



Administration

MEMORANDUM

DATE: May 14, 2010

TO: Mayor and Council Members

FROM: J. Walinski, City Administrator

CC: Department Managers

RE: 2010 Budget Retrenchment Actions

On Tuesday, May 18, 2010 the information attached will be provided as part of the Budget Discussion item on the Council Agenda. The development of these recommendations for reductions listed in Attachment #2 come from a review of a number of factors. Reductions taken over the past several years were considered as well as a review of service analysis (Attachment #1), and consideration of implementing changes at this time with the knowledge that the 2011 budget development will require additional reductions. The course of action recommended I believe puts the City in the best position to free itself from the whimsical nature of state government funding, it continues the proactive conservative step approach to best address the fiscal shortfalls and leaves the City with some flexibility to address the unforeseen by not relying on the Revenue Stabilization Fund Balance. The directors and managers developed these recommendations to defuse the impact on a single service, yet these reductions will be felt across the board on the services provided to both external and internal customers. The recommended plan of action still has many pieces that need to be worked through and therefore it should be viewed in total.

Background:

In the last several years the City of Northfield has had the following reductions in LGA allocations:

	2008	2009	2010	2011 Est.
Certified / Received	2,890,999	2,939,962	2,968,487	1,893,836
Revisions / Unallotments	(355,263)	(302,088)	(697,032)	
2010 Legislation			(310,875)	(168,389)
2010 - 2nd round???			????	
Gov.'s proposal				(1,240,453)
Revised Total for year	2,535,736	2,637,874	1,960,580	1,725,447

Change from Prior Year Certified:

\$	(305,631)	(253,125)	(677,294)	(1,074,651)
%	-10.8%	-8.8%	-23.0%	-36.20%

Listed below are the highlights of the General Fund Expenditure reductions already implemented:

	2008	2009	2010
Positions eliminated	5.5 FTE	5.0 FTE	2 FTE
Across the board reductions:			
professional services	X	X	X
training / travel	X	X	X
supplies	X	X	X
equipment maintenance / similar	X	X	X
capital outlay	X	X	X
Modification of health insurance plan			X
Wage freeze			X
Elimination of out-of-state travel			X
Elimination of Sunday Library hours			X
City newsletter schedule reduction to 50%			X
Zero increase in General Fund levy			X

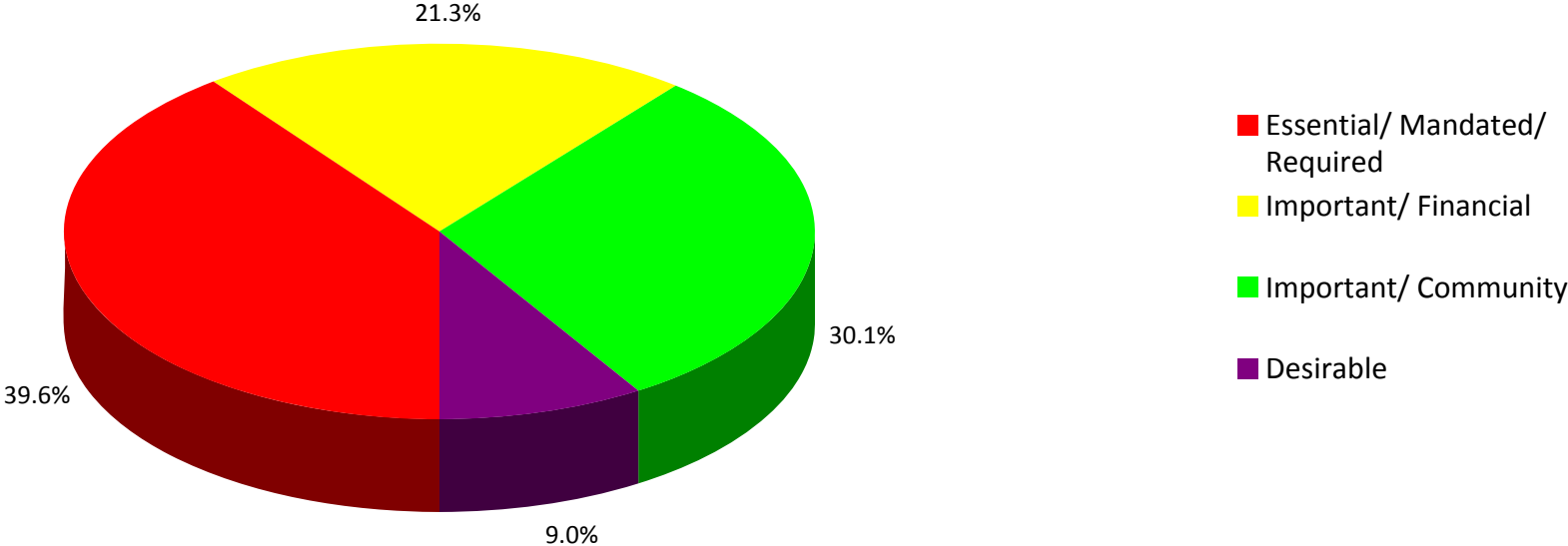
Attachment #1 is the Service Analysis Summary information. Overall, expenditures for the \$10.5 M General Fund include 39.6% spent on essential or mandated services, 21.3% spent on services important for the fiscal future of the City, 30.1% which are important to the community in nature, and 9% of the funds available in the General Fund which are spent on desirable services. A graph of this breakdown is included in Attachment #1

The City employs approximately 104 FTE. Of that 74 FTE's are funded through the General Fund. A breakdown by percentages of time spent on the various service categories is also included in Attachment #1.

