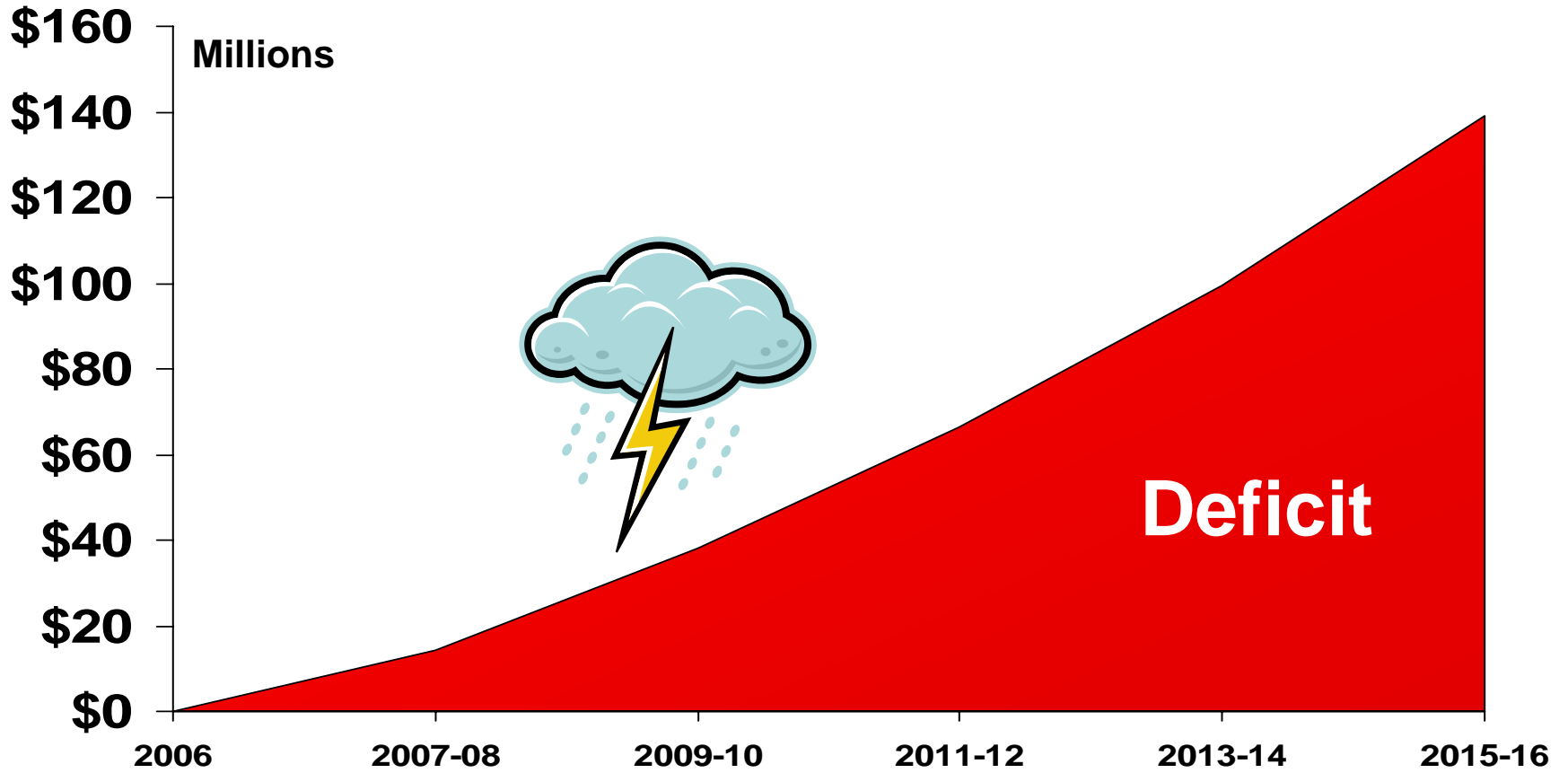


# **Budget Presentation**

## **Mid-Biennium Adjustments: FY 2005-06 and Beyond**

**Tacoma City Council Study Session  
November 8, 2005**

# Long-Term Cumulative deficit 2006-2016



# Strategy: Long Term

- **Eliminate the structural deficits through 2016**
- **Address the revenue/expenditure structure that underlies the deficits**
  - Continuous efforts at cost containment, cost control
  - Addressing the tax structure

