.44 million)

Reorganize the city's departments – group related functions together, reduce organization levels and complexity, and reduce the number of departments. Consolidate departments and eliminate 4 director, deputy director, and executive assistant positions. (\$0.6 million)

For example, consider consolidations:

- Human Resources and Human Relations
- City Planning and Development, Housing and Community Development, and Codes
- Public Works and Convention and Entertainment Centers

### **Close facilities and eliminate programs**

Close the lowest activity fire station. (\$0.65 million)

Close three or four community centers to reduce general fund support for community centers by fifty percent. (\$1.75 million)

Close the Municipal Corrections Institution. (\$3.75 million)

Close the Parks Department greenhouse and nursery. (\$0.44 million)

Eliminate the Cultural and Heritage Programs Division in the Parks Department and privatize the related museums: Liberty Memorial, Line Creek Archeological Museum, and Shoal Creek Living History Museum. (\$1.44 million)

Eliminate the Police Department helicopter unit. (\$0.9 million)

Reduce the number of city and Police take-home cars. (\$0.4 million)

### **Control overtime costs**

Control the use of overtime in city departments. Eliminate minimum daily staffing requirements for firefighters to reduce overtime. Control absences in the fire department (e.g. a sick leave policy). Control use of overtime and compensatory time in the Police Department. Eliminate compensatory time and overtime for management to reduce

overtime and final payouts. These actions would be aimed at reducing total overtime cost by at least 25 percent. (\$4.25 million)

In 2002, city overtime expenditures were \$20.9 million, with over 80 percent of the expenditures in five large departments: Fire, Police, Water, Public Works, and Aviation. Overtime is 6 percent of the city's total personal services and contract payroll and has grown in recent years.

### **Other Changes**

Spend only as much general fund money on boulevards as is spent on other city streets. (The maintenance levels for boulevards will remain higher than that of other streets because of the front foot tax.) (\$1.7 million)

Implement a volume-based fee for residential trash pick-up and eliminate the apartment rebates. (\$11.78 million)

Continue to phase out general fund support for indigent care. (\$3.7 million)

Implement payments-in-lieu-of-taxes from the Water Services Department by putting the required charter changes to a public vote. (\$7 million)

Implement a program of managed competition as outlined in our August 1996 report.

Eliminate general fund support for public parking facilities at the convention and entertainment centers and raise fees to cover the short fall in revenue. (\$0.39 million)

Control the use of wireless phones and reduce the number of staff with wireless phones. These actions would be aimed at reducing wireless phone costs by 50 percent. (\$0.34 million)

Eliminate general fund support for the Lakeside Nature Center program in the Parks Department and privatize the facility. (\$.52 million)

Cease providing an annual contribution for maintenance and improvements to the Truman Sports Complex. (\$2 million)

cc: Mayor Kay Barnes  
Robert L. Collins, City Manager  
Larry Plaisted, Budget Officer