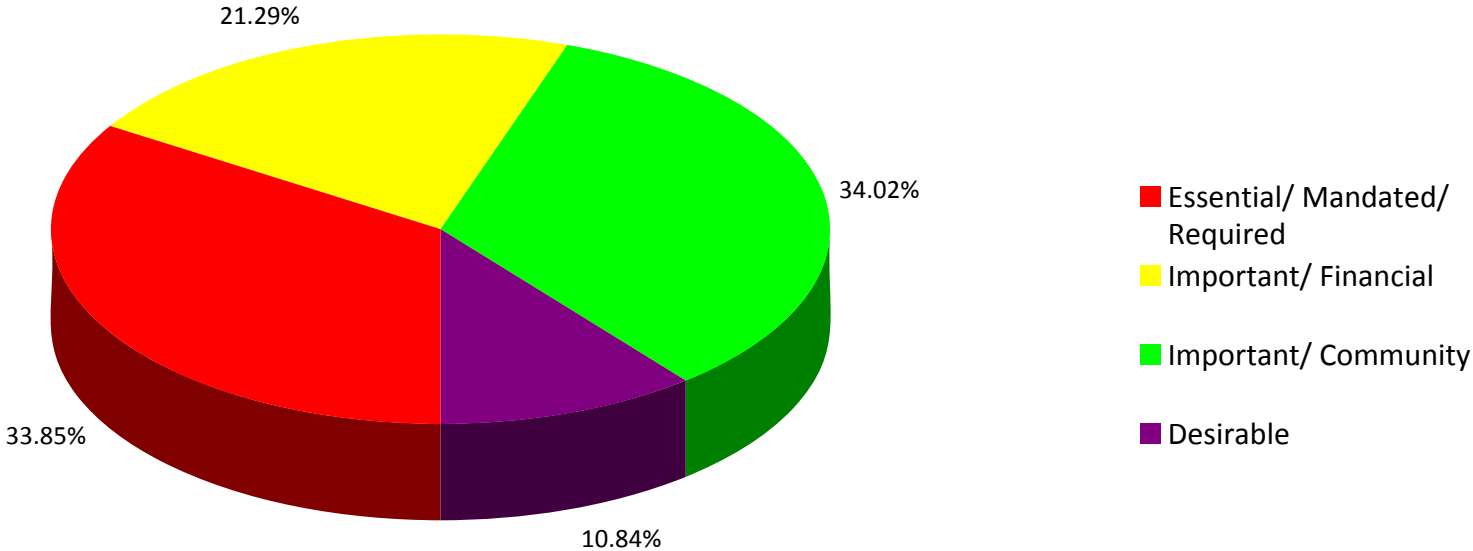
The remaining sections included in Attachment #1 are the breakdown by department or division of the budget and FTE's allocated. As a first cut at this type of analysis there is a degree of subjectivity and estimation. I would anticipate as we continue with collecting and developing this information the numbers will become much more firm in their basis and much more emphasis can be given to them.

Attachment #2 is the Budget Retrenchment Action Plan for 2010 and looking forward to 2011. The \$350,356.00 in recommended near term cost savings addresses the currently identified reduction in LGA funding. We will continue working through the mid term and long term actions to move towards the Council goal of reducing the reliance on LGA funding.

General Fund Budget (\$10,519,815)

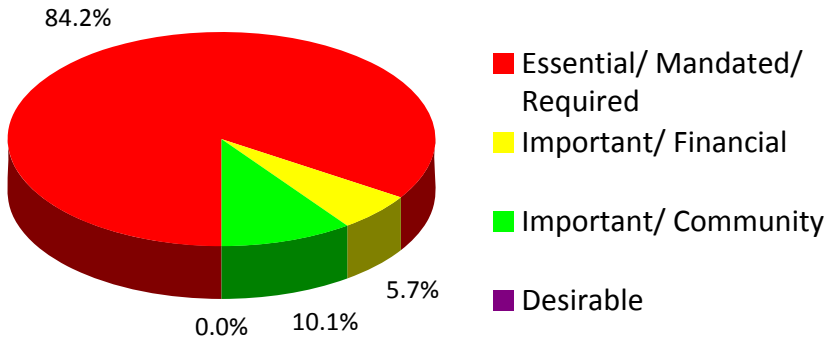


General Fund FTE (74)

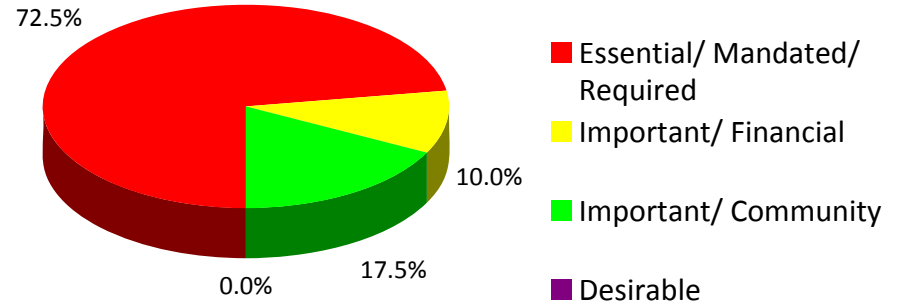


Departmental Budgets and FTEs by Service Importance Level

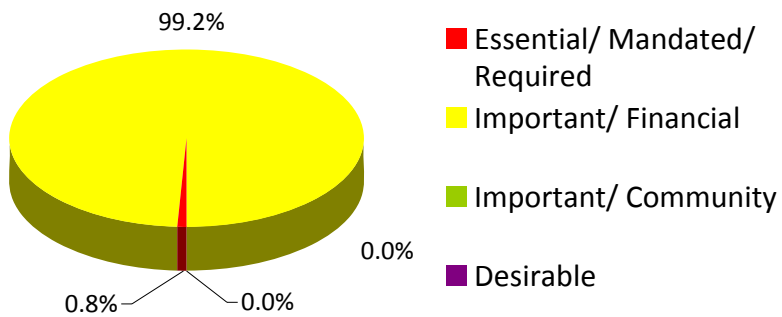
Admin Budget (\$446,418)



