OFFICE OF THE COUNCIL AUDITOR

FY2011/2012 PROPOSED BUDGET

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Central Operations
August 18, 2011

COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2011/12 BUDGET
CENTRAL OPERATIONS
GENERAL FUND (S/F 011)

PROPOSED BUDGET BOOK - Page #18

BACKGROUND:
In the General Fund, this department consists of Administrative Services, Human Resources, Office of the Director (Call Center and Public Information) and Procurement. The Equal Business Opportunity/Contract Compliance division is now included in the Office of the Director as a result of the information obtained during an efficiency review.

REVENUES:
1. Miscellaneous Revenue:
   - The net decrease of $96,513 is primarily the result of the one year funding provided by JEA for the Disparity Study in FY 2010/11.

EXPENDITURES:
1. Salaries:
   - The net decrease of $1,375,680 is mainly attributable to a net decrease of 35 positions in the Employee Cap, a reduction in part-time salaries of $61,999 and overtime of $26,293.

2. Lapse:
   - The lapse represents savings from personnel reductions. The Deputy Director of the Central Operations Department position is redlined and will be eliminated once it becomes vacant.

3. Employer Provided Benefits:
   - The net decrease of $375,693 is mainly due to reductions in pension contributions of $177,808, group health insurance of $139,493, workers' compensation of $31,379, Medicare tax of $17,696 and group life insurance of $13,728. This is slightly offset by a slight increase in FICA of $4,982.

4. Internal Service Charges:
   - The net decrease of $581,860 is primarily due to reductions in ITD charges of $601,401 and mailroom charges of $7,085. This is somewhat offset with increases in legal charges of $35,095.

5. Other Operating Expenses:
   - The net decrease of $1,128,901 is mainly attributable to reductions in professional services of $940,410 (mainly reductions in the contracts for labor relations consulting, bonding assistance program, medical examinations for physically demanding positions and the Disparity Study not being budgeted for), tuition reimbursement of $50,000, employee training of $35,000, advertising and

promotion of $20,710, contractual services of $19,200 (performance management tracking software), printing of $15,125, office supplies of $14,845, dues, subscriptions and memberships of $5,842 and food of $4,500. In addition, $45,839 for the rewards and recognition program was transferred to Employee Benefits (S/F 571) within the Human Resources Division. This is offset somewhat with increases in other rent of $16,000 and miscellaneous services and charges of $6,400.

6. Banking Fund Debt Repayment:
   - The decrease of $7,348 is the removal of the banking fund debt.

SERVICE LEVEL CHANGES:
Per the Budget Office, there are no significant service level changes.

ANALYSIS OF EXPENDITURES BY DIVISION:

	Expenditures			
Division	**FY 2010/11**	**FY 2011/12**	**Increase/(Decrease)**	**Footnote**
Administrative Services	$5,432,101	$4,571,294	-$860,807	**A**
Equal Business Opportunity	$1,297,249	$0	-$1,297,249	**B**
Human Resources	$7,670,579	$6,383,919	-$1,286,660	**C**
Office of the Director	$3,705,007	$3,878,784	$173,777	**D**
Procurement	$2,160,335	$1,840,311	-$320,024	**E**
Total – Central Operations	**$20,265,271**	**$16,674,308**	**-$3,590,963**	

A: The decrease is mainly due to decreases in salaries, benefits and internal service allocations (net of 16 positions were eliminated).

B: In FY 2011/12, Equal Business Opportunity Division will be absorbed by the Office of the Director. See note D below.

C: The decrease is due to decreases in salaries, benefits and internal service allocations (net of 14 positions were eliminated). Also, the decrease is due to decreases in tuition reimbursement, employee training, and professional services (mainly reductions in the contracts for labor relations consulting and medical examinations for physically demanding positions). Also, funds totaling $45,839 for reward and recognition awards for employees were moved out to Employee Benefits.