# Strategy: Short Term

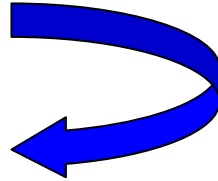
1. **Budget: Balance fiscal year 2006 & 2007-08 biennium budget - without cuts to services**
2. **Manage Benefits: In the context of total compensation**
3. **Fiscal discipline: Balanced budgets**

# **Proposed Biennium Adjustment: The Goal**

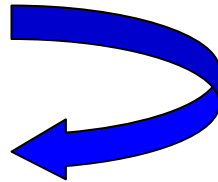
- **Eliminate \$3.9 million gap in 2006**
  - *Includes additional \$1.2 million for Police and Fire contracts*
- **Eliminate \$8.35 million gap in 2007**
  - *Includes additional \$1.2 million for Police and Fire contracts*

# Budget Objectives

**\$10 million permanent adjustments to balance  
fiscal year 2006**



**Will carry forward to eliminate the projected  
\$16.7 million deficit in 2007-08**



**Creates \$1.3 million available to fund new  
programs and for tax avoidance**

# Budget Criteria

## **1. No service reductions**

CLOs

Fire Station 13

## **2. Include newly authorized services**

Family Justice Center

Animal Control/Animal Licensing

## **3. No one-time revenue in operating budget**

## **4. No use of undesignated, unreserved fund balance**

## **5. Budget balanced through end of fiscal year 2008**

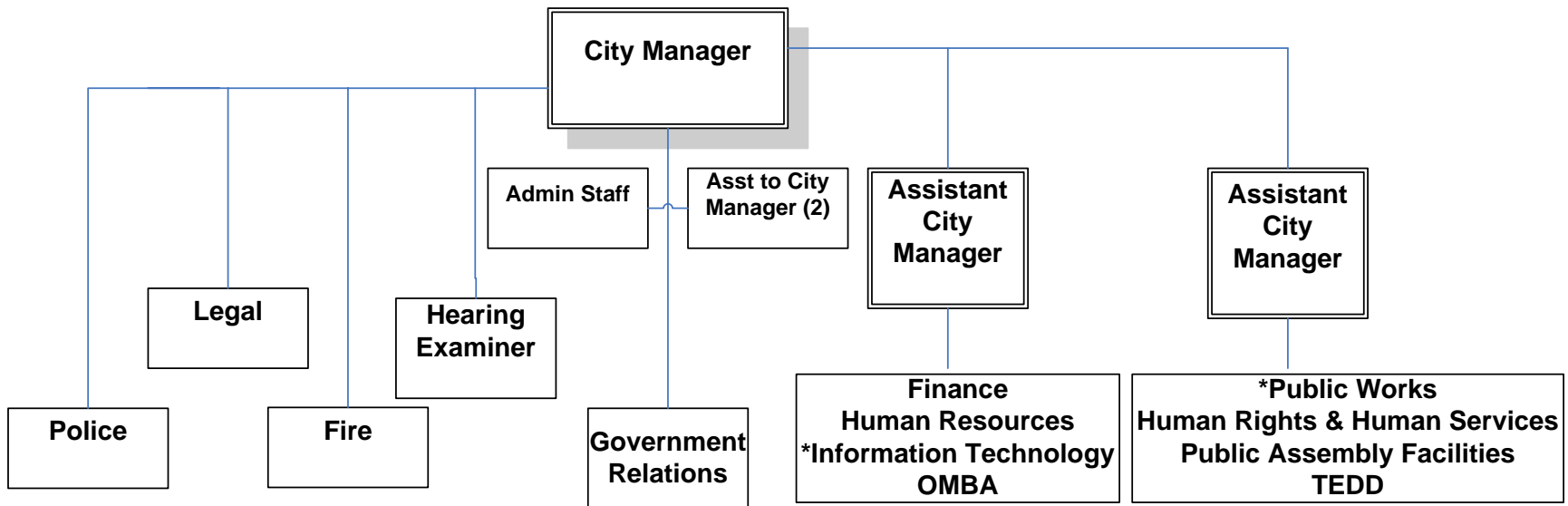
# **Budget Principles**

- 1. Improve services to citizens**
- 2. Streamline and routinize processes**
- 3. Eliminate duplication**
- 4. Redesign for high performance**
- 5. Increase span of control**