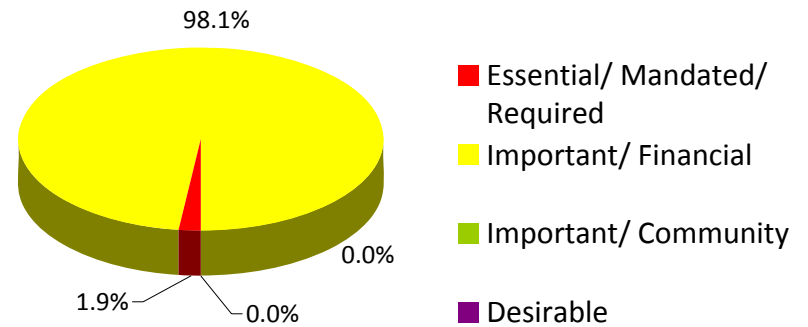
Admin FTE (2)



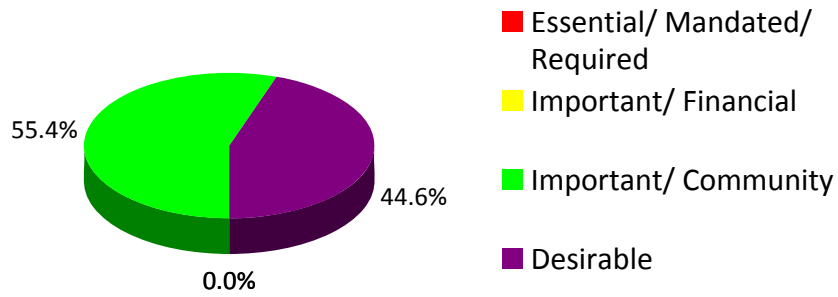
Arena Budget (\$210,797.75)



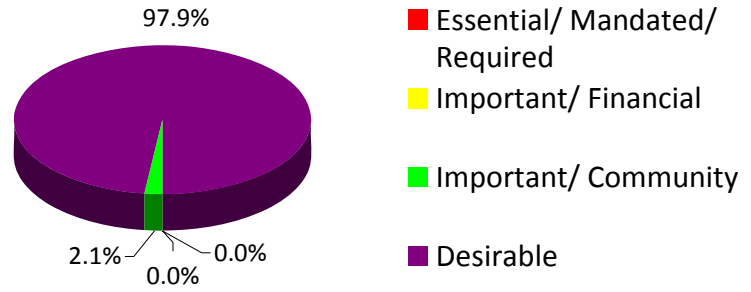
Arena Works FTE (2.7)



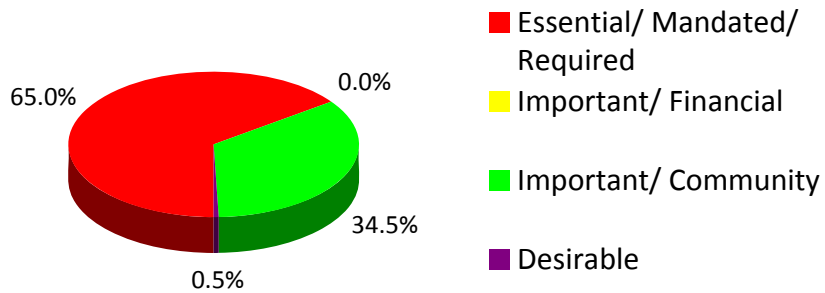
Athletic Fields Budget (\$227,089)



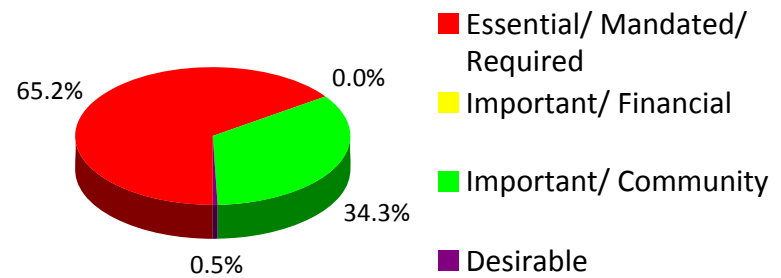
Athletic Fields FTE (0.97)



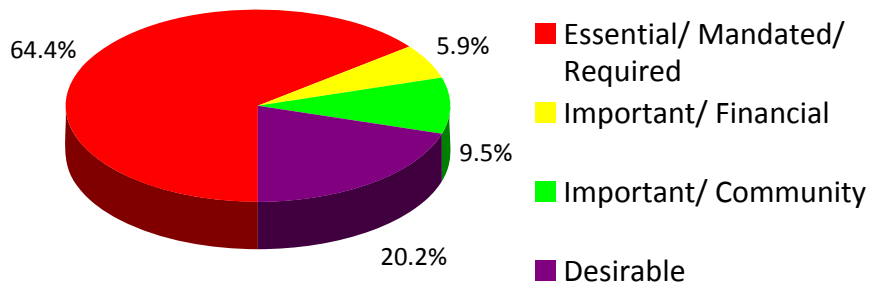
Building Insp Budget (\$186,639)



