

Memorandum
City of Lawrence
Administrative Services Department

To: David L. Corliss, City Manager

From: Frank S. Reeb, Director

cc: Cynthia Boecker, Assistant City Manager
Casey Toomay, Budget Manager
Jonathan Douglass, Assistant to the City Manager
Lori Carnahan, Human Resources Manager

Date: April 17, 2009

Re: 2010 Budget Transmittal Memo

Introduction

This memo provides a brief budget overview for the three divisions of the Administrative Services Department (City Clerk, Personnel, and Risk Management). As described in more detail below, we've submitted two proposed budget levels consistent with the March 10, 2009 City Manager's Office Memo (2009 budget levels and 5% decrease in total expenditures).

City Clerk (001-1050-542)

The City Clerk's Office should be able to maintain the present level of service delivery with both the flat (\$51,387) and 5% decrease (\$48,387) budgets, less personal services. In order to meet the 5% reduction budget, decreases were made to the Legal Advertising line item. While total Legal Advertising has exceeded budgeted amounts some years in the past, that has not occurred in the last three years due to staff's ability to more effectively manage the costs (e.g., revising the format to reduce the size of the publication) and using other funds to pay the costs when appropriate (e.g., benefit district funds to pay for publication of related ordinances and resolutions). Staff is confident through continued efforts similar results can occur in 2010.

In terms of a Program Improvement I suggest the City consider a Document Management System to include work flow in the City Clerk's Office and other City offices which would increase City Clerk staff efficiency through more efficiently retrieving electronically stored documents and eventually providing greater access to other staff and citizens if documents were available on the City's website.

Human Resources (001-1053-543)

The Human Resources Division is requesting a budget less “personal services” of \$133,522 which represents at 0.14% reduction from 2009. The division is also requesting to maintain the 2009 level of \$6140 for overtime liability and \$7500 for part time temp salaries (COBRA outsourcing) in personal services. A reduction budget of -5.2% (\$126,763) is also submitted.

In order to meet budget requirements, a number of programs or services have been reduced or eliminated including human resources staff development, wellness programs, city staff training (including diversity training), professional consultation and recruitment advertising. For the third year Human Resources staff development activities have been limited to those offered with the local SHRM chapter and the state SHRM conference. Technology training and more comprehensive specialized training has not been included in the budget for several years. This multiple year lack of attention to education compromises the ability of professional staff to maintain the level of expertise the organization depends upon. Wellness program components of flu shots, health risk appraisals and screening programs have been eliminated for the 2nd year from the division’s budget and are now included in the healthcare fund budget. For the second consecutive year no funds have been budgeted for general or supervisory training (including updating diversity training materials), human resources consultants (other than the Benefits Consultant which is budgeted in the healthcare plan) and outsourced comprehensive screening tests for administrative support and similar positions (Excel and MS Word testing during the selection process). Recruitment advertising is being reduced despite a projected 5% increase in costs. As a result other department budgets would be expected to pay for any increases (as has been done in 2008 and 2009).

Significant issues for Human Resources staff in 2010 include compensation and merit program initiatives including ongoing supervisor training and market surveys, healthcare program revenues and expenses, benefit program review and updates, several new federal and state labor law changes including FMLA, ADA and COBRA and background check program revisions. The submitted budget does not include any funds for consulting services or software for performance appraisals and related employee or supervisor training.

Risk Management (001-1054-544)

The Risk Management Division should be able to maintain the present level of service delivery with both the flat (\$396,370) and 5% decrease (\$378,570) budgets. In order to meet the 5% decrease budget, reductions were made to projected premium levels for Property, Fire/Medical Emergency Vehicle, and Law Enforcement Liability lines of insurance coverage. While we expect to see flat to minimal increases in these lines of coverage, and requested budget amounts should be sufficient, in the event of unanticipated rate increases, we may need to use reserve funds to make up the difference.

As for significant issues, we continue to see the impact of an aging workforce on our workers’ compensation program. We continue to see an increase in knee and shoulder injuries that are complicated by degenerative conditions, such as arthritis, narrowing joint space, and cartilage degeneration. Many of these injuries have required surgical intervention,

prolonged recovery periods, and in some cases inability of the worker to return to work at all; all factors that significantly increase both direct and in-direct claim costs.

In addition, risk management staff continues to find ways to use technology to become more efficient. We are looking into the costs and advantages of electronically filing workers compensation reports with the Kansas Department of Labor/Division of Workers Compensation. Such electronic filing would allow the City to participate in the Division of Workers Compensation Electronic Data Interface project (EDI). Staff is required by state regulation to file a first report of injury within 28 days of being notified of the injury. Currently, the forms are computer generated, printed and mailed or in some cases sent via facsimile machine. The advantages of filing these reports electronically include eliminating data entry errors; reducing paper filing and storage costs; and improved loss information analysis.

Administrative Services staff looks forward to the opportunity to answer your questions and further discussing our requested budgets and significant issues during the upcoming 2010 budget meetings.