# Organizational Redesign

- **City Manager's Office**
- **General Services**
- **Human Resources**
- **Information Technology/BIS**
- **Legal**
- **Public Works**
- **Community & Econ. Development/TEDD**

# Organizational Redesign: City Manager's Office



# **Organizational Redesign: City Manager's Office**

- **Eliminate deputy city manager**
- **Eliminate administrative assistant**
- **Create two assistant city managers/  
department directors**
- **Add one assistant to the city manager**
- **Add two management interns**
- **EEO Officer reports to City Manager's Office**
- **Community Relations reports to City  
Manager's Office**

# **Organizational Redesign: General Services**

- **General Services department eliminated**
- **General Services units to be distributed to other departments**

# **Organizational Redesign: General Services**

**Franchise Services**

**Telecommunications**

**TV Tacoma**

**Graphic Services**

**Radio**



**Information  
Technology**

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**Office of City Clerk**



**Legal**

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**Community Relations**



**City Manager's  
Office**

# **Organizational Redesign: General Services**

**Fleet**

**Airport Management**

**Asset Management**

- Real Estate Services**
- Parking Management**
- Facilities Maintenance**



**Public Works**



# **Organizational Redesign: Information Technology**

- **Create Information Technology Department**
- **Director is Assistant City Manager/CIO, reports to City Manager**
- **BIS becomes part of Information Technology (no dual reporting relationship)**
- **Information Technology incorporates TV Tacoma, Franchise Services, Radio, Telecommunications and Graphic Services**

# **Organizational Redesign: Legal**

- **Legal incorporates Labor Relations and Claims Management from HR department**
- **Legal incorporates City Clerk's Office from General Services department**
- **Eliminate one employee relations coordinator position in Labor Relations**
- **Eliminate vacant position in City Clerk's Office**

# **Organizational Redesign: Public Works**

- **Public Works incorporates Asset Management, Fleet Services and Airport from General Services department**
- **Public Works incorporates compliance officers from Finance department for code enforcement**

# Organizational Redesign: TEDD

**TEDD renamed:**

**Community and Economic Development**

**CED community-based focus:**

- Planning**
- Neighborhood development**
- Downtown development**

# Organizational Redesign: FY 2006 Savings

	<b>General Fund</b>	<b>Other</b>
<b>General Services</b>	<b>\$107,200</b>	<b>\$258,500</b>
<b>Human Resources</b>	<b>\$80,000</b>	<b>\$70,800</b>
<b>Legal</b>	<b>\$153,000</b>	<b>\$0</b>
<b>Total</b>	<b>\$340,200</b>	<b>\$329,300</b>

# Departmental Redesign Savings

**FY 2006**

**General Fund**

**Other Funds**

## **IT/BIS:**

Facilities lease	\$ 93,000	\$ 186,000
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## **Finance:**

Outsource tax audit and lock box	320,000	0
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Eliminate util. acct. work order unit	0	178,000
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Eliminate two Treasury fin. asst.	27,600	110,000
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Eliminate two financial assistants	27,600	110,000
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(Procurement & Payables)

## **Human Resources:**

Outsource Worker's Compensation	--	--
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## **Fire:**

Eliminate fire garage mechanic	76,800	0
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Move position to EMS Fund	97,630	0
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Increase span of control	148,360	0
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# Departmental Redesign Savings

**FY 2006**

**General Fund**

**Other Funds**

## **Public Works:**

Consolidate BLUS inspection service	\$ 170,000	\$ 0
Signage and pavement marking	157,000	0
Reassign duties (Streets & Grounds)	120,000	0