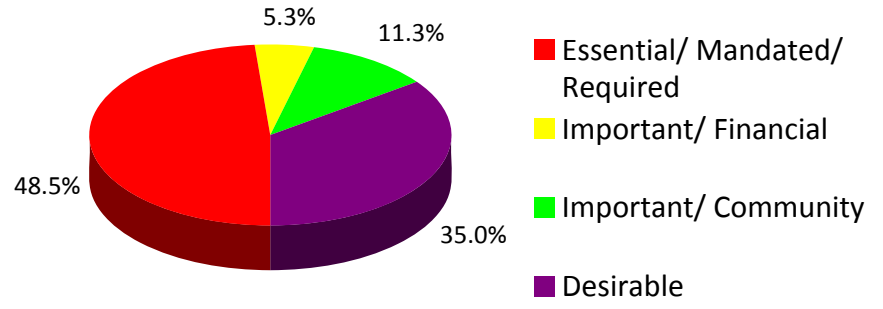
Building Insp FTE (2.1)



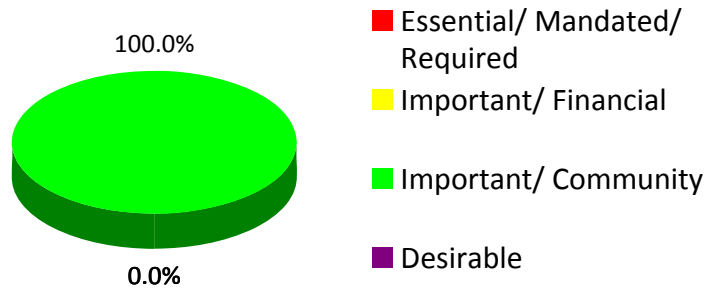
Clerk Budget (\$247,489)



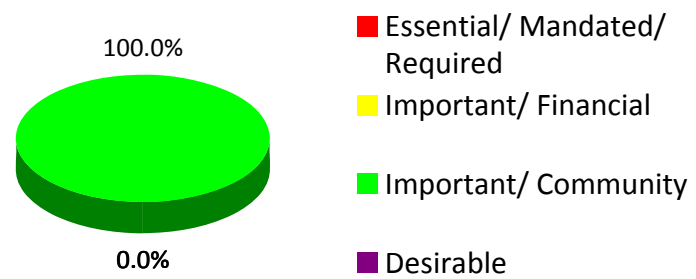
Clerk FTE (2)



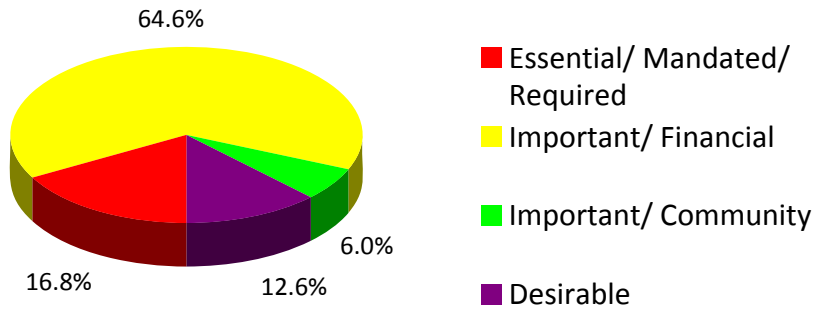
Com Dev Budget (\$131,668)



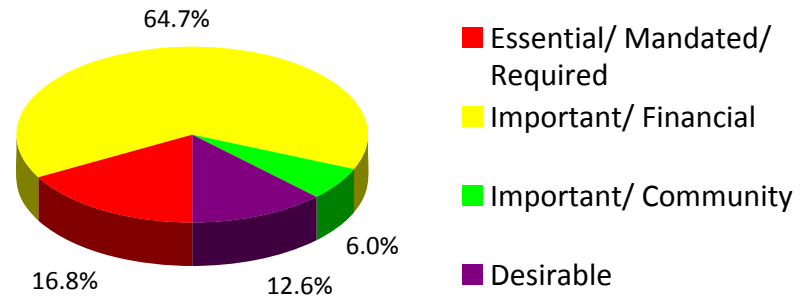
Com Dev FTE (1.14)



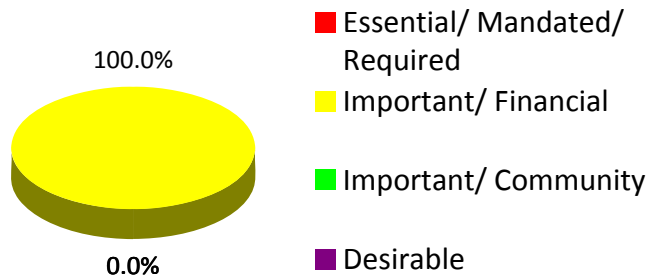
Engr Budget (\$440,565)



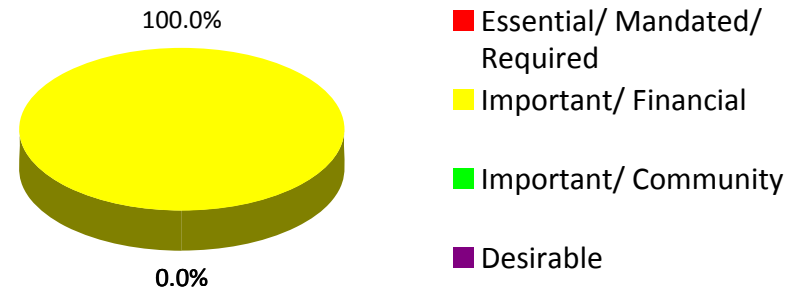
Engr FTE (4.7)



