

2017 Budget Consideration's

Budget Hearing #2 – December 5, 2016

In accordance with Council discussions and requests for additional information, we provide the below detail for your consideration:

Savings:

- Personnel – (see attached document specific to each recommended position):
 - Overall – only the **new** Police Department positions are 100% funded by the General Fund.
 - The PWWR Engineer position provides reduction to the General Fund Operating Expense Budget.
 - The Financial Analyst position will assist with receivables as well as improve our budgeting process and will be allocated to the funds this position will support.
 - IT positions are charged out to the various departments that use them, therefore the General Fund doesn't pay the full cost.
 - **In ranking positions for postponement we determined the Police Department Records Technician** to be the position that would have the least impact on operations. While developing this position creates a clear benefit, we have operated successfully in this manner and believe we can continue to do so for another year and consider this position in a future budget.
 - General Fund Savings achieved \$59,060

- We recommend adjusting the prior recommended General Fund budget figure for the PWWR Engineer down by \$42,753 in association with its being funded through the Capital Program for the anticipated level of project specific work the employee will perform.
 - **General fund Savings Achieved \$42,753**
- Vehicle Replacements – Retaining these vehicles will have no impact on the recommended tax rate but will maintain their value in our equipment reserves and further burden our out year replacement needs. Deferring these vehicles may also increase maintenance costs.
 - We have identified four vehicles for consideration, noted below in priority order **for retainage** through 2017:
 - Unit #748 – mileage, 58,000 – This is one of our last 2003 Chevy trucks to be replaced with advanced rust. It is a standard truck that would allow for vehicle sharing during any extended repair if necessary. It is expected that we can maintain this vehicle for another year.
 - **Reserve Fund improvement value \$21,000**
 - Unit 940 – mileage, 82,000 – this unit is an unmarked Crown Victoria with moderate mileage that has been reevaluated and determined to likely be in a position to make it through another year of service.
 - **Reserve Fund improvement value \$20,000**
 - Unit 922 – mileage, 109,000 – this unit is an unmarked Crown Victoria with high mileage, and

has required substantial maintenance in the last year. Its mileage suggests that it will become a reliability issue however with a commitment to repairs it has been considered a candidate to retain.

- Reserve Fund improvement value \$20,000

- Unit #542- mileage, 66,500 - this unit is a front line one-ton snow plow/salting dump truck that can access our tighter streets. We do not have a backup for this truck and service levels may be impacted if it is retained through 2017.

- Reserve Fund improvement value \$55,000

- Lobbyist -

- If desired to reduce costs associated with our current Lobbyist engagement, upon notification of funding limitations the agreement can be discontinued. We would suggest one option might be to reduce the funding of \$53,200 by \$40,000 to allow for a balance of \$13,200 to possibly supplement the League Lobbyist for Newark specific work or to accommodate on call service assistance from our current or another Lobbyist.

- General Fund Savings Achieved \$40,000

- Insource General Solicitor Services –

- General Fund Savings Achieved -
Conservative savings \$75,000

- Overtime/Conference Funding–

- Reduce overtime in half for both Administration and City Secretary's Office through the use of interns for Downtown Newark Partnership assistance (Admin.

\$5,000) and increased time flexing and management (City Secretary \$3,000).

- Reduce conference funding in Legislative by \$10,000 as reviewed and supported by division.
 - **General Fund Savings Achieved \$18,000**
- Contingency Funding- (see attached detail associated with contingency funding for reference)
 - The contingency funding lines were established to allow for funds to cover unexpected needs. The 2017 Budget reflects the intent to provide greater oversight of the funds by allocating them to the Administrative budget where vetting of unplanned needs/opportunities currently occurs. A reduction of contingency funding in the amount of \$10,000 to Administration while maintaining the \$10,000 in Electric, Water and Sewer is recommended.
 - **General Fund Savings \$10,000**
- Stormwater Implementation –
 - Additional review with Black and Veatch has suggested we can reduce the cost of the 2017 Stormwater planning year from \$250,000 to \$200,000. Additional detail is expected to be presented by Friday, Dec 2nd.
 - **Sewer Fund Savings \$50,000**

Advancement:

- Council Chamber Exit-
 - It was discussed to move the construction of an additional Council Chamber exit (Project N1702) from 2018 to 2017 in the Capital Program.
 - **2017 Capital Program Increase \$45,000**

Various combinations of the above noted items for postponement/advancement may be selected and will result in a varied reduction to the current 9% tax increase with the exception of the reduction to the stormwater implementation cost and vehicle replacements which will have no impact but will maintain funds in the sewer or equipment reserve funds respectively. For representation purposes, if all items were selected as detailed a total savings of \$137,404 would be achieved and the recommended tax increase could be reduced to 6.9 %. **Please see the attached Budget Adjustment Cut/Add Listing.**