## **Com & Econ Development:**

Redesign & increase span of control	240,000	0
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## **Police:**

Eliminate asst. chief, fingerprint tech	303,270	0
Reduce jail costs (video arraignment)	200,000	0

## **Public Assembly Facilities:**

Increase span of control	0	81,500
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## **Legal:**

Eliminate duplication, three positions	236,000	0
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# Departmental Redesign Savings

**FY 2006**

**General Fund**

**Other Funds**

## **Library:**

Increase span of control

\$ 110,000

\$ 0

## **Municipal Court:**

Increase span of control

111,400

0

## **OMBA:**

Eliminate two vacant positions

90,760

43,100

## **Human Rights & Services:**

Increase span of control, reduce  
support services

120,000

0

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**Total (Dept. Redesign)**

**\$ 2,649,420**

**\$ 708,600**

# Departmental Redesign: Breakthrough Change Savings

	2006	2007
Fleet replacement/fees	\$374,800	\$374,800
Span of control		\$250,000
Risk management	\$130,000	\$205,000
Health Benefit Admin.		\$1,000,000
<b>Total</b>	<b>\$504,800</b>	<b>\$1,829,800</b>

# Total Redesign: 2006 Position Eliminations

	<u>Filled</u>	<u>Vacant</u>
City Manager's Office	0	2
General Services	3	0
Human Resources	3	0
Finance	7	4
Fire	2	0
HR&HS	0.5	1
Legal	1	4
Library	1	0

# Total Redesign: 2006 Position Eliminations

	<u>Filled</u>	<u>Vacant</u>
<b>Municipal Court</b>	<b>0</b>	<b>1</b>
<b>OMBA</b>	<b>0</b>	<b>1.5</b>
<b>PAF</b>	<b>0</b>	<b>1</b>
<b>Police</b>	<b>0</b>	<b>2</b>
<b>Public Works</b>	<b>4</b>	<b>1</b>
<b>TEDD</b>	<b>1</b>	<b>1</b>
<b>TOTALS</b>	<b>22.5</b>	<b>18.5</b>

# **Employee Transition Program**

- **Severance package: 16 weeks pay and benefits**
- **Employee Assistance Program**
- **Outplacement services**

# Revised Annual Revenue Projections

	FY06	FY07
Sales Tax	\$ 600,000	\$ 600,000
Gross Receipts	1,900,000	1,900,000
Criminal justice	960,000	960,000
New fees	170,000	170,000
Misc new revenue	110,000	110,000
Other revenue	(500,000)	(500,000)
<b>Total</b>	<b>\$ 3,240,000</b>	<b>\$ 3,240,000</b>

# 2006 Estimated General Fund Savings

<b>Organizational redesign</b>	<b>\$ 340,200</b>
<b>Departmental redesign</b>	<b>\$ 2,649,420</b>
<b>Breakthrough Change</b>	<b>\$ 504,800</b>
<b>Personnel accruals</b>	<b><u>\$ 1,500,000</u></b>
<b>Total</b>	<b>\$ 4,994,420</b>

# 2007 Estimated General Fund Savings

<b>Organizational redesign</b>	<b>\$ 340,200</b>
<b>Departmental redesign</b>	<b>\$2,649,420</b>
<b>Breakthrough Change</b>	<b>\$ 829,800</b>
<b>Personnel accruals</b>	<b>\$1,500,000</b>
<b>Health Benefits Admin.</b>	<b><u>\$1,000,000</u></b>
<b>Total</b>	<b>\$6,319,420</b>

# Proposed Adjustments: Results

- **FY 2006**

<b>Reductions:</b>	<b>\$ 4,994,420</b>
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<b><u>Additional Revenue</u></b>	<b><u>3,240,000</u></b>
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<b>Total</b>	<b>\$ 8,234,420</b>
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- **FY 2007**