D: In FY 2011/12, the proposed budget for the Office of the Director Division that absorbed the Equal Business Opportunity Division is $3,878,784. In FY 2010/11, the combined budget for the Office of the Director and the Equal Business Opportunity Divisions was $5,002,256. Therefore, the combined expenditures decreased by $1,123,472 (or 22.5%). The decrease in expenditures is due to decreases in salaries, benefits and internal service allocations (net of four positions were eliminated and one position is redlined). Also, the decrease is due to decreases in professional services (mainly reduction in the contract for bonding assistance program of $24,500 and Disparity Study contract being awarded in the current fiscal year funding for which $600,000 was approved in FY 2010/11).

E: The decrease is due to decreases in salaries, benefits and internal service allocations (net of 1 position was eliminated).

EMPLOYEE CAP CHANGES:

There was a net reduction of 35 positions (of which 15 are currently vacant):

- 34 positions are proposed to be eliminated from Central Operations
- 3 AMIO positions are proposed to be created in Central Operations
- 5 positions were transferred out during FY 2010/11:
    - 3 positions were transferred to Recreation and Community Services
    - 2 positions were transferred to Environmental and Compliance
- 1 position was transferred in from Planning and Development during FY 2010/11

Division	FY 2010/11 Approved	FY 2010/11 Proposed	Net Change
Administrative Services	94	78	**-16**
Equal Business Opportunity *	5	0	**-5**
Human Resources	60	46	**-14**
Office of the Director *	47	48	**1**
Procurement	27	26	**-1**
Total – Central Operations	**233**	**198**	**-35**

* - Note: Equal Business Opportunity Division was integrated within the Office of the Director (net of 4 positions were eliminated)

CONCERN:
Only $165,000 is budgeted for the labor relations consulting contractual service for FY 2011/12. However, it is estimated that approximately $300,000 will be spent on this service by the end of FY2010/11. Also, during FY2011/12, all agreements are entering the third year and will need to be renegotiated in the spring. Therefore, it appears that $165,000 will not be sufficient to cover these costs. We estimate that an additional $200,000 is needed.

RECOMMENDATION:
The Budget Office has requested that three new AMIO positions proposed to be created within the Administrative Services Division be reclassified as Executive Administrators. The funding level will remain the same (total salary of $135,000); therefore, there will be no impact on Special Council Contingency.

COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2011/12 BUDGET
CENTRAL OPERATIONS
FLEET MANAGEMENT - OPERATIONS (511)

PROPOSED BUDGET BOOK- Page # 21-23

BACKGROUND:

This internal service fund accumulates and allocates the costs of the operation of the City's Motor Pool and recovers its costs via charges to its users/customers. Fleet Management is responsible for all of the maintenance and fueling of the entire City owned vehicle fleet including most independent authorities.

REVENUES:

1. Charges for Services:
    - The net increase is being driven by increased budgeted expenditures related to fuel costs.

2. Miscellaneous Revenue:
    - The net increase is due to a $105,025 increase in reimbursement for warranty work, partially offset by $99,972 decrease in contribution-loss deductibles.

EXPENDITURES:

Activity	FY 10/11 Approved	FY 11/12 Proposed	Dollar Change
Vehicle Service	9,921,000	9,561,229	-359,771
Vehicle Fueling & Parts	29,175,959	34,013,302	4,837,343
Total	39,096,959	43,574,531	4,477,572

1. Lapse:
    - The salary and benefit lapse has been increased to reflect various vacancies and retirements anticipated in FY 2011/12 for two positions that are being red-lined (a Welding Shop Supervisor and a Fleet Superintendent).

2. Salaries:
    - The decrease reflects the impact of eliminating three positions as well as reductions in leave sellback and supervisory differential. These reductions are somewhat offset by a $37,950 increase in overtime.

3. Employer Provided Benefits:
    - The decrease is due to the elimination of three positions as well as a $93,537 reduction in workers' compensation costs. These reductions are partially offset by an increase in health insurance costs of $56,571.

4. Internal Service Charges:
   - The increases are mainly due to higher Information Technology charges ($108,885) and Fleet parts, oil, gas and lube charges ($109,132).