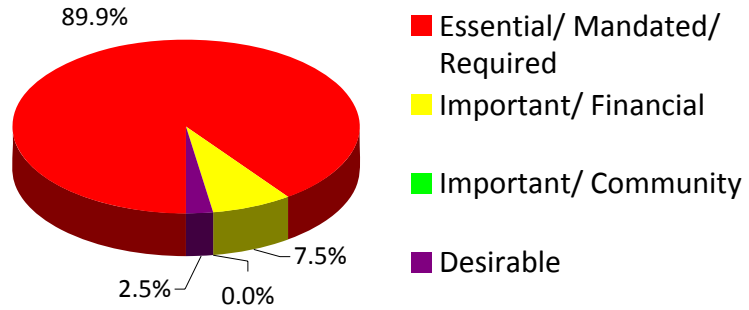
Facilities Budget (\$374,815.50)



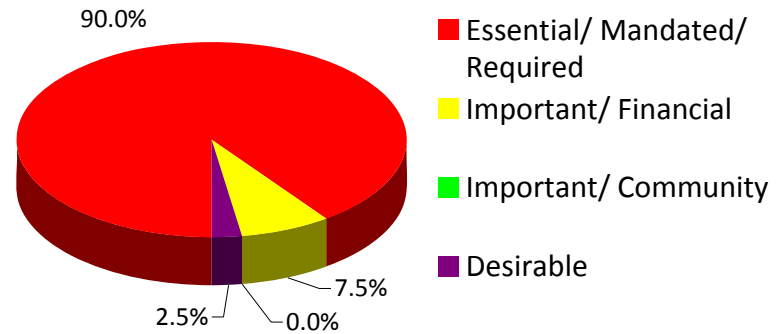
Facilities FTE (0.71)



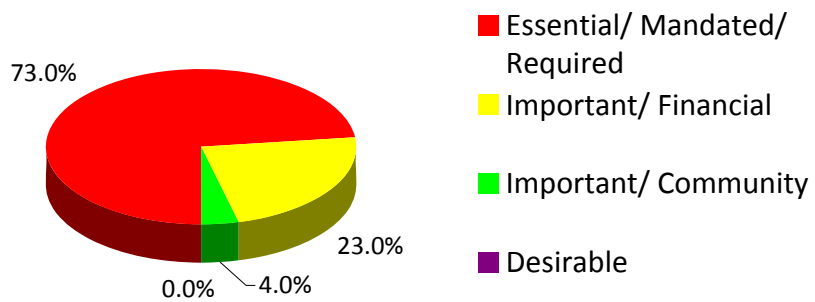
Finance Budget (\$410,981)



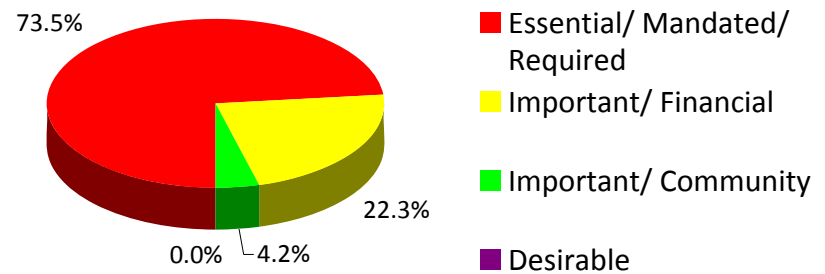
Finance FTE (4.38)



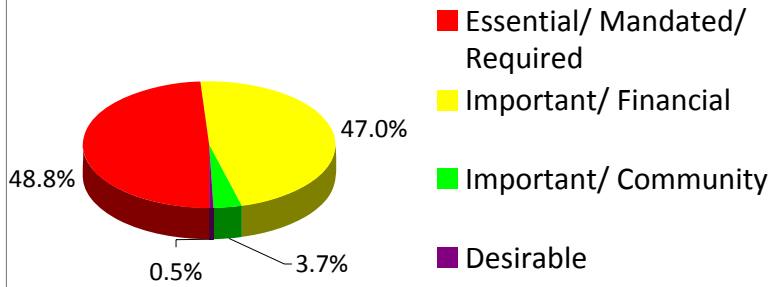
HR Budget (\$326,616)



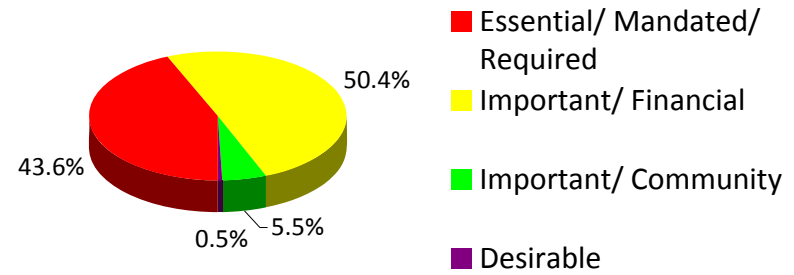
HR FTE (2.6)



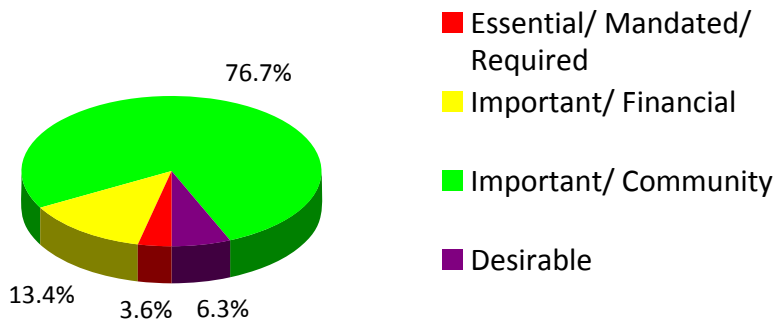
IT Budget (\$325,378)