<b>Reductions:</b>	<b>\$ 6,319,420</b>
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<b><u>Additional Revenue (2%)</u></b>	<b><u>3,304,800</u></b>
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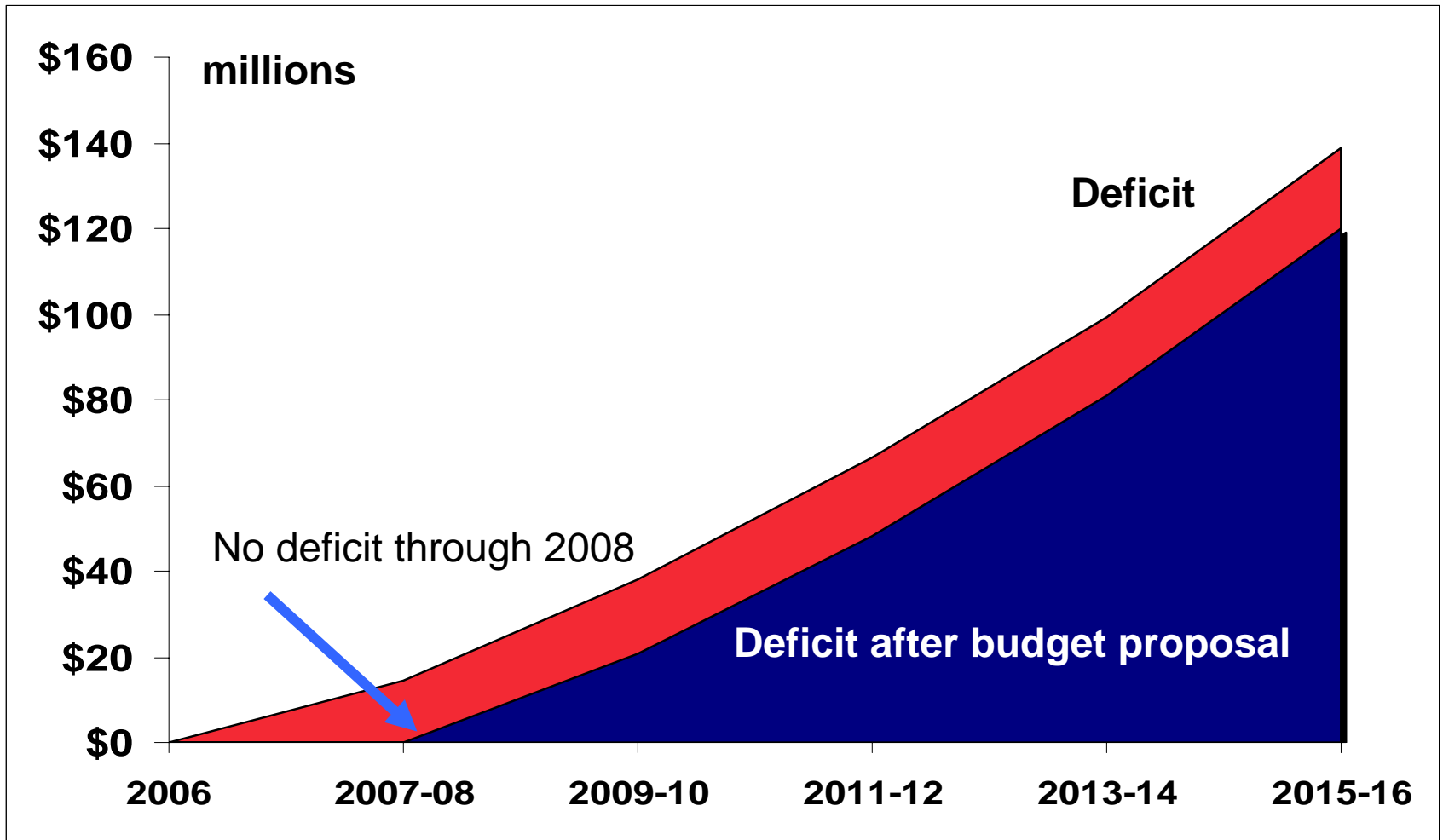
<b>Total</b>	<b>\$ 9,624,220</b>
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# **Conformance with Budget Criteria**

- 1. Budget balanced through end of fiscal year 2008**
- 2. No service reductions**
- 3. No one-time revenue in operating budget**
- 4. No use of undesignated, unreserved fund balance**

