

**Overview and Initial Issues Identification
DEPARTMENT OF FINANCE AND ADMINISTRATIVE SERVICES (FAS)**

Staff: Tony Kilduff & Lish Whitson
Date Prepared: October 14, 2013

Expenditures/Revenues

	2014 Endorsed Budget	2014 Proposed Budget	% Change Endorsed to Proposed
Expenditures by BCL			
Budget and Central Services	\$4,516,938	\$4,605,557	2.0%
Business Technology	\$12,865,644	\$13,730,086	6.7%
Purchasing & Contracting Services	\$3,877,135	\$4,617,936	19.1%
Facility Services	\$65,267,359	\$66,587,076	2.0%
Financial Services	\$14,205,211	\$13,975,456	-1.6%
Fleet Services	\$47,667,135	\$48,400,831	1.5%
Judgment and Claims	\$222,685	\$222,685	0.0%
Office of Constituent Services	\$2,853,184	\$3,129,118	9.7%
Rev & Consumer Protection	\$3,457,272	\$3,670,350	6.2%
Seattle Animal Shelter	\$3,343,961	\$3,407,190	1.9%
Technical Services	\$3,160,032	\$3,428,372	8.5%
Total Expenditures	\$161,436,556	\$165,774,657	2.7%
Total FTEs	528.75	579.75	9.6%
Revenues			
Services to General Subfund Departments	\$22,803,276	\$24,150,914	5.9%
Miscellaneous Revenues	\$9,351,208	\$9,853,208	5.4%
Services to Other City Departments	\$125,228,223	\$129,192,621	3.2%
Total Revenues	\$157,382,707	\$163,196,743	3.7%

Introduction:

The Department of Finance and Administrative Services (FAS) provides a variety of services to other City departments. Examples are management of the City's fleet of vehicles and the provision of central financial accounting through Summit. It also collects taxes and other revenues from the public on behalf of the City, oversees and enforces certain regulations—on taxis, for example—and manages the City's animal welfare programs, including pet licensing, the Seattle Animal Shelter, and the Spay and Neuter Clinic.

Perhaps the most striking aspect of the table above is the addition of 51 FTEs. Two items account for 70% of the increase:

- Restoration of the Fleets Warehouse (11 FTEs). The 2014 Endorsed Budget assumed the Fleets warehouse would be closed and the function outsourced.

However, following a lawsuit by some affected employees, a court directed the City to reinstate the function and positions; and

- Financial Management System Upgrade (24 FTEs). The 24 new positions will support the upgrade of the financial management system (FinMAP) and will sunset at the end of 2016. We describe this project in greater detail later in the section titled Other Changes that Do Not Warrant Analysis as “Issues”.

Major Changes from the 2014 Endorsed Budget

Program	Cost	FTE
Expand Green Fleet	\$765,834	2.0
Wage Compliance Enforcement	\$286,115	0.0
Develop Construction Careers	\$463,643	2.0
Customer Service	\$461,497	4.5
Consumer Protection Services	\$174,810	1.5
IT Security and Update Systems	\$566,535	1.0
Restore Fleets Warehouse	\$316,000	11.0
Capital Program	\$276,585	1.0
AWV & Seawall Project LID	\$138,792	1.0
Initiative 502 (Marijuana) and Nightlife Code Compliance	\$0	1.0
Animal Shelter Foster Care	\$98,021	1.0
Human Resources Staff	\$107,125	1.0
Financial Management System Upgrade	\$0	24.0
Total	\$3,654,957	51.0

Service Center (CSC) at the Seattle Municipal Tower (SMT) to continue providing service to customers. In the spring of 2013, Key Bank unexpectedly moved out of its space on the main floor of the SMT. Seeing an opportunity to increase the usability of the SMT, FAS used existing staff to create a new, temporary public information and payment desk called the CSC. The CSC is meant to satisfy the demand for a centrally located point of contact for members of the public who transact business in person in the SMT, the City's administrative headquarters. This function has been raised in previous discussions about improving the public's access to the building.

