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# **Customer & Support Services**

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## Budget Office Report

This report summarizes a due diligence review with departments of line item compliance with budget guidelines. The departments have submitted revised budget amounts based upon negotiations between the department and the Budget Office.

Tonya Wallace, Budget Advisor  
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**Customer & Support Services Department**

<b>Dollars (000's)</b>	<b>FY 2002a</b>	<b>FY2003r</b>	<b>FY 2004b</b>	<b>FY 2005b</b>
Total Revenues	\$2,490	\$2,659	\$2,509	\$2,525
Total Expenditures	\$3,722	\$3,821	\$3,718	\$3,744
NET COST	\$1,232	\$1,162	\$1,209	\$1,219

CSS is comprised of a six, diverse divisions:

- Central Services
- City Clerk's Office
- Communications
- Government Buildings
- Parking Control
- Purchasing

**Revenues**

CSS has projected for FY 2004 and 2005 less revenue than FY 2002 revenue. The conservative estimates are based upon the economic downturn.

The City received \$50,000 of one-time money for the CARES program in FY 2002 and 2003. This revenue is not part of the FY 2004 and 2005 budget.

<b>Revenues (000's)</b>	<b>FY 2002a</b>	<b>FY2003r</b>	<b>FY 2004b</b>	<b>FY 2005b</b>
Fines & Forfeitures	\$604	\$674	\$619	\$619
License & Permits	\$499	\$519	\$459	\$459
External User Fees	\$726	\$773	\$706	\$706
Internal User Fees	\$524	\$643	\$726	\$742
Other Revenues	\$137	\$50	\$0	\$0
TOTAL REVENUES	\$2,490	\$2,659	\$2,509	\$2,525
% Change	-4.3%	6.8%	-5.6%	0.6%

**Key Revenue Accounts**

- 1) The department budgeted a conservative 2.5% increase in parking fine revenue for FY 2004 and 2005 over FY 2002 actuals, and projected revenues to be about \$610,000 for FY 2003. These figures are based on decreased downtown traffic impacted by the economic slowdown.
- 2) Revenue from various business-related licenses (such childcare, massage and private security) is projected to be relatively flat in FY 2004 and FY 2005 compared to FY 2002 actual revenues. The FY 2003 projection is about \$25,000 under the budget amount. One-time miscellaneous revenues received in FY 2002, amounting to about \$14,000, are not part of the FY 2004 and 2005 budget. Another significant change impacting the FY 2004 and 2005 budget occurred in December 2002, in which a court ruling disallows the city from charging a liquor transfer fee. This is an estimated \$15,000 annual revenue loss.

The City does not administer general business licenses. It may be worthwhile to investigate the need for a general business license as the city continues to grow and the business environment changes.

- 3) The most notable impact to External User Fees has been the loss of revenue from Ada County for such things as printing and utility reimbursement of City Hall #2. The combined annual impact is a \$75,000 revenue loss. However, the Communications Division projects a \$30,000 revenue increase from

reimbursement of services provided to other public emergency entities such as Meridian Police Department. There has been an increased demand for their services since 9/11.

- 4) The FY 2004 and 2005 budget for Internal User Fees – revenue from internal city departments – reflects a 12.8% increase over FY 2003 revised budget. The most significant changes are from internal printing resulting from increased processing of more complicated and color print jobs, and reimbursement for postage. Postage rates increased in FY 2002, and Central Services passes this cost to departments.
- 5) Other notable revenue items include:
  - ✓ In April 2002, Government Buildings discontinued building maintenance service to Community Development and reallocated the .5 FTE to serve City Hall #2. City Council approved a position, funded from CDBG money, to support the maintenance needs of CD. The impact of this change was a \$12,000 loss of reimbursement revenue from CD without a reduction in cost.
  - ✓ The \$50,000 state contribution for the CARES program received in FY 2002 and FY 2003 will not continue in FY 2004 or FY 2005.

**Recommendation**

- Review parking revenues (penalties) for possible increases. (BBA)
- Review possible expansion of paid on-street parking. (BBA)

**Personnel Costs**

The organization of CSS is unlike any other department in the City. There are six divisions, each with a manager who reports directly to the City Chief of Staff in the Mayor’s Office.

CSS had 56.75 approved FTE’s as of May 2003. In February 2003, City Council approved the transfer of a position from Parking Control to Treasury. This position primarily served Treasury and it made sense to transfer under that management.

<b>Personnel (000’s)</b>	<b>FY 2002a</b>	<b>FY2003r</b>	<b>FY 2004b</b>	<b>FY 2005b</b>
Salaries	\$1,777	\$1,853	\$1,849	\$1,850
Other Personnel Costs	\$629	\$657	\$682	\$684
TOTAL PERSONNEL	\$2,406	\$2,501	\$2,531	\$2,535
% Change	6.3%	3.9%	1.2%	0.0%
FTE’s	57.75	57.75	56.75	56.75

**Key Personnel Accounts**

Overall, personnel costs are in line. Besides merit, the increase in FY 2002 over FY 2001 is from an additional staff position to Government Buildings (electrician for City Hall #2).

- 1) City Hall Custodial Maintenance. Part-time city employees clean City Hall #1. A contract service cleans City Hall #2. The FY 2004 budget assumes a unified approach for cleaning can be achieved with no increase in budget.
- 2) Health – The budget reflects a 15.8% increase (over \$43,000) in FY 2004 over FY 2003 due to the conversion to the PPO.
- 3) New life and long-term disability plan effective May 2003 will result in annual savings of about \$2,470.