Additional detail is shared to better outline the Chestnut Hill Substation Transformer Project-

- The additional transformer proposed for the Chestnut Hill road substation (Project E1105 - \$653,000) will:
 - increase the electrical capacity at the Star Campus from 9 megawatts to 19 megawatts.
 - This extra capacity pushes back the need for a new 138000-volt substation at the star campus (estimated at \$8,900,000-\$15,500,000) to at least 2025.
 - As the site is built out, more information will be compiled to evaluate the need for the substation in the years ahead.
 - In the meantime, the site will be built out at 12.47kv instead of 34.5kv greatly reducing the cost of the onsite underground distribution system (E1502 \$1,300,000).
 - If we do have a large electrical user which can't attach to the 12.47kv system, we plan to connect them to one of the adjacent 34.5kv feeders.

- The new transformer will also be used to supply backup capacity to the southern end of the city, a need previously identified, in case of a transformer problem or failure.
- The two oldest transformers feeding the southern area were installed in 1969 and 1974 and are both nearing end of life as shown in recent electrical and oil testing.
- Continued engagement with the University will take place regarding funding a substation at STAR.

We do not recommend the postponement of this transformer upgrade to the Chestnut Hill Road Substation in association with the improved reliability it represents to the southern section of our community, the age of the transformers currently serving the area and the high demand customers (DOW, GE Aviation, UD) it serves.

Regarding increased fees for parking –

- Bill 16-38 was presented for first reading on November 28th. It is recommended to allow a broader review to take place before making any fee changes. We would expect if this Bill is enacted the advisory committee would recommend changes by late Spring 2017, including possibly a dynamic rate structure.

Personnel Overview



**CITY OF NEWARK
DELAWARE**

November 28, 2016

TO: Mayor and City Council

VIA: Carol S. Houck, City Manager *CSH*

FROM: Andrew S. Haines, Deputy City Manager *AH*
David Del Grande, Director of Finance *DDG*

RE: Personnel Overview in the 2017 Draft Budget

During the November 21, 2016 Budget Hearing on the 2017 Draft Budget, there were questions made regarding the full-time equivalent (FTE) count. The questions were based on the Page 17 table included in the 2017 Draft Operating Budget, which is also included within the annual CAFR. The information below answers those data deviations. In addition, this information was also presented in an informal response to Councilman Markham's November 20, 2016 email, which is posted on Budget Central. The question is:

The FY2017 Budget states seven (7.0) new positions being requested, which is correct, however, the FTE count presented on Page 17 shows year over year comparison as the FTE increasing by 14. Why the difference?

Let's start with 2016. During the calendar year of 2016, there were several additional staff members added to the total FTE count, some by approval of 2016 CIP projects and others by supportive action of Mayor and Council. They are outlined as follows:

- **IT Digital Records:** In the 2016 CIP proposal was IT1608 Digital Records Management. If Mayor and Council did not support the capital project to start this initiative, then the personnel would not be added to the organization. The IT1608 CIP sheet notes the staffing cost of an estimated \$160,500 (staff plus leasing equipment) to effectuate this project. The FTE count for digital records is 2.5, of which 2.0 FTEs were capitalized in 2016. Those 2.0 FTEs were known items to roll into the 2017 FTE count and into the operating budget. The last 0.5 FTE was in the City Secretary operating budget in 2016 and transferred to the IT Division in 2017.
- **IT Fiber:** staff presented to Council the option to convert the approved 10-year leasing option of fiber (IT1604) into a lease-to-own fiber solution. This presentation included an additional staff member in 2016, and the proposal was supported by Mayor and Council. This added 1.0 FTE in 2016.

- **Finance and Communications:** customer service demands, including both payments and telephonic engagement, presented a staffing challenge. The conversion of three (3) 0.5 FTEs (1.5 FTEs in total) into two (2.0) FTEs was accomplished to provide consistent staffing and greater customer service. The three 0.5 FTEs in the Finance Department had one 0.5 FTE transferred to the Communications Division of the City Manager's Office to handle the Welcome Center and phone support to the entire organization. This was converted to a 1.0 FTE to meet service needs and is considered our "Director of First Impressions", as multiple part-time employees or a staffing company did not effectively work out for the City. Currently this position is vacant and being fulfilled by a temporary staffing agency. The two remaining 0.5 FTEs in Finance were merged to create a 1.0 FTE as Customer Service Representative in the Payments and Utility Billing (PUBs) Division of the department, as recent efforts to fill these positions on a part-time basis have resulted in high turnover, and substantial staff time training new employees.
- **Finance:** the PUBs Division of the Finance Department is essential in the billing of, and accepting payments for, three of the City's utility services: electric, water and sewer. The back-end complexity that demands staff time to ensure the smart meter grid is functioning into the software required a technical support position solely for the PUBs operations. Prior to Lou Vitola's departure, and working with our IT Division, a position was created and recruited to directly support the utility software operations. The expense for this 1.0 FTE would be covered by the utilities (electric, water and sewer) because if the City was not a public utility, then there would not be a need for this position. This position will allow PUBs to directly manage its software applications needs and create better reporting, not only for public consumption, but also to ensure account reconciliation and good standing status. This solution was substantially more economic than the cost of increased service support from the software provider.

