

Ellinger, Chair  
Stinnett, Vice Chair  
Gorton  
Kay  
Ford  
Beard  
Farmer  
Scutchfield  
Mossotti  
Henson

# A G E N D A

## Budget & Finance Committee

March 19, 2013  
1:00 P.M.

1. 2.19.13 Committee Meeting Summary (1-3)
2. Monthly Financial Report  
*Report will be distributed at the meeting due to timing of the Committee Meeting*
3. Fund Balance Discussion – Farmer (4-14)
4. Temporarily Suspending Fire Equipment from Service (Brownouts) – Mossotti (15-24)
5. Items Referred to Committee (25)

“Budget & Finance Committee, to which shall be referred matters relating to the Department of Finance and Administration and its divisions, and any related partner agencies, the urban county courts and constitutional officers, fiscal operations of the government, revenues and expenditures of the government, and organization changers which affect the fiscal operations of the government. Additionally, this committee shall review the final audit report and management letter of the accounting firm recommended by the Mayor and selected by the Council to conduct the annual financial audit of the Urban County Government and shall report its findings concerning the same to the Mayor and Council for appropriate action.” Council Rules & Procedures, Section 2.102 (1) Effective January 1, 2011. Adopted by Urban County Council October 14, 2010

#### Future Meeting Schedule

|          |              |             |
|----------|--------------|-------------|
| March 19 | June 18      | October 22  |
| April 30 | August 27    | November 19 |
| May 28   | September 24 | December 10 |

BUDGET & FINANCE COMMITTEE  
February 19, 2013  
Summary

Ellinger called the meeting to order at 1:02 PM. All committee members except Myers present. Ford, Henson & Lane were also present.

**I. 1.29.13 Committee Meeting Summary**

A motion by Henson second Beard to approved the January 29, 2013 Committee summary passed unanimously.

**II. Homelessness Commission**

Ellinger called on Kay who was the Co-Chair of the Mayor's Homelessness Commission. Kay requested that the item stay in Committee until a comprehensive funding approach can be agreed to.

Kay called on Mayor Gray. Gray stated that his administration was committed to staff the proposed Office of Homelessness Intervention and Prevention. Gray stated that he will propose funding for the office in his FY 14 Mayor's Proposed Budget.

Gray stated that the office will develop a plan to implement the Homelessness Commission recommendations and develop a workable housing trust fund model.

Numerous citizens spoke on the Homelessness Commission Report.

Harry Richart, Mark Davis, Adam Jones, Kate Savage, Laura Babbage, Rachel Childress, Jenny Puccini, Mike Scanlon, Janice James and Mary Heath spoke in favor of the Commission Report.

Ike Lawrence, John Kemper and Darlene Thomas spoke against the recommended funding option to implement the Homelessness Commission recommendations.

Ford spoke in favor of funding for both affordable housing and implementation of the Homelessness Commission recommendations.

Ellinger stated that he would keep both the Homelessness Commission Report and the Affordable Housing Task Force in the Committee for future discussion.

**III. Monthly Financial Report**

Bill O'Mara, Acting Finance Commissioner provided the monthly financial report.

O'Mara discussed economic indicators. He stated that unemployment rate, employment, building permits issued, new business licenses, and home sales were also in a positive position. O'Mara stated that home foreclosures have increased recently however.

O'Mara reported that in the major revenue categories the actual General Fund revenue is lagging behind the budgeted revenue by over \$ 1.6 million through January. He stated that business net profits are under budget by \$ 2.7 million while the franchise fees are approximately \$ 1.6 million. He stated that the insurance premium tax is \$ 2.4 million ahead of budget through January.

O'Mara discussed the Code Enforcement abatement collections.

Melissa Lueker, Acting Budget Director discussed revenue and expenditures in greater detail. She stated that year to date the total actual revenue collections are approximately \$ 500,000 ahead of budget primarily due to increases in the services and ad valorem categories.

Lueker also stated that actual expenses are approximately \$ 5.0 million below the budgeted expenses year to date. She stated that this was primarily due to diligent management of personnel accounts. She also stated that operating expenses are about \$ 1.3 million less than budgeted primarily due to reduced need for salt.