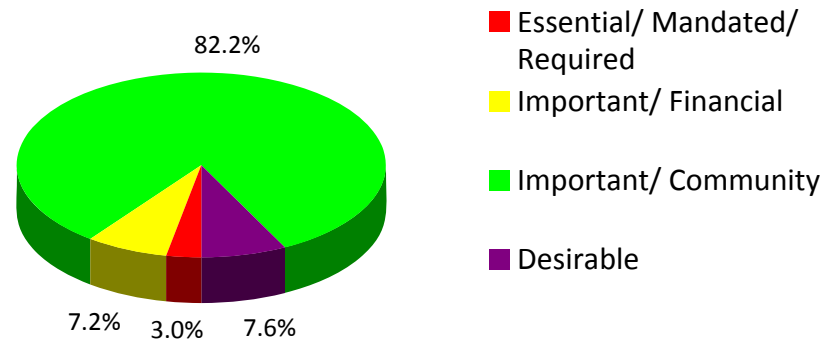
IT FTE (2)



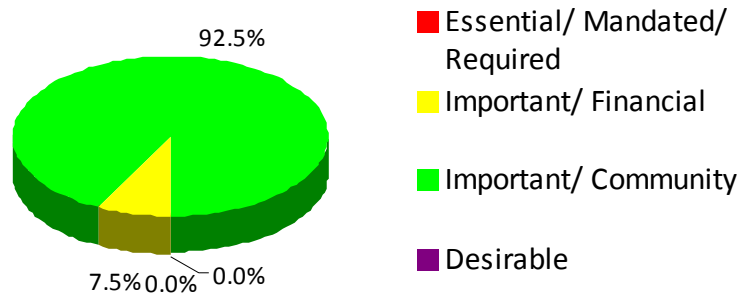
Library Budget (\$1,004,486)



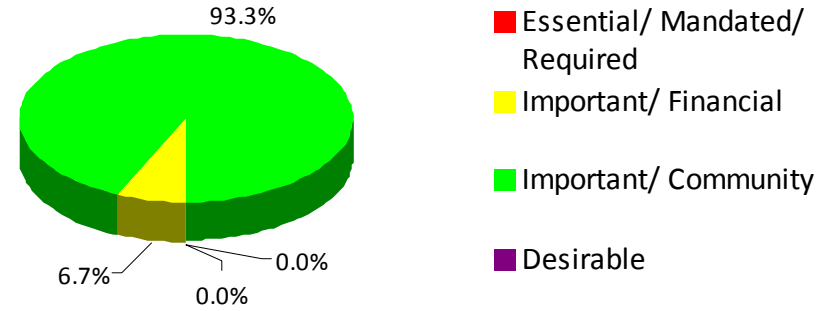
Library FTE (11.52)



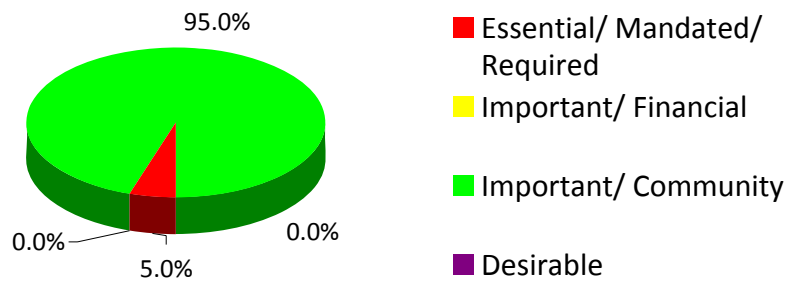
Parks Budget (\$205,490)



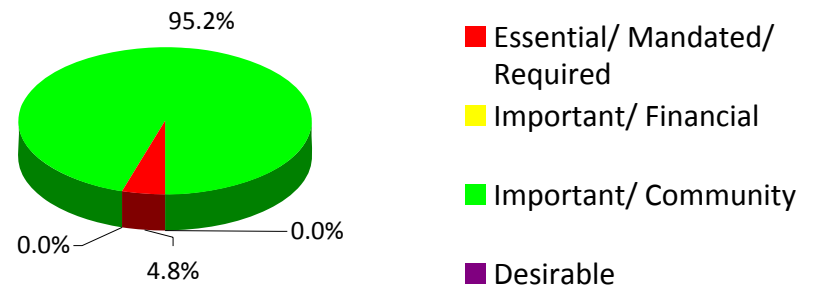
Parks FTE (0.75)



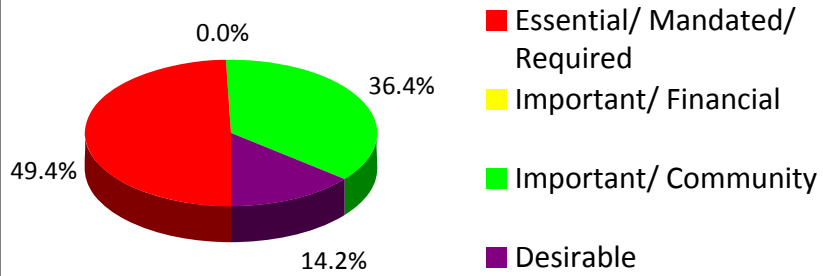
Planning Budget (\$192,763)



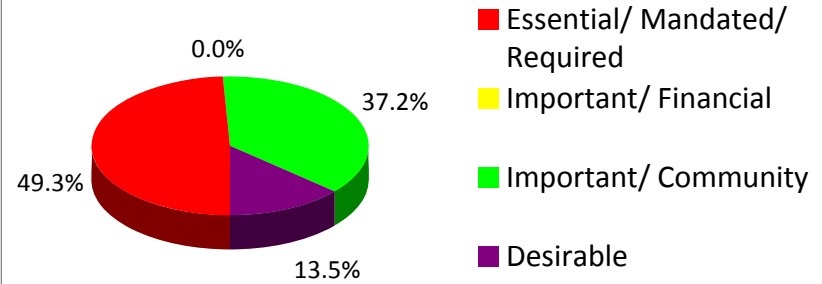
Planning FTE (1.66)



