



**CITY OF COSTA MESA
DEPARTMENT OF FINANCE
INTEROFFICE MEMORANDUM**

TO: CITY COUNCIL MEMBERS

THROUGH: ALLAN ROEDER, CITY MANAGER

FROM: BOBBY YOUNG, BUDGET AND RESEARCH OFFICER

COPY TO: DEPARTMENT DIRECTORS

DATE: JUNE 22, 2010

SUBJECT: *RESPONSES TO MAYOR PRO TEM LEECE COMMENTS*

In a letter titled 2010-2011 Budget Considerations, Mayor Pro Tem Wendy Leece requested information on 5 ideas for cuts. The following is a list of those ideas for cuts as well as detailed analysis from applicable department personnel.

1. Overtime Total - \$4,911,768.
2. Capital Improvement Projects (CIP) Total - \$852,000
3. Janitorial Total - \$74,000 (see #11 page 4 June 15 Response to CMCEA).
4. Management Total \$236,574 (see #6 & #7 page 3 June 15 Response to CMCEA).
5. Employee Salary and Benefit Reduction – Balance needed to meet \$16.4 million deficit.
6. Other Reductions maximum or partial Total - \$6,475,274.
7. What is the total savings for ABLE?
8. 50% Planning Commissioner stipend: \$12,000.

1. **Overtime Total - \$4,911,768 (page 40 in the Preliminary Budget document).**
The Overtime amount of \$4,911,768 is for all funding sources including the General Fund. It also includes all projected reimbursed (OC Fair) and non-reimbursed (shift coverage) overtime costs. It is proposed in the Recommended Reductions to reduce budgeted overtime in the Fire Department to \$2.1 million.
2. **CIP Projects Total \$852,000.**
As stated in the letter, these projects include:
 - Smallwood Park - \$82,000 (CDBG funded)
 - Joann Bike Trail - \$520,000 (CDBG funded)
 - Tewinkle Lake Repairs - \$70,000 (Capital Improvement Fund funded)
 - Bicycle Promotion - \$80,000 (OCTA Grant funded)
 - Parkway Reforestation \$100,000 (CDBG funded)
 As noted above 4 of the 5 projects are funded by either the Community Development Block Grant (CDBG) Fund or an OCTA Grant. These two grant funding sources are limited and may not be used as funding for other General Fund activities.

The Tewinkle Lake Repairs project (as described on page 174 of the Preliminary Budget document), is necessary to repair existing leaks in the main filter, circulation lines and cleaning of the bio-filter. These repairs are mostly due to budget constrains and deferred maintenance over the last couple of years.

3. Janitorial Total - \$74,000 (see #11 page 4 June 15 Response to CMCEA).

Staff estimates the janitorial costs could be reduced by an additional 30% or \$74,000 by further reducing the number of days of service and the quantity of cleaning. The City Hall building is currently maintained 5 nights per week, however both the Police and Telecommunications buildings are maintained 7 nights per week. Staff has also began analyzing the option of hiring part time employees in place of the maintenance contract altogether and could bring present that option at a later time should Council desire.

4. Management Total \$236,574 (see #6 & #7 page 3 June 15 Response to CMCEA).

The current contribution amount by the City to the 401(a) program is .5% (1/2 percent) of salary and the annual budget impact is \$18,574 for all management employees. The reduction or elimination of the benefit should be discussed with the Management group, as it effects total employee compensation.

The budgetary impact calculated by Finance of temporarily reducing the medical bucket of City Council and all Management personnel is approximately \$218,000 (reducing each individual amount to \$9,588 annually). The reduction of this benefit should be discussed with City Council and the Management group, as it effects total employee compensation.

5. Employee Salary and Benefit Reduction – Balance needed to meet \$16.4 million deficit.

Currently, represented groups have been requested to provide \$6.5 million in budgetary savings.

6. Other Reductions maximum or partial Total - \$6,475,274.

As stated in the letter, these include:

A. Agriculture - \$84,000

This budget is for: Growth-Regulatory Chemicals, Soil additives, herbicides for right-of-way weed control, nursery stock, and grass seed for ground maintenance.

B. Automotive Equipment - \$125,000

This budget is in the Equipment Replacement Fund and is for: outside labor required to repair collision damage, outside labor required for paint and body work, transmission overhauls, wheel alignment and glass repair.

C. Office Equipment - \$786,257

The majority of this budget (\$749,507) is in the IT Division and is for: all computer program licenses and maintenance contracts. These include but are not limited to: Motorola (CAD, MDC and Records Management), Oracle/Peoplesoft (Financials and HR software), Hewlett-Packard (network mainframe), ACT (GIS software), Accela (Permit System).

D. Other Equipment - \$883,143

This budget includes but not limited to: 800 MHz cost allocation and radio repairs, traffic signal monthly maintenance, extraordinary maintenance of traffic signals-controllers-cabinets, HVAC service contract, elevator maintenance, and playground equipment repairs.

E. Consulting - \$1,470,659

This amount represents the budget in all funding sources and includes but is not limited to: City Attorney services/contract, fees for OC Registrar of Voters (for November election), CDBG Coordinator services/contract, Worker's Compensation Administration

services/contract, HazMat Consultant services/contract, and School Crossing Guards services/contract.

F. Law Enforcement - \$961,867

This budget includes but not limited to: remaining 50% funding for ABLE contract, Parking Citation Administration contract, and Live Scan service contract.

G. Recreation - \$490,120

This budget includes but not limited to: Instructor payments for contract classes, official and umpire fees, and entrance fee for excursions.

H. External Rent - \$621,600

This amount represents the budget in all funding sources and includes but is not limited to: Balearic Center lease (will be eliminated), Joint Use Agreement with NMUSD, Western Transit Senior Mobility contract, vehicle rental by Police Department and undercover personnel, and bus and van rental for excursions.

I. Buildings & Personal Property - \$337,130

This budget is for the City's Property Insurance Premium.

J. Automotive Equipment - \$193,000

This budget is in the Equipment Replacement Fund and is to replace necessary fleet vehicles. A listing of vehicles can be found on page 53 of the Preliminary Budget document.

K. Other Equipment - \$522,497

This budget includes: replacement of the City's Telephone System, replacement of one computer server, replacement of the City's Cardiac Monitoring Defibrillators, replacement of a tire changer machine at the Corporation Yard and replacement of 6 handheld radios.

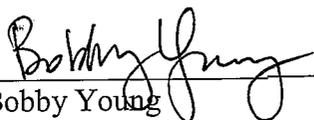
7. What is the total savings for ABLE?

In the preliminary budget (already counted as savings), the ABLE contract amount was reduced by 50% or \$490,255. Additional savings from grounding the ABLE program is the remaining contract amount, \$490,255 in FY 10-11. The ABLE program also generates estimated revenue of \$300,000 (from its' contract with Santa Ana) which would be eliminated if the program were grounded. Therefore, the net savings is \$190,255 by grounding the program. This includes the assumption that sworn employees currently assigned to the ABLE program would be re-assigned to another division in the Police Department and therefore no salary savings would be created. Should this assumption change, then the calculated savings would change.

8. 50% Planning Commissioner stipend: \$12,000.

The current stipend for the Planning Commission is budgeted at \$24,000. A 50% reduction in that amount would be \$12,000.

Staff is available to answer questions regarding any information presented herein.


Bobby Young
Budget and Research Officer