Gorton asked about variances in salt and fuel consumption. In response Lueker stated that she would need to respond later.

Gorton asked about the insurance premium tax. She stated that the Council had voted to increase the franchise fee by 1% after the Mayor recommended the franchise fee increase in the Mayor's Proposed Budget. She wanted to know why the increase did not go into effect.

In response David Barberie stated that the premium tax is part of the franchise agreements with the affected utilities and they are still negotiating the franchise agreements. He stated that the franchise agreements for natural gas and electric should be before Council during March.

Kay asked who establishes the rates. In response Barberie stated that Council would approve the rate structure.

Gorton asked how the \$ 2.5 million transfer from the General Fund to the Urban Services Fund would be handled and if a budget amendment would come before Council. In response O'Mara stated that he would need to respond later.

Stinnett stated that assigned fund balance items would need to come before Council ratifying the Administration recommendations.

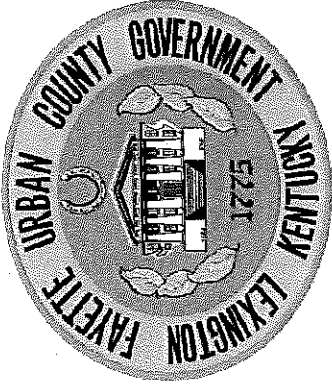
Stinnett stated that the franchise fee increase could be used to support the affordable housing initiatives.

Mossotti asked about current fund balance. In response Lueker stated that she would need to respond later.

Ellinger stated that there would not be time to discuss the "Financial Efficiency Ordinance" from Lane. In response Land stated that he would request a presentation at an upcoming Work Session.

The meeting adjourned at 3:05 PM.

Pas 2.20.13



# **Budget & Finance Committee**

## *Fiscal Year 2012 Fund Balance Review*

March 19<sup>th</sup>, 2013

# **FY2012 Fund Balance in Major Funds**

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## **Urban Fund**

- ❖ Unrestricted Fund Balance - \$22.8MM

## **Sanitary Sewer Fund**

- ❖ Capital Reserves – 56.2MM
- ❖ Unrestricted Fund Balance - \$4.8MM



## **FY2012 Fund Balance in Major Funds (cont.)**

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### **Landfill Fund**

❖ Unrestricted Fund Balance - \$11.1MM

### **Water Quality Fund**

❖ Unrestricted Fund Balance - \$7.2MM

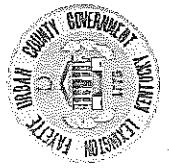


# **FY2012 Fund Balance in General Fund**

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## **General Fund - \$44.3**

- ❖ Nonspendable - \$1.5MM
- ❖ Assigned – \$39.5MM
- ❖ Unassigned - \$3.3MM



## FY2012 General Fund Assignments

|                                    |             |
|------------------------------------|-------------|
| ❖ Total Fund Balance               | \$44.3      |
| ❖ Less: Legal Reserves             |             |
| ❖ Non-spendable                    | (1.5)       |
| ❖ Economic Contingency             | (18.5)      |
| ❖ 27 <sup>th</sup> Payroll Accrual | (4.5)       |
| ❖ Efficiency Reinvestment          | <u>(.2)</u> |
| ❖ Sub Total                        | \$19.6      |



## **FY2012 General Fund Assignments**

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|                                |              |
|--------------------------------|--------------|
| ❖ Less: Contingent Liabilities | <u>\$5.0</u> |
| ❖ Litigation Reserve           |              |
| ❖ Health Fund Reserve          |              |
| ❖ Refund Reserve               |              |
| ❖ HOME Match Reserve           |              |
| ❖ Sub Total                    | \$14.6       |



## FY2012 General Fund Assignments

- ❖ Less: Prudent Financial Management
  - ❖ Capital Projects Reserve      \$5.7
  - ❖ Fleet Replacement Reserve    1.0
  - ❖ Streetlight Transfer            2.5
  - ❖ Economic Development       2.0
  - ❖ Unassigned                      \$3.3
- 
- ❖ All uses of fund balance require Council budget approval