# Long-Term Cumulative Deficit

## Effect of 2005 Budget Proposal



# Fiscal Discipline

- **Adopt revised budget policy**
  - Approve balanced budgets only
  - Approve capital and operating budgets at same time
  - Reserve one-time revenues for one-time expenditures
  - Use 6- and 10-year forecasts to project budgets (context of current budget)
  - Maintain minimum reserve of 10% of General Fund
  - Maintain an operating contingency fund that equals 10% of General Fund annual expenditures
- **Develop a policy for overhead expense**
  - definition, size, allocation

# **Additional Ongoing Resources: Available for Use**

<b>FY06 savings/revenues</b>	<b>\$ 8,234,420</b>
<b><u>FY06 deficit</u></b>	<b><u>\$ 3,900,000</u></b>
<b>FY06 resources</b>	<b>\$ 4,334,420</b>
<b>FY07 savings/revenues</b>	<b>\$ 9,624,220</b>
<b><u>FY07 deficit</u></b>	<b><u>\$ 8,350,000</u></b>
<b>FY07 resources</b>	<b>\$ 1,274,220</b>

# **Additional Ongoing Resources:**

## **Potential Uses**

- **Community based service delivery**
- **Tax reduction**
- **Streets, sidewalks, streetlights, curbs, etc.**
- **Critical areas preservation regulation**
- **Design review**
- **Library**
- **Youth Assessment and Resource Center**
- **Internal auditor**

# **Additional Ongoing Resources:**

## **Recommended Uses**

- **Community Based Services, a pilot**
- **Planning, mandated regulatory programs**
- **Internal Auditor**
- **Youth Assessment and Resource Center**
- **Forego FY 2006 Property Tax increase**

# **Proposed Biennium Adjustment: Community Based Services Pilot**

- **Services from the neighborhood's point of view**
- **Team with designated neighborhoods**
- **Permanent assignment of:**
  - Two full-time code enforcement officers
  - Two community development specialists (CED and HR&HS)
  - Two police officers
- **Each team has full support of entire organization**

# Proposed Biennium Adjustment: Community Based Services Pilot

<b>Expenses</b>	<b>One-time</b>	<b>Ongoing</b>
<b>Two code enforcement officers</b> (Public Works)		<b>\$176,700</b>
<b>Two program development spec.</b> (one CED/one HR&HS)		<b>\$163,700</b>
<b>Two police officers (new)</b>		<b>\$188,500</b>
<b><u>One-time</u> expenses, support</b>	<b>\$229,000</b>	
<b>Community coordinators</b>		<b>\$40,000</b>
<b>Total Cost</b>	<b>\$229,000</b>	<b>\$568,900</b>

# Additional One-time Resources:

<b>FY 05</b>	<b>\$ 2,800,000</b>
<b>FY 06</b>	<b><u>\$ 4,334,420</u></b>
<b>Total</b>	<b>\$ 7,134,420</b>

# One-time Resources: Proposed Uses

- **1<sup>st</sup> Priority:** One time costs of Community Based Service
- **2<sup>nd</sup> Priority:** Assure adequate insurance and fund reserves
- **3<sup>rd</sup> Priority:** Consultant studies needed for priority planning projects
- **4<sup>th</sup> Priority:** Street infrastructure improvement (including sidewalks, curbs, gutters, streetlights, ADA)

# **Manage Compensation**

- **Establish formal Council policy for total compensation: salaries and benefits**
- **Manage human resources, including labor negotiations, consistent with formal Council policy**

# Compensation Proposals

- **New negotiation process put in place (10/11/05)**
- **Negotiate with employees based upon total compensation**

# Compensation Proposals

- **Follow up on total compensation study results with:**
  - Classification/Compensation Study
  - Link both to market
- **Develop performance standards for work groups and for City**
- **Develop performance pay system**

# Next Steps

- **Budget Workshops**

- November 10, 4:30 p.m. Council Chambers
- November 16, 5:00 p.m. Council Chambers
- November 30, 5:00 p.m. Council Chambers

- **Budget Ordinance**

- Public Hearing/First Reading December 6
- Final Reading December 13