5. Other Operating Expenses:
   - The increase is mainly due to increases in fuel costs ($5.4 million) and outsourcing of repairs ($150,000). Per the Division, outsourced repairs are increasing due to the aging Fleet. These increases are partially offset by across the board operating budget reductions totaling over $600,000. These decreases included reductions in parts ($236,620), tires ($100,000), outsourced accident repairs ($85,000), and other various reductions. These lines are being reduced based on the utilization of aftermarket parts, recapped tires, and year-to-date cost of repairs for accidents.

6. Supervision Allocation:
   - This amount represents the administration cost of the Division which is allocated to each activity within Fleet Management.

7. Indirect Costs:
   - The change is due to revisions in the indirect cost study preformed by MAXIMUS Consulting Services, Inc.

8. Banking Fund Debt Repayment:
   - The increase is due to an increase in the interest and principal payback for Banking Fund borrowing.

SERVICE LEVEL CHANGES:
The elimination of three positions and the red lining of two positions should have minimal impact on service level per the Division

EMPLOYEE CAP CHANGES:
Three positions were eliminated as part of the budget process.

RECOMMENDATION:
We recommend that the budgeted dollar for fuel be reduced by $396,301 to align the maximum contractual amount for total gallons for the independent garbage haulers. This will result in a corresponding reduction in budgeted revenue. There is no impact to the Special Council Contingency.

COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2011/12 BUDGET
CENTRAL OPERATIONS
FLEET MANAGEMENT - VEHICLE REPLACEMENT (512)

PROPOSED BUDGET BOOK- Page # 24-26

BACKGROUND:
This is an internal service fund that accounts for the replacement of City owned vehicles.

REVENUES:
1. Miscellaneous Revenue:
    - The $547,443 represents $450,000 in anticipated revenue from the sale of surplus vehicles and $97,443 in estimated investment earnings.

2. Transfers from Fund Balance:
    - This represents an accumulation of excess revenue over expenditures from prior years and will be transferred out to the Direct Replacement fund (513) to fund the FY 2011/12 vehicle replacements without borrowing funds, as required by Section 106.216 (h) of the Municipal Code.

3. Charges for Services:
    - The decrease is the result of lower charges billed to other departments and agencies for vehicle replacements due to vehicles purchased in the past being paid off and the life of vehicles in the Fleet being extended.

4. Other Sources:
    - The removal of this line item is due to the elimination of Banking Fund borrowing for vehicle replacements.

EXPENDITURES:
1. Cash Carryover:
    - This is the estimated residual income over expenses for the FY 2011/12 proposed vehicle replacements. This amount will be used in FY 2012/13 to help fund pay-go vehicle replacements.

2. Salaries:
    - The decrease is mainly due to reductions in overtime and supervisory differential.

3. Employer Provided Benefits:
    - The increase is mainly due to an increase in health insurance costs of $1,792 which is partially offset by a slight reduction of $1,197 in workers compensation costs.

4. Internal Service Charges:
   - This charge represents an allocation for vehicle rental related to four hybrid vehicles being purchased in FY 2011/12 with partial grant funding. These vehicles will be used as test cases in various Departments.

5. Other Operating Expenses:
   - The decrease is primarily due to a reduction in professional services of $5,000.

6. Capital Outlay:
   - The removal is due to the elimination of Banking Fund borrowing for vehicle replacements.

7. Supervision Allocation:
   - This amount represents the administration cost of the Division which is allocated to each activity within Fleet Management.

8. Banking Fund Debt Repayment:
   - The decrease is mainly due to a reduction in interest and principal payback for banking fund borrowing due to there being no new borrowing FY 2011/12.

9. Transfers to Other Funds:
   - The increase in the transfer to the Direct Vehicle Replacement fund (513) is being driven by the elimination of Banking Fund borrowing for vehicle replacements.

SERVICE LEVEL CHANGES:
There were no significant service level changes to the budget.

EMPLOYEE CAP CHANGES:
There are no changes to the employee cap.

CAPTIAL OUTLAY CARRYFORWARDS:
Per Schedule AF, Fleet is requesting a capital carryforward of $452,000 for the replacement of vehicles.

RECOMMENDATION:
None.

COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2011/12 BUDGET
CENTRAL OPERATIONS
FLEET MANAGEMENT - DIRECT REPLACEMENT (513)

PROPOSED BUDGET BOOK- Page # 27-28

BACKGROUND:
This internal service fund represents the spending by Fleet Management on direct vehicle replacements (pay-go), rather than through Banking Fund borrowing. In FY 2011/12 all vehicles slated to be replaced will be funded with pay-go funding.

REVENUES:
1. Miscellaneous Revenue:
   - Interest earnings are expected to increase due to a better cash position in the fund.

2. Transfers From Other Funds:
   - The increase is due to the removal of Banking Fund borrowing for vehicle replacements. In FY 2011/12 all vehicles slated to be replaced will be purchased with pay-go funding, in accordance with Section 106 of the Municipal Code. The total includes a transfer of $7,315,693 from the Vehicle Replacement fund (512) and $65,000 grant funding for hybrid vehicles. The transfer from the Vehicle Replacement fund (512) includes $2.5 million of which is a transfer form fund balance.

EXPENDITURES:
1. Capital Outlay:
   - This is the total capital requirement for the FY 2011/12 vehicle replacement purchases.

SERVICE LEVEL CHANGES:
There are no significant changes in service level.

EMPLOYEE CAP CHANGES:
There are no positions in this subfund.

CAPTIAL OUTLAY CARRYFORWARDS:
Per Schedule AF, Fleet is requesting a capital carryforward of $881,834 for the replacement of vehicles.

RECOMMENDATION:
The Mayor's Office has requested that the new SUV for the Mayor's Office be removed from the Vehicle Replacement List. This will reduce the transfer from fund balance in the Vehicle Replacement fund (512) and the corresponding transfer to this fund by $32,500. The savings to the General Fund will be the amount of the payback from the Mayor's Department. This will require a change to Schedule B4c in the Budget Ordinance and result in a positive impact to the Special Council Contingency of $5,341.

COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2011/12 BUDGET
CENTRAL OPERATIONS
COPY CENTER (S/F 521)

PROPOSED BUDGET BOOK - Page #29

BACKGROUND:
This internal service fund accumulates and allocates the cost of the City's centralized mailroom and centralized copy center/print shop. This internal service fund recovers its costs via charges to its users/customers.

REVENUES:
1. Charges for Services:
   - The decrease of $141,407 reflects lower charges billed to other departments and agencies due to reductions in overall expenditures.

EXPENDITURES:
1. Salaries:
   - The net increase of $4,328 is due primarily to an increase in salaries of $2,907 from realizing a 2% reduction in Personnel Services Funding rather than the 3% reduction anticipated when the FY 2010/11 Budget was adopted as well as an increase in leave sellback of $2,021.

2. Employer Provided Benefits:
   - The net decrease of $1,673 is due mainly to reductions in health insurance and life insurance costs.

3. Internal Service Charges:
   - The net decrease of $2,189 is due to a reduction in ITD internal service charges caused by changes in cost allocation by ITD.

4. Other Operating Expenses:
   - The net decrease of $141,673 is mainly due to a $96,988 decrease in postage supplies, a $20,402 reduction in building rental charges (due to changes in allocation calculations) and a $19,852 decrease in installment purchases.

5. Indirect Cost:
   - This represents a budgeted indirect cost allocated to departments using the study preformed by MAXIMUS Consulting Services, Inc.

SERVICE LEVEL CHANGES:
There are no significant changes in service level.

EMPLOYEE CAP CHANGES:
There are no changes to the employee cap.

CONCERN:
This subfund has been insolvent – it has had a negative cash balance for several years. At the end of FY 2007/08 and FY 2008/09, adjusting entries to address cash shortages were made to make the cash balance positive and were subsequently reversed in the beginning of the following years. At the end of FY 2009/10, various subfunds were billed extra for the services provided during the year in order to match Copy Center's revenues with the actual expenditures. We estimate the fund balance to be negative again (between -$250,000 and -$475,000) at the end of the current fiscal year.

The Administration needs to closely examine the operations in this subfund and find a permanent solution to prevent this subfund from being insolvent. There should be an emphasis on cost reduction and increased production volume. Finally, the Administration should consider privatizing this internal service.

RECOMMENDATIONS:
None