

## 2014—2015 Proposed Budget

### DAB / WIN Joint Meeting

June 26, 2013

Tonight's meeting will include a brief presentation outlining initial financial projections and options to reduce the deficit. Staff will be available for questions and discussion following the presentation. Initially, a deficit in the General Fund of approximately \$3.8 million was projected. Two lists of potential budget reduction items are included.

Pages 2 - 6 (Staff proposed items): This list represents preliminary recommendations by staff. Including these items would reduce the budget deficit to approximately \$1.1 million.

Pages 7 - 10 (Items presented for policy discussion, but **not** included by staff): This list presents additional options to balance the General Fund. These items are presented only for policy discussion and feedback, and have not been included by staff.



# BUDGET UPDATE - JUNE 26, 2013

The items below are proposed by staff and included in the preliminary budget model.

|   |                                      | 2013             | 2014             | 2015             |
|---|--------------------------------------|------------------|------------------|------------------|
|   | <b>Initial Budget Deficit</b>        | <b>(\$1,400)</b> | <b>(\$3,800)</b> | <b>(\$4,000)</b> |
| <b>Staff Proposed Items</b>                     |                                      |                  |                  |                  |
| 1 All   | Change in Assessed Valuation Growth  | 0                | (880)            | (1,790)          |
| 2 All   | Health Insurance 8% Growth           | 0                | 397              | 826              |
| 3 CMO   | T&C Fund Support - Bldg Maint        | 0                | 500              | 500              |
| 4 CMO   | Eliminate one Management Fellow      | 15               | 15               | 15               |
| 5 CMO   | CityArts Cost Recovery               | 0                | 60               | 130              |
| 6 Finance                                       | Hold Clerical Vacant in Finance      | 0                | 50               | 52               |
| 7 Finance                                       | Copier contract                      | 20               | 50               | 50               |
| 8 Fire  | Fire Management Restructuring        | 140              | 140              | 140              |
| 9 Fire  | Fire Inspection Fees                 | (180)            | (180)            | (180)            |
| 10 Fire   | Station 38 - Squad instead of Engine | 80               | 320              | 325              |
| 11 HCS  | Increase Housing Staff               | 0                | (60)             | (60)             |
| 12 HR   | Hold vacant position in HR           | 0                | 45               | 0                |
| 13 Law  | Franchise Fee Audit                  | 0                | 190              | 200              |
| 14 Library                                      | Outsource Library Cataloging         | 0                | 45               | 48               |
| 15 Library                                      | Increased Library Fines Collection   | 0                | 15               | 15               |
| 16 MC   | Court Cost increase                  | 0                | 120              | 120              |
| 17 MC   | Use of Court Drivers License Account | 0                | 100              | 100              |
| 18 P&R  | Additional Athletics Programing      | 0                | 45               | 45               |
| 19 P&R  | Native Grasses/Reduction in Mowing   | 0                | 76               | 142              |
| 20 P&R  | Reduce Reforestation                 | 0                | 50               | 50               |
| 21 Police                                       | Wrecker Revenue                      | 30               | 30               | 30               |
| 22 Police                                       | City Hall Security Supervision       | 24               | 24               | 24               |
| 23 Police                                       | SRO -Special Alcohol Fund            | 0                | 50               | 50               |
| 24 PW&U   | Engineering Reorganization           | 26               | 26               | 26               |
| 25 PW&U   | Fleet & Facilities Reorganization    | (36)             | (38)             | (40)             |
| 26 PW&U   | Position Holds                       | 780              | 820              | 850              |
| 27 PW&U   | Call Center Positions to Water Fund  | 215              | 223              | 228              |
| 28 PW&U   | Landfill Gas Revenue                 | 0                | 50               | 50               |
| 29 PW&U   | Landfill Transfer                    | 0                | 50               | 50               |
| 30 All  | IT Rate Adjustments                  | 200              | 200              | 200              |
| 31 All  | Water Conservation                   | 125              | 151              | 151              |
| All   | Other Adjustments                    | (39)             | 51               | 477              |
| <b>Subtotal - Staff Proposed Items</b>          |                                      | <b>\$1,400</b>   | <b>\$2,736</b>   | <b>\$2,824</b>   |
| <b>Current Shortfall (with Staff Proposals)</b> |                                      | <b>\$0</b>       | <b>(\$1,064)</b> | <b>(\$1,176)</b> |

Note: Figures in thousands of dollars

## **STAFF PROPOSED ADJUSTMENTS TO THE BUDGET**

**1. Change in Assessed Valuation Growth** - The budget was based on initial valuation growth estimated at 1.9% in 2014 and 2.8% in 2015. Revised valuation projections, based on data received two days ago from the County, projected .5% growth in 2014. Growth of 1.5% is projected for 2015. These revised estimates will lower projected property tax revenues by approximately \$880,000 in 2014 and by \$1.79 million in 2015.

