

REPORT TO THE CITY COUNCIL AND SUCCESSOR AGENCY



DATE: December 3, 2013

TITLE: Recommendations from Staff to Reduce Expenditures and Increase Cost Recovery.

PREPARED BY: Amy Aguer, Director of Finance & Administration

RECOMMENDATION

Review and provide direction to Staff.

DISCUSSION

Staff will continue to refine the projected FY 13/14 revenues and expenditures. Staff will bring updates, every two weeks, to City Council. We will also prepare a spreadsheet that will allow City Council to see the effects of any decisions, on cash flow, that are made regarding the budget. Staff plans to bring five-year cash flow projections to the next City Council meeting on December 17, 2013. The City Council is not limited to the recommendations in this memorandum, as all the recommendations from the City Finance Committee and the Urban Futures Report have been brought to you previously and at this City Council meeting for discussion and possible action. These are the recommendations that have been vetted by staff to this point; staff continues to determine how to implement the recommendations in the two reports, as well as search for other areas of savings and revenue enhancement that do not require increased taxes. The Interim City Manager believes that expenditure reductions, structural organization, and maximizing current revenue options should be fully exhausted before consideration of revenue alternatives.

Freeze All City Staff Cash Payouts:

The City paid \$477,055 in FY 2012/13 for Annual Leave Buyouts. The City has paid \$226,379 for Annual Leave Buyouts in FY 2013/14, as of October 31, 2013. Freezing cash payouts for Annual Leave will require a "Meet and Confer" with the Teamsters' Union, the only employee group with an active MOU. Allow cash outs in emergency situations; to be approved by the City Manager. This is a crucial recommendation; it is very important that the City conserve cash.

Recommendation: Direct staff to "Meet and Confer" with employee labor groups in order to immediately freeze cash payouts for Annual Leave; estimated savings for the remainder of FY 2013/14 of approximately \$250,000 - \$300,000.

Utility Costs:

The City incurs significant costs to water the grass/lawns in the City Parks. Turning off, or minimizing the water usage, in the City Parks will save the City up to \$179,812 per year. Staff will reduce the water to allow the grass to go dormant, but keep it alive. The grass will turn brown, but it can still be played on by various users of the parks.

Recommendation: Direct staff to minimize the watering, of the grass/lawns, at City parks in order to save up to \$179,812 per year. Staff recommends keeping the water on at Veteran's Park out of respect for our Veterans.

Close the Wardman Park Pool:

This pool is still full of water and incurring costs for chemicals, utilities, water, gas, etc. This is a major liability for the City. Staff recommends draining the pool and filling it with cement or dirt.

Recommendation: Direct staff to close the Wardman Park Pool, if the Health & Wellness Center pool will be open for use during the summer of 2014; estimated savings of \$89,000 per year; one-time costs to decommission the pool.

Decommission the Camera System:

This will save \$75,000 per year, if decommissioned; recent actual usage has been limited.

Recommendation: Direct staff to decommission the Camera System.

Economic Development:

The City's Economic Development consultant resigned; his last day is December 6, 2013. The City Manager recommends bringing the Economic Development function under the City Manager's office. The City Manager would be the lead on Economic Development; the Management Analyst would be the Economic Development coordinator. This would increase the responsibilities of the Management Analyst working in the City Manager's office. Therefore, the City Manager is recommending a title change for this position to "Assistant to the City Manager" at no additional compensation. This position already serves as the City Manager's designee on a number of organizational issues. This is viewed as an 18-month solution, at the conclusion of that period, when it can be afforded, we would look to retain economic development professional services on an as needed basis; however, the coordination and lead should continue to come from the City Manager's Office.

Recommendation: Direct staff to change the title of the Management Analyst position in the City Manager's office, to the new title of "Assistant to the City Manager" with a corresponding adjustment of duties. The salary range for this new position will be the same as the Management Analyst. This will generate Economic Development savings of approximately \$70,000 for the remainder of FY 13/14, and savings of \$120,000 in FY 14/15; direct staff to update the Authorized Positions List to include the new job classification of "Assistant to the City Manager."

Eliminate Crossing Guards:

The City is currently subsidizing the cost of the crossing guards. Ask the Palm Springs Unified School District "PSUSD" to pay for crossing guards for their schools. Complete elimination of the crossing guards would decrease community safety, especially for the children. In most communities, crossing guards are a cost of the school district.

Recommendation: Direct staff to work closely with PSUSD staff to transition the Crossing Guard function to a School District-staffed position; estimated savings of \$58,600 per year.

City Council Stipends & Benefits:

Eliminate, or reduce, City Council stipends and benefits. Council stipends, and benefits, excluding the City Council Auto Allowance, cost the City approximately \$53,500 per year.

Recommendation: Reduce the City Council's stipends and benefits; savings would depend upon the direction provided by Council.

City Council Auto Allowance:

Eliminate, or reduce, City Council Auto Allowances. Council Auto Allowances cost the City \$36,000 per year.

Recommendation: Reduce the City Council's Auto Allowance. Savings would depend upon the direction provided by Council.

Fire Stations 36 & 37:

Remove grass and install xeriscape (desert landscaping) at both fire stations; reduce contract landscaping services and have fire department staff take care of their own landscaping; station 36 might be available to provide assistance to station 37.

Recommendation: Direct staff to work with Fire crews to transition to self-maintained fire station landscaping estimated savings of \$11,000 per fiscal year.

Public Works Field Crews:

Public Works Field Crews can be directed to clean up Successor Agency-owned vacant properties. This will improve the aesthetics of the City, as well as property values. This may also increase the marketability of the Successor Agency properties that the Successor Agency is hoping to sell. The time for the Field Crews is eligible to be reimbursed from the Successor Agency

Recommendation: Direct staff to clean up Successor Agency-owned vacant properties. Cost recovery will depend upon extent of clean up needed.

Reimbursable Costs:

The City's Engineering Department and Finance Department have been working together to implement a system to more effectively track, and bill, reimbursable costs.

Recommendation: Direct staff to expand this program with all City departments to track, and bill, reimbursable costs, including staff salaries and benefits, as well as consultant costs. Cost recovery will depend upon timing and effectiveness of implementation.

Janitorial Service:

Cut the janitorial service down to twice a week, for all facilities: City Hall, the Police Department, the Senior Center and the Carl May Community Center. The jail is required to be cleaned daily.

Recommendation: Direct staff to renegotiate the terms of the janitorial contract to reduce services, and costs, to the City. Savings would depend on the outcome of negotiations.

City Events:

Cut all City events that involve costs, and overtime, for Public Works staff, barricade rental, etc.

Recommendation: Provide direction regarding the staffing and equipment rental for City Events. Savings would depend upon Council direction.

City Hall / Public Works Field Crew / Non-Sworn PD Staff

Close City Hall the week of Christmas; require employees to use their accrued leave for December 23rd and December 26th. This would reduce the City's liability for future cash payouts, improve air quality (employees not driving to/from work), and reduce utility costs for that week.

Recommendation: Direct staff to close City Hall the week of Christmas, from December 23rd to December 26th.

Health & Wellness Center:

Staff recommendations are included in a separate staff report for tonight's meeting.

User Fee Study:

Staff recommendations are included in a separate staff report for tonight's meeting.

Previous Recommendations that City Staff is working to implement:

1. Meet and Confer with the City's represented and non-represented labor groups. This will be discussed in tonight's closed session.
2. Negotiate with all vendors to reduce their contract, or hourly, rates.

FISCAL IMPACT

The fiscal impact of these recommendations will depend upon the direction given by City Council.