The above represents six (6.0) FTEs in 2016 with a reduction of three (3) 0.5 FTEs, with the last position in PUBs being a true +1.0 on the FTE Count in FY2016 over FY2015. These additions built the base in 2016 on the FTE count presented on Page 17 of the FY2017 Budget. There are a few additional notations in for FY2017 to reconcile the FTE count on Page 17:

- **Parking Division:** an existing 0.5 FTE position has been requested for full-time upgrade (+0.5) that does not show in the new position count slide. The Division's office is open and operating 18-hours a day, and the additional hours for this position will provide further administrative support. Also, on July 1, 2017 the Division will assume operations of the Residential Parking Permit program from the Police Department, and the upgraded position will provide further customer service and support to the community for this program. This upgrade accounts for the last 1.0 FTE on Page 17. (Note: the Police Department presented and supported the need to maintain its staff that currently facilitates this program – the Records Division of the department doubles as the oversight now, which includes the Captain's position and as needed, as well as the 911 Dispatch Manager to assist the public.)

- Parking Division: each year Mayor and Council have commented that the Parking Ambassadors (formerly Parking Enforcement Officers) provide revenue generation and should be maintained. The Parking Division has increased in the FY2017 Budget the part-time count of Parking Ambassadors to ensure sufficient staffing to cover all hours of enforcement seven days a week. This is reflected in the 5.0 PTEs on Page 17, which is 10 part-time employees. This is an increase of five (2.5 PTE) part-time employees noted in the total on for the Division year or year reporting.
- Lastly, there was a reclassification of a position (Call Attendant) from the City Manager's Office (Administration) to the IT Division as that is where the position was finalized within the organization. This was done with the effort to try to expand customer service on the phone system, which made improvements in 2016 and staff intends to make more improvements in 2017. This transfer is presented as a +1.0 FTE to the IT Division on the Page 17 Budget graph report, however, it is an internal shuffle. When asked Monday evening at the Budget Hearing why IT grew 7.5 FTEs year over 2016 to 2017, the above information outlines how 4.5 FTEs are accounted in the IT Division, with the three (3.0) FTEs articulated in the new positions in the FY2017 Draft Budget.

Mayor and Council's Inquiry highlight the need for HR to work with Finance to try to better present the FTE count, and movement(s) when applicable, to better follow a given year. You have led the commitment to effectively place personnel in the right spot, akin to author Jim Collins' statement of "get the right people on the bus...and the right people in the right seat." This has resulted in more efficient staff production, however, as noted above, does create a shuffle effect that a given year may not be easily followed. I am available to answer any additional questions on this topic.

**Contingency Analysis
2014-2017**

Contingency Analysis

	2014 <u>Budget</u>	2014 <u>Actual</u>	2014 <u>Uses</u>
Refuse	4,000	3,000	Communication Audit
Engineering	4,000	3,000	ICMA Video
Code Enforcement	4,000	2,000	ICMA Video
Police	10,000	3,500	ICMA Video
Finance	4,000		
Planning	4,000	2,000	ICMA Video
Administration	10,000	4,192	\$3000 - Communication Audit; \$1117 - DE Express Shuttle; \$75 - Kryterion Test Assessment
Legislative	4,000	3,637.43	** See Below
Alderman's Court	4,000		
Parks	6,000 *	3,000	ICMA Video
Streets	4,000	2,500	Communication Audit
Electric	25,000	11,000	\$5000 -ICMA Video; \$6000 - Communication Audit
Water	15,000		
Sewer	4,000	2,000	Communication Audit
Parking	15,000	7,000	\$4000 - ICMA Video; \$3000 - Communication Audit
Maintenance (Fleet)	5,000		
IT			
	122,000	46,829.43	

*Parks 2014 Budget was originally \$10K but reduced to \$6K

**** Legislative Uses**

1500.00	Communication Audit
1500.00	Employee Luncheon
394.44	Reimburse R. Bensley - Holiday Luncheon Items
192.99	Unique Impressions - Logo Merchandise
50.00	(2) Gift Cards for Interns - Presented at Holiday Luncheon
3637.43	