**2. Health Insurance 8% Growth** - The General Fund is budgeted to spend approximately \$19.9 million for health insurance. Based on past experience, staff has reduced the cost growth assumption from 10% annually to 8%. This reduces General Fund expenditures by an estimated \$397,000 in 2014 and \$826,000 in 2015.

**3. Increased Transient Guest Tax Fund Support** - The Tourism & Convention Fund collects the Transient Guest Tax levied on visitors using hotel rooms. Any increased portion of this tax is slated to fund maintenance at cultural facilities. Reimbursing the General Fund for this maintenance support will reduce General Fund expenditures by \$500,000 in 2014 and 2015.

**4. Eliminate one Management Fellow** - Three Management Fellow positions have been budgeted in the past, but only two have been filled in recent years. Eliminating the vacant position reduces General Fund expenditures by approximately \$15,000 annually.

**5. CityArts Cost Recovery** - CityArts is budgeted to recover 31% of costs in 2013. A targeted cost recovery of 50% is established by 2015.

**6. Hold Accounting Clerical Position Vacant** - One of four Account Clerk II positions in the Controller's Office will remain vacant. This will reduce General Fund expenditures by \$50,000 in 2014.

**7. Copier contract** - The City has negotiated a new contract for City printing and copying needs. This contract is expected to reduce annual copying costs for City Departments by \$50,000.

**8. Fire Management Restructuring** - Management responsibilities for Prevention and Support Services will be consolidated, allowing the elimination of one Division Chief position. This will leave the Fire Department with a management hierarchy of 1 Fire Chief, 3 Deputy Chiefs and 13 Battalion Chiefs. Savings of \$140,000 annually are projected.

**9. Fire Inspection Fees** - Fire inspection fees were included in the 2013 Adopted Budget.

However, actual collections are now projected to be approximately \$180,000 less than the \$280,000 in revenue projected last year.

**10. Station 38 - Providing Service with a Squad instead of an Engine** - The City partners with the Sedgwick County Fire Department at County station 38, located on 143rd Street East and 13th Street. Currently, the station houses a County Engine and a City Engine. Fire Department staff have proposed modifying City staff to a Squad, instead of an Engine. This would save an estimated \$320,000 in 2014 and provide staffing at this station more in line with other City stations.

**11. Increase Housing Staff** - Additional General Fund resources are allocated for a Program Specialist position, which will be cross-purposed to improve the utilization rate of Section 8 vouchers and meet program needs. This will increase General Fund costs by an estimated \$60,000 annually beginning in 2014.

**12. Hold vacant position in Human Resources in 2014** - The Employee Relations Officer in the Human Resources Department is currently vacant and not funded in 2013. This position will be held vacant through the first half of 2014.

**13. Franchise Fee Audit** - The City has a variety of franchise fee agreements. To ensure that these agreements are up-to-date, the terms are appropriate for both parties, and revenue collections are correct, staff proposed an audit of these agreements. This is expected to increase revenue to the General Fund by approximately \$190,000 annually.

**14. Outsourcing Cataloging and Processing at the Library** - The Library has outsourced a portion of cataloging and processing work, and has left a Library Assistant IV position vacant. This position is proposed to be held, saving the General Fund \$45,000 in 2014.

**15. Increased Collection of overdue Library Fines** - The Library has proposed using the State setoff program to enhance the collection of outstanding balances. This is expected to generate around \$15,000 in additional revenue.

**16. Domestic Violence Court Cost Increase** - In 2011, the Kansas Legislature passed SB 304, which established enhanced requirements for domestic violence offenses. These enhanced requirements will increase City jail fee costs, by as much as an estimated \$240,000. To offset the higher costs associated with this State mandate, staff proposed increasing Court costs by \$2 per case, generating an estimated \$120,000 annually.

**17. Increased Use of Current Court Fees** - Fees currently collected by Court for Driver's Licenses reinstatements are held in a special account. Staff recommend using an additional

\$100,000 annually from this account to reduce the General Fund cost of related Court operations. This will not affect Court fees charged for drivers license reinstatements.

**18. Additional Athletics Programs** - Park and Recreation staff have proposed adding one full-time position to enhance City offerings of sports tournaments and activities, specifically softball tournaments and adult soccer leagues. This increased effort is expected to provide net revenues of \$45,000 annually.

**19. Native Grasses Plantings / Reduction in Mowing** - Staff has proposed reducing mowing cycles in limited areas. In addition, pilot projects to plant native grasses in undeveloped areas of parks should reduce mowing rotations from 3-10 rotations per year to one. Additional turf alternatives will also be employed in certain mowing areas to reduce mowing cycles to one or two times per year.

**20. Reduce Reforestation** - General Fund support for reforestation is reduced, saving \$50,000 annually. Some reforestations will still occur as a component of arterial and intersection CIP projects.

