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CITY COUNCIL AGENDA ITEM

ACTION REQUESTED:

Receive the report on organizational impacts from the 2019 budget as part of the preliminary 2020 budget discussions

DEPARTMENT: Finance Department

SUBMITTED BY: Rachel Mayer, Finance Director

BOARD/COMMISSION REVIEW:

N/A

BACKGROUND:

As the City approaches a new decade, it finds itself uniquely positioned financially due to the proactive fiscal management of the City Council over the past five years. These efforts included creation of the City's four ends policies, performance management goals and financial principles. With these as guiding principles, the City experienced pension stabilization, debt reduction, rebuilding of cash reserves, and property tax reductions.

The budget is a quantitative reflection of the City's goals and associated progress; the City budgets for resources to meet its mission statement, financial principles and ends policies of public safety, high performing government, economic development, and financial stability. Part of the City's commitment to ongoing financial analysis is evaluation of programs, initiatives and service delivery related to the budget; through this evaluation, future financial requests can be better tailored to meet both the short- and long-term needs of the community.

When the city evaluates the services provided to our constituents, staff looks at three major components: continuity of existing service levels across all City departments, addressing service

level concerns through implementing solutions for those areas, and providing resources to achieve City goals. Examples of this include improving customer service, improving operations, enhancing technology, improving communication and transparency, investing in infrastructure, and coordinating citywide strategic planning. Building off of these evaluations, the 2019 budget included numerous recommendations to support the City's ends policies.

As part of the 2019 budget, there was a net increase of \$9.8 million in financial resources to support the City's ends policies. Changes included \$1.9 million for public safety, \$7.5 million for high performing government, \$2.4 million for economic development, and a \$2 million decrease related to financial stability.

In advance of the formal 2020 budget discussions, staff is providing an overview on the status of 2019 budget items and how requests have positioned the organization for 2020.

DISCUSSION:

As part of the 2019 budget cycle, staff requested nine new positions, along with increased funding to continue achieving items related to the public safety, high performing government and economic development ends policies. In looking at the organizational impact the 2019 budget has had throughout the first six months of the year, along with the status of ongoing technology implementations and changes to projects or programs, the City finds itself more strategically positioned to make tailored requests in the 2020 budget cycle.

The impacts from 2019 budget requests can be largely categorized in the following areas: personnel, project/program adjustments and project/program enhancements.

Personnel

The addition of nine personnel positions in six departments yielded numerous quantitative and qualitative results, including reduced call times and greater focus on long-term impacts and rollouts of ongoing technology initiatives. Examples include:

- **Deputy Director of Administrative Services (Police)** - The position was hired in April 2019 and allowed the department to return to three divisions: patrol, investigations and administrative services. With the extensive number of retirements and hiring of new recruits, this realignment allowed sworn leadership to focus on training, mentoring and leading the new officers. The new position leads software additions and upgrades and system installations, including large-scale projects such as the Next Generation 911 installation and upgrade of the Harris Open Sky radio system.
- **Account Representative and Customer Care Specialists (Finance)** - Finance identified a growing struggle with increased call volumes in 2018 and requested additional staff to help improve customer service. Three positions were approved, including one full-time account representative and two part-time customer care specialists. The additional staff helped reduce average queue times from nearly 12 minutes in September 2018 to just under six minutes at the end of July 2019. In the same span, the billing division increased their call coverage from 66% to 81%. Shifts in operations, specifically improvements in the eBill program, also reduced calls related to eBill password resets by 52%.
- **Project Solution Manager and Upgraded Radio Technician (IT)** - These positions provided critical project management and IT participation in major projects, including the Harris Radio console and core upgrade project. The Project Solution Manager authored the RFP for Next

Generation 911, which is mandated to be completed by July 2020.

- **Business Systems Analyst (IT)** - The additional business system analyst was filled in April and already provided a readiness assessment for implementation of a 311 system. The position is also working on Enterprise Application Architecture, a critical plan to provide the organization with a better understanding of the IT landscape within the City.
- **Upgraded GIS technician (DPW)** - The upgrade of the part-time GIS technician to a full-time GIS technician allowed for additional support of the Cityworks service request system and GIS programs such as tracking sign maintenance and special event work zones.