## Immediate Needs and Requests

### Capital

|                    |               |                   |
|--------------------|---------------|-------------------|
| Fire Ladder Truck  | \$750k        | vehicle resrv (1) |
| Fire Engine #8     | \$250k        | vehicle resrv (2) |
| Police Radios      | \$1.6 million | capital resrv     |
| Council Renovation | \$45k         | capital resrv     |

(1) Approved by Council December 2012

(2) To be supplemented by insurance proceeds



# Immediate Needs and Requests

## Operating

Fire Overtime

\$640k

unassigned

Grant Match

\$700k

unassigned



## If Suggested Needs & Requests Are Approved

|   |                                    |                |            |
|---|------------------------------------|----------------|------------|
| ❖ | Less: Prudent Financial Management |                |            |
| ❖ | Capital Projects Reserve           | \$5.7 - (1.65) | 4.05       |
| ❖ | Fleet Replace Reserve              | 1.0 - (1.0)    | 0          |
| ❖ | Streetlight Transfer               | 2.5            | 2.5        |
| ❖ | Economic Development               | <u>2.0</u>     | <u>2.0</u> |
| ❖ | Unassigned                         | \$3.3 - (1.34) | 1.96       |

- ❖ All uses of fund balance require Council budget approval

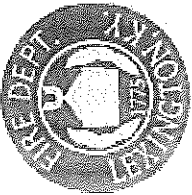


# Questions and Discussion



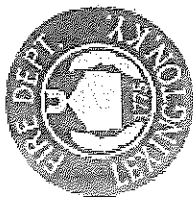
# LFD Service and Personnel Adjustment Elimination Proposal





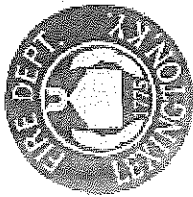
# Service and Personnel Adjustment Plan

- No more than 3 Engine Companies taken out of service each day due to staffing shortages
- Ladder Companies and Emergency Care Units (Advance Life Support Ambulances) are exempt.
- Engines taken out on rotating basis
- Distribution of companies out of service designed to avoid more than one Engine Company for any given Structure Fire assignment at a time.



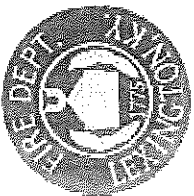
# Perspective 1970's – 2010's

- Population + 69.4% • Engine Co. + 29.4%
- LFD Sworn + 27.8% • Ladder Co. + 0.0%
- LFD Civilian - 25.0% • Emer. Care + 200.0%
- Fire runs + 156.8%
- EMS runs + 298.4%



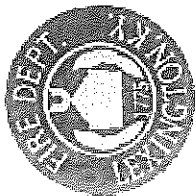
# Accelerated Hiring Plan

- The key to eliminating brown outs is in the authorized strength of the division, *not overtime.*
- Authorized strength of 545 provides adequate number of firefighters to meet FY2013 daily staffing requirements
- Proposed hiring plan increases authorized strength to 557 to provide personnel for EC11 in FY 2014



# Plan to Eliminate SAPA: Targeted Overtime & Accelerated Hiring

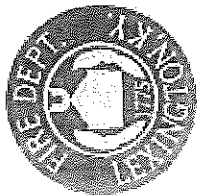
| <u>Time</u>                                  | <u>Staffing</u> | <u>Targeted Overtime</u> |
|----------------------------------------------|-----------------|--------------------------|
| FY 2013                                      | 496             | \$637,530                |
| July-Aug                                     | 496             | \$230,000                |
| <i>Recruit Class #57 May – Aug +35 F.F.</i>  |                 |                          |
| Aug-Nov                                      | 531             | \$214,695                |
| <i>Recruit Class #58 July – Nov +30 F.F.</i> |                 |                          |
| Mid Nov                                      | 561             | \$0                      |
| Total Overtime Costs                         |                 | \$1,082,225              |