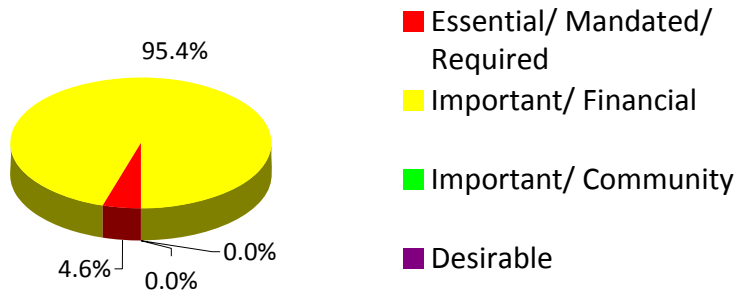
Police Budget (\$2,856,135)



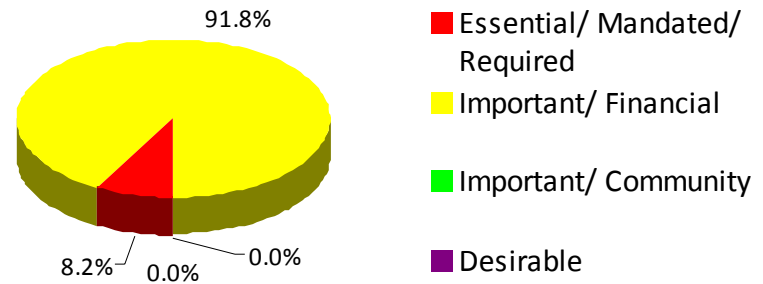
Police FTE (26.1)



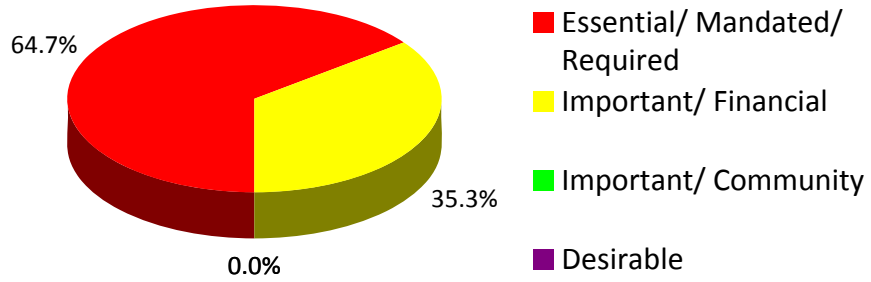
Pool Budget (\$249,435.75)



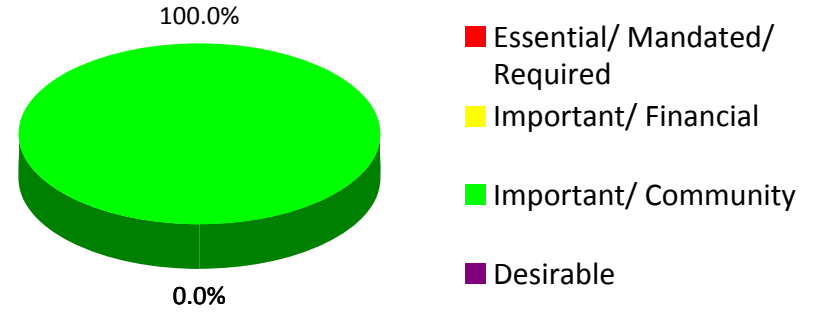
Pool FTE (4.9)



Non-Departmental Budget (\$905,799)



Street Lighting Budget (\$227,000)



2010 Budget Retrenchment Actions – May 14, 2010

Near Term Reductions (by June 1, 2010)				
Department/Division	Budget Reduction	Budget Impact	Service Implications	Status
All	Three day furlough by all full time employees taken between June 1, 2010 and December 31, 2010.	\$55,600	This action to be considered dependant with outcome of identified LGA funding reduction because of the significant service level effect. Decrease in service would be felt in all departments, response times for requests for services would be slower.	TBD
All	Reduction in Training and conferences budgets by 15 - 50 %	\$5900	These expenditures have been reduced consistently overtime. Continual reduction in this area will have an impact on morale and quality of work produced/opportunities missed.	
All	Reduced data processing fees reflecting PC replacement	\$17,960		
Police	Eliminate squad car replacement for 2010	\$96,500	This is possible because of the number of vehicle that were replaced as a result of the hailstorm in 2006. The vehicle scheduled for replacement have ~60,000 miles which is below the mileage level standard of replacement criteria.	
Engineering	Elimination of Engineering Intern	\$7,840	The Intern completes inspections for the pavement management program, driveway inspections, ROW inspections, aids project inspectors, and completes other miscellaneous	Complete

Attachment #2

			tasks that provide efficiencies within the Engineering Department or provides support to other departments.	
Admin/City Clerk	Elimination of City Interpreter Position	\$33,576	<p>Eliminates city interpreter and translation on site service. Interpreting services will need to be accomplished through a contracting service and/or volunteer interpreter service through Carleton College ACT office or St. Olaf College Volunteer office (Carleton has been contacted). These options improve the service by offering a wider array of languages. The Police Department currently uses contracted services on as needed basis and has an established list of providers.</p> <p>This reduction also eliminates .30 FTE assistance to the City Clerk for licensing, elections, and office coverage in the administration office. Support from other departments will be needed during absentee voting and the elections. Response times for requests for services will be slower. Utilization of election judges for additional tasks previously provided by staff such as absentee voting coverage, and other election related tasks.</p>	
Finance	Elimination of Finance Clerk Part Time position	\$9500	Work absorbed by remaining staff; slow down in other areas to accommodate	<p>Scheduled to occur eff.</p> <p>6/30/10</p>
PW – Facilities and Streets	Reduction in contracted service work	\$8600	Work to be performed in house, slower response time, less contract work – City	

