



JEFF R. SPEAKER
Mayor

MEMO

TO: Common Council

FROM: Mayor Jeff Speaker *JS*

RE: Department budget reductions to reach a 2.8% spending increase

DATE: September 26, 2008

When the Finance Committee established the parameters for the 2009 budget, it also requested that additional information be provided to indicate the type and amount of reductions in department budgets that would be necessary to limit the increase from 2008 to 2009 in budgeted general fund expenditures to 2.8%.

As discussed in my executive budget memo, the proposed 2009 general fund budget is just over \$36,400,000, or a 4.29% increase over the 2008 budget. That is the budget we believe is necessary to carry out the City's mission and citizen services at a reasonable cost to the taxpayer.

Nevertheless, to be responsive to the Finance Committee's request, during our review of department budgets, discussions occurred as to potential reductions in department budgets to reach the 2.8% target. This would mean cuts totaling \$520,000 from the proposed executive budget. Although we are providing this information to you for your reference, I do not support taking any of these actions as they would have negative impacts on department operations and citizen services.

Inspection Services- reduce part time code enforcement inspector hours resulting from zoning inspector retirement (\$15,000).

Library – The Library Board indicated that if cost reductions were required for the Library budget that its first alternative would be to reduce the materials budget by \$20,000. The executive budget has already reduced the Library materials budgets by \$10,000. The 2nd alternative would be to layoff one or more staff positions with estimated savings of \$17,000 per position. This would require negotiation with the union due to impact on Library operating hours. Further reductions, not supported by the Library Board, could include cutting the budget back to the statutory required minimum funding level (average of past 3 years budget allocations - \$157,000 in addition to the above reductions), but would involve significant reductions in staff or materials.



Police - eliminate 2 patrol officer positions – would require additional overtime to ensure minimum staffing, with estimated net savings of \$163,000. Alternatively, consider reduction in community service functions, including DARE.

Finance – reduce allocation for property tax refunds by \$5,000 – would result in use of contingency for ongoing expenditures, should assessment claims occur.

Assessor - reduce travel and training budget by \$4,000; employees would then be responsible for continuing education to maintain required state certifications.

Attorney – reduce contracted legal costs by \$10,000 - would result in use of contingency for ongoing expenditures, should litigation trend continue as it has in recent years.

Mayor – reduce funding for special activities by \$4,000, which would scale back or eliminate the volunteer picnic. Alternatively, reduce funding for City newsletter.

Council – reduce other expense by \$1,000. This account has been used in recent years to maintain council chambers sound system.

Human Resources – reduce personnel support or contracted services by \$2,000, cutting into wellness initiatives or employee assistance program.

Highway/Public Works – further reduce funding for paving program (already cut by \$80,000) or other capital expenses (curb and gutter, drainage) by \$50,000 (if not restored in future years, will have a long-term impact on infrastructure); reduce snow and ice materials or related fuel budgets and therefore bet that those dollars won't be needed this winter; reduce various materials/supplies or contracted services accounts and scale back maintenance activities accordingly (undetermined); defer \$25,000 in budgeted costs for overhaul of the horizontal grinder (used to process yard waste), which will necessitate earlier replacement for a \$300,000 piece of equipment. Beyond that, additional reductions in staffing, either full-time or seasonal, would be needed to reduce the Highway budget.

Engineering – further reduce contracted services funding by \$10,000, which would impact response to traffic calming initiatives or stormwater/flooding issues.

Parks and Recreation – The Parks and Recreation Commission supported, if necessary, increases in aquatics revenue (already implemented) or re-allocation administrative costs to the self-supporting recreation fund, to reduce the net tax subsidy for parks and recreation programs. \$28,000 in reallocated costs would be needed to reduce the Parks/Recreation increase to 2.8%. Other items prioritized as acceptable (if necessary) by the Commission included reduction in community special events and discontinuing the practice of snow removal from pathways.

Plan Commission - further reduce discretionary funding for planning consultants (\$5,000). This would eliminate the contracted services funding other than that committed for the comprehensive plan, and forces further reliance on the contingency account to fund such costs as they typically occur.

Information Technology- further reduce contracted services or travel/training budgets (\$3,000), which could affect staff skill levels and or security audit of IT infrastructure.

Fire Department – do not fill one anticipated firefighter/EMT vacancy (estimated savings of \$78,500); with already thin overtime coverage for minimum staffing. Defer or abstain from purchase of mobile data computer for command vehicle (\$4,000).

City Hall/Facilities – defer City Hall clock tower painting (\$3,500) and soffit replacement (\$11,000). The budget for periodic major maintenance activities for the City Hall and surrounding campus has already been reduced by \$20,000 from 2008 levels.

When you do the math, even if all of the above specifically identified options were chosen, the total reduction would be \$439,000, or less than the amount needed to reduce the change in the budget to 2.8%. Again, I cannot support taking any of these actions. If you have questions regarding these items, please contact me, the Director of Finance, or the applicable department head.