**21. Wrecker Service Revenue** - Last year, Police towing services were revamped, to enhance customer service and improve City revenues. These revenues are accounted for in a special account. Staff propose utilizing \$30,000 annually from this account to offset the associated clerical costs of impound towing for the General Fund.

**22. City Hall Security Supervision** - The Police Department has restructured the supervision of the City Hall Security operation. This includes a reclassification of the civilian Security Supervisor position downward to a Service Officer II position. This will reduce expenditures by an estimated \$24,000.

**23. School Resource Officer (SRO) positions financed with the Special Alcohol Fund** - School Resource Officers support drug and alcohol prevention education and mentor at-risk youths. To reflect the portion of staff time utilized for drug and alcohol prevention duties, staff proposes funding \$50,000 of SRO costs from the Special Alcohol Fund.

**24. Engineering Reorganization** - Staff has re-aligned the Engineering Division, resulting in an estimated annual savings of \$26,000.

**25. Fleet & Facilities Reorganization** - The architecture service work group is transferred from Engineering to Building Maintenance to better coordinate major maintenance projects, a Program Coordinator will be included to oversee energy management efforts (in an effort to

reduce City utility costs), and a Senior Fiscal Analyst is added to promote business intelligence, particularly in the Fleet area.

**26. Position Holds** - Staff has reviewed vacant positions in Public Works & Utilities and prioritized those positions. Positions previously identified as lower priority are proposed to be held, generating approximately \$820,000 in savings annually.

**27. Call Center Positions to Water Fund** - General Fund positions have been dedicated entirely to the Call Center in the past year. These positions are transferred to the Water Fund. As the Call Center matures and expands into customer service areas across the organization, the allocation of costs from the Call Center will be revisited.

**28. Landfill Gas Revenue** - Public Works & Utilities staff estimate that \$50,000 can be generated by selling off excess methane gas produced at the former Brooks Landfill.

**29. Landfill Transfer** - The C&D Landfill fee is increased by \$1 per ton bringing in an additional \$65,000 per year, while the diminishing Landfill Post Closure transfer is increased by \$50,000.

**30. IT Rate Adjustments** - The IT Fund will have a balance that exceeds the 5% guideline in each year. IT rates will be reduced to maintain a balance that is closer to the 5% guideline.

**31. Water Conservation** - Earlier this year, the City Council approved a staff water conservation plan for City Departments. This is projected to reduce General Fund expenditures, primarily in Park and Public Works & Utilities, by an estimated \$151,000 annually.



# BUDGET UPDATE - JUNE 26, 2013

The items below have not been included. They are presented for policy discussion only.

| Items Presented for Policy Discussion     |  | 2013       | 2014           | 2015           |
|---|--|------------|----------------|----------------|
| 32  | CC Sister Cities Reduction                   | 0          | 9              | 9              |
| 33  | CMO Cultural Arts Funding Pool: 3% Reduction | 0          | 94             | 96             |
| 34  | CMO Government Relations Contract            | 0          | 0              | 100            |
| 35  | Library Change Homebound Model               | 0          | 13             | 13             |
| 36  | Library Closure of Orchard Library           | 0          | 42             | 42             |
| 37  | P&R Evergreen / Minisa Swap                  | 0          | 15             | 15             |
| 38  | P&R Keep McAdams Pool Open                   | 0          | (30)           | (30)           |
| 39  | P&R Watson Park                              | 0          | 0              | 170            |
| 40  | P&R Wichita Wildlife Exhibit                 | 0          | 76             | 76             |
| 41  | Police Air Patrol Elimination                | 0          | 557            | 600            |
| 42  | Police Delay Recruit Class                   | 0          | 600            | 0              |
| 43  | Police Do not retain COPS Grants positions   | 0          | 0              | 180            |
| 44  | Police Mounted Unit Elimination              | 0          | 53             | 53             |
| 45  | Police Security Screener Outsourcing         | 0          | 40             | 40             |
| 46  | PW&U Environmental Health                    | 0          | 120            | 240            |
| 47  | PW&U Use Landfill Surplus Funds              | 0          | 155            | 155            |
| 48  | PW&U Increase Childcare Fees                 | 0          | 40             | 40             |
| 49  | PW&U Increase Food Fees                      | 0          | 21             | 21             |
| 50  | Fire Shift Response Units in South Wichita   | 0          | 215            | 215            |
| <b>Subtotal - Policy Discussion Items</b> |  | <b>\$0</b> | <b>\$2,019</b> | <b>\$2,034</b> |

Note: Figures in thousands of dollars

## ITEMS PRESENTED FOR POLICY DISCUSSION ONLY

**32. Sister Cities Reduction** - The travel budget for Sister Cities was eliminated in the previous budget. This option would reduce funding for delegation visits to Wichita, as well as other ancillary costs.