Attachment #2

			Hall, Safety Center, NCRC	
Human Resources	Reduction in Admin support hours (.3 FTE reduction)	\$15,000	Slower response for HR requests potentially minimized if software / procedures modified for greater efficiency and changes in policy are implemented to reduce back pay calculations.	
PW - Arena/Pool	Fee increase to ensure budget neutral status	0	Complaints on fees.	
PW - Streets	Adjustment of schedule to cover showmobile to reduce overtime.	\$2000	Staff not available for normal duty, slower response time on daily support items and citizen requests	Implemented
Library	16-hour/week Outreach Coordinator (Bookmobile) position remains unfilled. Booker is available ONLY for Books & Stars.	\$20,000	Outreach to support early literacy efforts and low-income residents will be eliminated.	
Library	Reduce library materials budget.	\$8,000	A significant, negative impact on the library's ability to meet community needs for information, self-education and enrichment materials.	
Library	Library remains closed on Sundays.	0	The library will be less accessible and services will be reduced.	Implemented
Library	Close the library 4 hours per week with corresponding reduction in part-time staff hours	\$5500	The library will be less accessible and services will be reduced	
Engineering	Reduction in Other Professional Services	\$10,000	OPS is used to fund smaller, misc. projects such as bridge inspections and traffic lighting issues recently authorized by the Council and legal	Ongoing

Attachment #2

			counsel on misc. issues. The reduction leaves \$20,000 remaining in 2010. Traffic lighting issues are recommended to be addressed at the end of the year to allow for prioritization of other projects during the year. \$22,000 was used in 2009.	
Police	15% Reduction of OT either through scheduling modifications or coverage reduction.	\$15,100		
PW - Streets	Reduction in frequency of downtown flushing and street sweeping.	\$1280	Downtown service expectations would need to be changed - reduction to semi-monthly as opposed to weekly.	
PW - Streets	Reduction in Seal Coat Contracted work by 20%	\$24,000	Lower level ongoing maintenance, increased time between seal coat applications, which will reduce life cycle of pavement.	To be implemented
Engineering	Shift of funds from Stormwater Enterprise Fund	\$10,000	The Stormwater Utility Justification report identified a number of tasks that the City is required to complete to remain in compliance with the NPDES MS4 permit. Some of these tasks were originally targeted to be completed by outside service providers. Due to the capabilities of staff at this time, these tasks are able to be completed in house. The money assigned for tasks completed by staff shifted to the general fund.	Completed
PW - Parks	City control of water use for irrigation	\$4000	Will need to discuss with Northfield Soccer. Water for irrigation currently is ~\$10,000 annually. Field conditions may deteriorate.	
TOTAL NEAR TERM:		\$350,356.00		

Attachment #2

MIDTERM (Completed by September 1, 2010)				
Department/Division	Budget Reduction	Budget Impact	Service Implications	Status
All	Early or partial Retirement (Positions to remain unfilled or under filled).	TBD	Dependent on requests for early retirement and respondents.	Response needed by
Police	Per Union Agreement discussion with LELS on furloughs, staffing reduction of 2 FTE's or other reduction	TBD		
General Unit Employees	Per Union Agreement discussion with Local 70 on furloughs, cost reduction and layoff implications	TBD	TBD	
PW - Recreation	Negotiation of new Community Ed/Recreational Service Contract - 10% reduction	\$20,000	Requested 10% reduction. Effective for Fiscal year 7/1/10 - 6/30/11	Negotiations underway
Police	Negotiations with School District on School Liaison Officer to cover 3/4 costs or reduction of position	TBD	Current reimbursement \$24,000 – Current City cost for officer \$95,000.	Negotiations underway
PW - Streets/Parks	Reduction of snow removal on trails to secondary priority to reduce snow removal overtime.	~\$1200	Saving dependant on number of snow events. Need to notify School District.	

Attachment #2

Human Resources	Revenue Enhancement – gross up property and liability insurance costs and recognize commission earned by HR Director	Unknown, information requested ~\$25 K	The commission revenue would be recorded to the General Fund to offset HR Costs; General Fund and other funds would then reflect the full cost of insurance	
PW - Arena/Pool	Capture additional revenue of advertising and concessions to insure these operations remain budget neutral.	TBD	Complaints from booster clubs on last revenue	

Attachment #2

Long-term (2011 Budget Development)				
Department/Division	Budget Reduction	Budget Impact	Service Implications	Status
ALL	Implement 37.5 hour workweek across all departments. Standard City Hall work hours 8:00 AM - 4:30 PM M-F. Departments with flex hours will need to adjust schedules appropriately	\$291,833	Significant impact on service levels and loss of key personal as they move to cities not implementing a pay reduction. Will have to provide fewer services if efficiencies cannot be found to offset reduction in hours; will have an impact on morale	
ALL	Structural Reorganization of Departments	TBD	A physical reorganization for core administrative services could provide some effective efficiencies – but where will those dollars come from?	
ALL	Review opportunities of intergovernmental shared services beneficial to Northfield revenue stream.	TBD		
Fire	Agreement between City and Rural Fire Association to cover percentage of operating budget	TBD		
Fire	Agreement between City and City of Dundas to cover percentage of operating/capital budgets,	TBD		