# Hiring Plan

## FY 2013

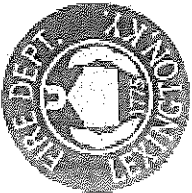
- Current strength, March 4, 2013 496
- LFD authorized strength goal 545
- Recruit class 57 (May-Aug) 35\*
  - \*28 SAFER grant funded
  - \*Class size at maximum 35 recruits
  - All candidates are current EMTs, reducing Class time by 4 weeks
- Budgetary Impact FY 2013 \$41,928



# Hiring Plan

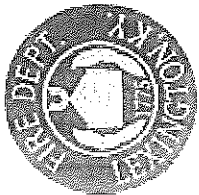
## FY 2014

- LFD strength (545 goal) 531
- FY 2014 add EC11 (LFD authorized strength goal up to 557)
- Recruit Class 58 (July – Nov) 30\*
  - \*assumes 4 retirements through 2013
- Budgetary Impact FY 2014 \$1,529,701



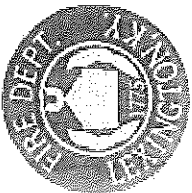
# Growth

- Once brown outs are eliminated, the way to prevent reoccurrence is to assure that any growth of service provides for adequate hiring to maintain staffing levels
- Recruit Class #57 increases LFD strength to 531
- Recruit Class #58 increases LFD strength to 557 (personnel for EC11 and projected 4 retirements)



## Additional Considerations

- Population in Masterson Station area dictates need for Station 24. Growth in Polo Club Blvd. and Hays Blvd. will also necessitate an increase in fire stations and companies.
- Additional fire companies require increase of authorized strength by 15 per company.
- Trend of increased run volume for EC units will justify EC12 in FY2015 (equal avg. runs per year of 2012).



# Summary

|                                 |                    |
|---------------------------------|--------------------|
| • No accelerated hiring:        |                    |
| – SAPA continues until Feb 2014 |                    |
| – O/T projection                | \$2,187,685        |
| – Hiring cost                   | <u>\$1,276,750</u> |
| – TOTAL                         | \$3,464,435        |
| • Accelerated hiring proposal:  |                    |
| – SAPA eliminated Nov 2013      |                    |
| – O/T projection                | \$1,082,225        |
| – Hiring cost                   | <u>\$1,571,629</u> |
| – TOTAL                         | \$2,653,854        |
| • <b>Total Savings:</b>         | <b>\$810,581</b>   |

## Budget & Finance Committee Referrals

| Item                                    | Referred By | Date Referred | Status                      |
|-----------------------------------------|-------------|---------------|-----------------------------|
| Solid Waste Costs/Revenue/Tax Structure | Gorton      | 2-1-11        | Waste Management Task Force |
| Cost Per Ton; Cost Per Customer         |             |               |                             |
| Impact of User Fee Structure            |             |               |                             |
| Local Vendor Preference*                | Gorton      | 10-14-10      | 11.29 WS                    |
| Minority/Women Business Recruitment*    | Stinnett    | 10-7-10       | Procurement Task Force      |
| Purchasing, Procurement & Professional* |             |               |                             |
| Service Selection Process               | Crosbie     | 9-24-10       | Procurement Task Force      |
| Activity Based Costing                  | Lane        | 1-16-12       | 1.31.12                     |
| Affordable Housing Trust Fund Report    | Gorton      | 4-10-12       | 9.25.12 & 11.27.12          |
| Financial Efficiency Ordinance          | Lane        | 10-16-12      | 3.5.13 Work Session         |
| Financial Implications of the           |             |               |                             |
| Mayor's Homelessness Commission         | Kay         | 1-29-13       | 2.19.13                     |
| Discussion of Fund Balance              | Farmer      | 2-12-13       |                             |
| Temporarily Suspending Fire Equipment   |             |               |                             |
| From Service (Brownouts)                | Mossotti    | 2-19-13       |                             |
| Franchise Fees                          | Gorton      | 2-26-13       |                             |

\* Purchasing related items were also referred to Purchasing & Procurement Task Force

PAS 3-12-13