## Recommendation

- Review the organization of CSS to determine if a more complimentary arrangement is available.

## M&O

CSS M&O budget for FY 2004 and FY 2005 is within the negotiated targets.

The FY 2004 and 2005 budgets represents a 4.1% decrease over FY 2002 actual and 6.5% decrease from FY 2003 revised budget for two main reasons – utilities and the CARES program. Since utility costs fluctuate from year to year depending on the market price, an adjusted historical level was the basis for the budget. The base utility cost for City Hall was estimated to be \$160,000. The CARES program was a one-time program with \$77,400 actual cost in FY 2002 and \$100,000 budgeted in FY 2003.

M&O (000's)	FY 2002a	FY2003r	FY 2004b	FY 2005b
Minor Equipment	\$11	\$20	\$6	\$6
Advertising	\$38	\$18	\$28	\$28
Contract Labor	\$34	\$31	\$28	\$33
Custodial Cleaning	\$38	\$27	\$39	\$39
R/M-Building/Grounds	\$86	\$98	\$95	\$95
CARES project	\$77	\$100	\$0	\$0
Insurance	\$44	\$50	\$83	\$103
Other M&O Accounts	\$889	\$903	\$888	\$890
TOTAL M&O	\$1,217	\$1,247	\$1,167	\$1,194
% Change	3.5%	2.5%	-6.4%	2.3%

## Key M&O Accounts

The single largest increase in M&O over the FY 2003 revised budget is liability insurance.

- Minor equipment is primarily used to replace small office equipment, small building maintenance tools, and upgrade PC software. Communications reclassified software costs from “minor equipment” to “software” in FY 2004 and 2005 to more accurately account for programming costs and license renewals. Government Buildings had a one-time spike in FY 2002 to equip the newly hired electrician.
- Advertising – This covers the cost of required public postings by the Clerk’s Office. This cost fluctuates from year to year depending on publication and election activity. A single election could cost as much as \$35,000 (including contract labor).
- Contract Labor is mainly used for elections – judges and clerks. This fluctuates from year to year depending on the election schedule.
- Custodial Cleaning – This provides for cleaning supplies and paper products for City Hall. Prior to February 2002, this also covered Traffic Court needs. A review is underway to determine if the reallocation of budget from Traffic Court is sufficient to cover the needs of City Hall #2.
- R/M-Building/Grounds – This covers the cost of minor repairs and maintenance primarily to the City Hall complex. This cost is projected to be fairly flat from FY 2003 revised budget. The cost to maintain City Hall #2 is being reviewed. Minor R&M coupled with the CIP for major R&M costs total nearly \$200,000.

- 6) Revenue offset accounts include parts (about 50% revenue offset), auction expense (100% offset), and Transfer Out Airport (Airport receives half of the parking fine revenue generated by Airport parking infractions).
- 7) CARES special project – This was a one-time project (spanning 2 years) in FY 2002 and FY 2003 with \$100,000 budgeted each year. FY 2002 expenditures were \$77,400, with the state reimbursing \$38,700. The program will not continue in FY 2004 and FY 2005.

**Recommendation**

- Adoption of a master plan for maintenance of general government facilities – City Hall complex.
- An engineering study of the building systems at City Hall (and possibly other aged facilities) to evaluate potential efficiencies.
- Adoption of the least costly custodial option for the City Hall complex. A study and recommendation is underway.

**Equipment**

CSS is within the negotiated equipment target in FY 2004 and FY 2005.

<b>Equipment (000's)</b>	<b>FY 2002a</b>	<b>FY2003r</b>	<b>FY 2004b</b>	<b>FY 2005b</b>
Computer Equipment	\$8	\$5	\$4	\$18
Auto Equipment	\$15	\$32	\$32	\$25
Electrical Equipment	\$19	\$0	\$17	\$0
Other Equipment	\$41	\$48	\$4	\$5
<b>TOTAL EQUIPMENT</b>	<b>\$83</b>	<b>\$85</b>	<b>\$53</b>	<b>\$48</b>
% Change	-85.1%	2.4%	-37.6 %	-9.4%

CSS had an equipment target of \$53,200 for FY 2004. The largest single equipment request was for the replacement of a vehicle in Government Buildings and the delivery van in Central Services. Government Buildings replaces 1 vehicle every year. They have reported 10 vehicles in their fleet with 7 assigned as take-home for on-call staffing. The delivery van in Central Services is nearly 10 years old.

The FY 2005 gross equipment target was \$47,940. The largest single item is replacement of a Government Buildings vehicle. Other equipment includes replacement of office equipment such as fax machines, a replacement camera for the printing press, maintenance truck and mail delivery truck.

In FY 2001, Parking Control installed new electronic meters, costing \$353,000. Also, in FY 2001, Central Services installed a new digital printing system for \$148,000. In FY 2002, a new security system was installed at the Armory costing about \$20,000. For FY 2003, "Other Equipment" includes replacement of the Gopher mobile used in Parking Control (\$20,000) and computer related equipment.

**CONCLUSION**

Key issues include:

- ✓ The decline or slow growth of revenues, primarily downtown parking revenues.
- ✓ City Hall building maintenance and custodial costs. Studies are underway.

- ✓ Use of technology to gain efficiencies. Rewrite of parking control and licensing systems may be required.
- ✓ General organization of CSS.