Contingency Analysis

	<u>2015</u> <u>Budget</u>	<u>2015</u> <u>Actual</u>	<u>2015</u> <u>Uses</u>
Refuse	1,500		
Engineering	1,500		
Code Enforcement	1,500		
Police	3,800		
Finance	1,500		
Planning	1,500		
Administration	4,000		
Legislative	1,500		
Alderman's Court	1,500		
Parks	3,800	3,649.99	1049.99 - Sound System; \$2600 Hall Trail Fence
Streets	1,500		
Electric	10,000		
Water	6,000		
Sewer	1,500		
Parking	5,500		
Maintenance (Fleet)	1,900		
IT	<u>1,500</u>		
	50,000	<u>3,649.99</u>	

Contingency Analysis

	<u>2016</u> <u>Budget</u>	<u>2016</u> <u>Actual</u>	<u>2016</u> <u>Uses</u>
Refuse	1,500	705.60	Gate at Garage
Engineering	1,500		
Code Enforcement	1,500	705.60	Gate at Garage
Police	3,800		
Finance			
Planning	1,500		
Administration	4,000		
Legislative	1,500		
Alderman's Court	1,500		
Parks	3,800	705.60	Gate at Garage
Streets	1,500	705.60	Gate at Garage
Electric	10,000	4,705.60	705.60 - Gate at Garage; \$4000 - Transformer Deductible
Water	6,000	705.60	Gate at Garage
Sewer	1,500	705.59	Gate at Garage
Parking	5,500	705.60	Gate at Garage
Maintenance (Fleet)	1,900	705.59	Gate at Garage
IT	<u>1,500</u>		
	48,500	<u>10,350.38</u>	

Contingency Analysis

	<u>2017</u> <u>Budget</u>	<u>2017</u> <u>Actual</u>	<u>2017</u> <u>Uses</u>
Refuse			
Engineering			
Code Enforcement			
Police			
Finance			
Planning			
Administration	20,000		
Legislative			
Alderman's Court			
Parks			
Streets			
Electric	10,000		
Water	10,000		
Sewer	10,000		
Parking			
Maintenance (Fleet)			
IT			
	<hr/>		
	50,000		

Budget Adjustments

FY2017 - BUDGET ADJUSTMENTS
1% tax increase is equal to \$66,667.

DEPARTMENT	REDUCTION	INCREASE	OP/CIP	DESCRIPTION	Tax Rate Impact
POLICE					
	\$ (34,448)		OP EX	Records Technician (new position) - Salary - 3/4 of year - delete position	
	\$ (24,612)		OP EX	Records Technician (new position) - Benefits - 3/4 of year - delete position	
	\$ (59,060)			Total Records Technician	-0.89%
PWWR					
	\$ (27,941)		OP EX	Reduce PWWR Engineer by 50% in OP EX since it is funded via the CIP - Salary	
	\$ (14,812)		OP EX	Reduce PWWR Engineer by 50% in OP EX since it is funded via the CIP - Benefits	
	\$ (42,753)			Total PWWR Engineer	-0.64%
FINANCE					
		\$ 37,261	OP EX	Finance Analyst (add 3/4 of a year) - salary \$49,682 annual	
		\$ 25,148	OP EX	Finance Analyst (add 3/4 of a year) - benefits \$33,349 annual	
		\$ 62,409		Total Finance Analyst	0.94%
LEGISLATION					
	\$ (3,000)		OP EX	Overtime	-0.05%
	\$ (10,000)		OP EX	reduce conferences by \$10,000	-0.15%
	\$ (40,000)		OP EX	Remove Lobbyist (leave \$13,200 for DLLG)	-0.60%
	\$ (300,000)		OP EX	Reduce Legal/Consulting Services (reduced to \$50,000)	-4.50%
		\$ 225,000	OP EX	FT Solicitor and Asst Prosecutor	3.38%
	\$ (353,000)	\$ 225,000			
ADMINISTRATION					
	\$ (5,000)		OP EX	Reduce overtime from \$10,000 to \$5,000	-0.08%
	\$ (10,000)		OP EX	Reduce Admin Contingency from \$20,000 to \$10,000	-0.15%
		\$ 45,000	CIP	N1702 - move additional Council entrance from 2018 to 2017	0.68%
TOTAL ALL	\$ (469,813)	\$ 332,409			
Net Change	\$ (137,404)				-2.06%

VEHICLES*

#542	\$ (55,000)	HEQSF	PWWR - Street - 2006 Ford Super Duty
#922	\$ (20,000)	CEQSF	Police - 2003 Crown Victoria
#940	\$ (20,000)	C1701	Police - 2003 Crown Victoria
#748	\$ (21,000)	TEQSF	PWWR - Engineering - 2003 Chevrolet 1500 Pickup

**No impact on the tax rate, as equipment is funded via Equipment Reserves.*

OTHER*

\$ (50,000)	Q1702	CIP	Reduce Stormwater Utility Startup Costs by \$50,000 to \$200,000 - Sewer
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**No impact on the tax rate, as Stormwater Startup of \$250,000 is funded through Sewer Reserves*