Not all positions authorized in the 2019 budget have been filled. Staff has experienced challenges in the recruitment process, including for the Communications Specialist, GIS Specialist for Public Works and the Water and Wastewater Utilities and Network Security Engineer positions. These challenges have stemmed from candidate qualifications, City compensation packages and overall hiring department workload.

Project/Program Adjustments

Budget requests in 2019 impacted services, which have both short- and long-term impacts on the City and budgets. Staff continually reviews short-term and long-term implications of projects and programs. Based upon this continual review, staff determined some project adjustments were needed. Adjustments can mean increasing funding, deferral of projects, modifications to scope or schedule, or development of alternative options.

Increased funding: During 2019, staff provided alternative service delivery methods for leaf collection. Based upon public input and discussion at the City Council level, it was determined to bolster the existing program with a \$274,000 budget amendment to increase contractor assistance, equipment rental and overtime costs to provide winter operations preparedness combined with maximization of collections in the program timeframe. The 2020 budget will reflect updated expenses for this critical program moving forward.

Deferral: An interdepartmental staff team had been exploring implementation of an administrative hearing process since 2018, including a potential joint process with area municipalities. After evaluation, it was concluded earlier this year that pursuing this process would be cost prohibitive until the State of Illinois broadens the scope of what the City could adjudicate. In the interim, changes to the City's existing mail-in payment option will be evaluated with the goal of increasing revenues and customer convenience.

Modifications to schedule: Implementation of the Enterprise Resource Planning system continues with successful launch of the Financials module in January 2018 and implementation of HR/Payroll in July 2019. The newest module will facilitate online open enrollment for healthcare benefits this fall. The Utility Billing module is kicking off with a multiyear implementation coordinated with Water AML.

The schedule for Energov (code enforcement; licensing and registration; and planning, permitting, and inspection modules) and Cityworks projects is currently being evaluated and revised to reflect available resources (initial and ongoing), interdependencies with other systems, citywide priorities, and vendor readiness.

Project/Program Enhancements

Dollars allocated in the 2019 budget will also have long-term impacts. Some examples include:

- **Increase in MIP Funding Level (TED)** - An annual \$500,000 increase was programmed into

the MIP over four years; \$11 million was allocated in 2019. In addition to working on more streets, additional funding allowed the City to try innovative new products in the market, including \$45,000 for a citywide pavement assessment using artificial intelligence. In addition, the City is piloting a new pavement preservation material on cul-de-sacs in the Ashbury neighborhood.

- **Comprehensive Plan (TED)** - Work on an update to the City's Comprehensive Plan is expected to go before the Planning and Zoning Commission by the end of the year, with further public review in early 2020. The update will ultimately provide the City with a plan reflecting current and future trends in land use and will reduce wasted staff time in trying to fit land development into outdated uses.
- **Meter Replacement Program (Water)** - Budget dollars were expanded to increase the annual water meter replacement program. Staff anticipates approximately 6,000 meter replacements by the end of 2019, which is nearly twice the annual average of replacements from the past three years. Replacement of aging meters is a fundamental tool in combatting non-revenue water.
- **Electric Infrastructure Investment** - Over the last several years the Electric Utility has worked to improve its overall cash position. The conservative spending approach caused a backlog of maintenance work on the Utility's mainline feeders and a slowdown of cable replacement work within subdivisions. The incremental \$2 million investment approved in 2019 allows the utility to catch up on the back log while continuing to complete planned, and reactive, work on the system to mitigate future risk of significant outages to customers.

Impacts on 2020 Budget

As indicated above, new personnel and project/program adjustments and enhancements have provided greater insight into implementing ongoing projects. Ultimately, the question is how this information impacts the City and future budgets.

Many of the budgetary additions granted in 2019 resulted in the City refocusing efforts on ongoing projects, highlighting areas to improve or adjust and evaluating resource allocation and long-term impacts. Thanks to the proactive efforts of Council since 2015, the City is well-positioned to develop an even greater long-term mindset through its budgetary practices. At the October 1 Council meeting, staff will explore refocusing, from a budgetary standpoint, more in-depth, including how the 2020 budget will position the City for the future through past efforts, resetting priorities and future needs, which include proposed large-scale community engagement efforts.

SUMMARY

Staff sees 2020 as a year focused on planning and moving towards large-scale project launches in future years with the benefit of enhanced research and data provided, in part, by resources provided through the 2019 budget allocations. Prior to the 2020 budget workshops, staff will provide further information on ongoing initiatives and how these will impact the budget.