**33. Cultural Arts Funding Pool: 3% Reduction** - The budget includes approximately \$4.1 million in allocations to cultural entities. This option would reduce this funding level by 3%.

**34. Government Relations Contract** - Lobbying services could be provided contractually saving \$100,000 annually.

**35. Change Homebound Model** - The Homebound Service Delivery Program provides service to a very narrow group of clients.

**36. Closure of Orchard Library** - In 2007, the Wichita Public Library System Master Plan survey indicated that 72% of people are willing to drive 5-15 minutes to a library. The survey also indicated that 72% are willing to drive farther to a library with more services. Orchard is one of the least utilized libraries in the System and its service area overlaps many other branches. Orchard Library is 8 minutes (3.4 miles) from Westlink, 11 minutes (5.3 miles) from Evergreen, and 10 minutes (7.2 miles) from Alford by car.

**37. Evergreen / Minisa Swap** - In 2014, the Evergreen pool is scheduled to be open and Minisa pool will be closed, based on the initial aquatics plan. The reverse arrangement would save \$15,000 due to water loss at the Evergreen pool.

**38. Keep McAdams Pool Open** - The McAdams Pool will be closed in 2014 based on the Aquatics master plan. Ensuring the pool remains open would increase costs by an estimated \$30,000.

**39. Watson Park** - Operation of Watson Park is subsidized by the General Fund by approximately \$170,000 annually. Losses at Watson Park could be reduced or eliminated by adjusting fees, increasing utilization of volunteers, contracting for services, and reprogramming amenities. Completion and implementation of a park master plan would likely not be possible until 2015.

**40. Wichita Wildlife Exhibit** - Primary costs of the Central Riverside Park exhibit include water and staffing. Animals are permitted to the State of Kansas and used by Great Plains Nature



Center (29th and Woodlawn) staff for education purposes. The City could discontinue providing direct care for the animals or realize efficiencies and minimize drive times by moving the animals to the GPNC.

**41. Air Patrol Elimination** - The Police Department utilizes a strategy of providing Air Patrol to supplement patrol efforts and to enhance the efficiency of beat officers in apprehending suspects, particularly in vehicle and/or foot chases and search and rescue efforts. Eliminating the Air Section strategy would require the re-assignment of three employees and save \$556,712 in 2014.

**42. Delay Recruit Class** - Delaying a recruit class until June 2014 would save approximately \$600,000. Delaying a recruit class might impact staffing coverage in the short-term.

**43. Do not Retain COPS Grant funded positions** - The Police Department has three positions currently funded by a COPS grant. The City's retention period ends in late 2014 for these positions. These positions are not required to be retained in 2015. Elimination of the three COPS grants positions would save approximately \$180,000.

**44. Mounted Unit Elimination** - The mounted unit has been in existence since 1990. The mounted unit offers a great deal of utility in specific circumstances, including crowd control and search and rescue activities. Aside from increased workers compensation and disability retirement costs, the annual operating cost is estimated at \$53,118 - not including officer training time and overtime for deployments.

**45. Security Screener Outsourcing** - The employee Ad Hoc Budget Committee recommended investigating opportunities to contract for screening services currently provided by six unarmed City Security Screener positions.

**46. Environmental Health** - Childcare Licensing and Food Inspections are provided by the City of Wichita on behalf of the State of Kansas based a contractual agreement with the KDHE (Childcare) and KDA (Food). The contracts could be allowed to terminate, which would shift responsibility for the services back to the State. This shift and reassignment of a few management responsibilities would allow for the reduction of three or more administrative and clerical support positions. Alternatively, fees could be increased reducing City subsidies of State services.

**47. Excess Landfill Reserves** - the City maintains reserves to fund any post closure liability associated with current and closed City landfills. This reserve is based on annual estimates of the potential liability. In February, Public Works & Utilities staff indicated that due to revised

assumptions, the liability will be significantly reduced. This could allow the City to reduce the amount of reserves, transferring those amounts to the General Fund. This could increase General Fund revenues by \$155,000 annually.

**48. Raise Childcare Fees (35%)** - Public Works & Utilities staff compared fees assessed by Johnson County for similar services and determined that their fees were approximately 67% higher than the City fees. Increasing City fees by 35%, would provide approximately \$40,314 to offset City program costs and eliminate General Fund subsidization.

**49. Raise Food Inspection Fees** - Public Works & Utilities staff recommend increasing fees charged by the Food Inspection Program by 35%, to offset administrative costs.

**50. Shift Fire response to Station 22** - Station 22 in South Wichita includes one response unit. Station 2 includes three response units. Overall response reliability, workload balance, and performance would improve by shifting a Squad from Station 2 to Station 22. This would allow a slight reduction in staffing and save an estimated \$215,000 annually.