The CSC is staffed by Treasury Cashiers and provides basic City services, such as: information and referral; way-finding; utilities and tax payments; pet licenses; business license and renewals; and employee ORCA cards. The CSC provides a new, more convenient location for customers to conduct routine City business without having to travel to other floors of the building. In its first three months, the CSC has served 2,770 customers, an average of 53 customer transactions a day.

This fall, FAS will work with other City Departments to identify whether there is interest in more formally siting a range of services at the CSC. More detailed plans for this space will be available in 2014.

Comments

In lieu of permanently funding the CSC, the Council may want to consider providing funding for one FTE for 2014 only, and ask FAS to return in 2014 with a permanent plan for the CSC.

Options

1. Do not approve the Mayor's proposed addition of \$462,000 and 4.5 FTE to increase service at the Customer Service Bureau and the Customer Service Center.
2. Cut the two (Treasury) FTEs from the Customer Service Center in the SMT and reduce appropriations by \$213,058.
3. Cut one of the two (Treasury) FTEs from the Customer Service Center in the SMT and reduce appropriations by \$106,529. Since this is a pilot project the remaining position could be sunset by June 30, 2015.

Staff recommendation: Option 3.

Issue #3: Seattle Animal Shelter

The Seattle Animal Shelter (Shelter) fosters safe, healthy, and caring relationships between people and animals in our community. It accomplishes this by:

- caring for homeless and neglected animals through rehabilitation and adoption;
- offering low-cost spay and neuter services;
- educating the public about animal welfare; and
- enforcing public health, safety, and animal welfare laws.

Comments

Over the last five years, the Shelter has sustained the loss of six positions out of 37 (16%) due to budget cuts.

- Animal care staff in the Shelter caring for resident animals (Animal Care Officer I, or ACO I), have been reduced from seven to five. This reduction, coupled with the loss of administrative staff, has had two impacts:
 - Since the resident animal population has remained relatively stable since the cuts, the workload on existing staff has increased. To their credit staff and volunteers have worked to ensure the animals continue to receive the best of care and the Shelter maintains an exemplary save rate of 91% (the percent of animals adopted or redeemed); however, it has stressed resources and is probably not sustainable; and
 - Instead of being open to the public for adoption and redemption seven days a week as before, the Shelter is now only open five days. Owners are unable to visit the Shelter and redeem their lost animals between 6:00 PM on Sunday and noon on Wednesday, leading to stress on the animals and the owners. Adoptions are also curtailed by the closure.
- Enforcement staff in the field (Animal Care Officer II, or ACO II) responding to strayed, injured, or nuisance animals have been reduced from 15 to 12. The loss of staff has resulted in:
 - Reduced patrols public spaces and especially in parks;
 - Slower response to calls from the public requesting assistance; and
 - Reduced revenue from citations.
- Customer service support has been reduced from three staff to two. This has:
 - Contributed to the reduced hours of operation since the pet license booth needs to be staffed when the Shelter is open;

- o Reduced phone support to respond to calls from the public; and
- o Redirected management and ACO staff effort to deal with the large number of public disclosure requests received by the Shelter annually.

(Note: Shelter management re-assigned one ACO II field officer to the Shelter as an ACO I. This has alleviated some (but not all) of the workload issues in the Shelter itself. However, it has aggravated the problems caused by the original Field Officer reductions.)

The Shelter submitted a Budget Issue Paper requesting re-instatement of the cut positions but the request was denied. The Council may wish to reconsider the request in light of the impacts of the cuts.

(Note: The Mayor's Proposed 2014 Budget includes 1.0 FTE in FAS to support the Shelter's animal foster care program. This position, which will oversee and coordinate foster care for approximately 700 animals, will be paid for out of private donations to the Shelter's Help the Animals Fund and has no effect on the GsF.)

Options

- | | | |
|---|-----------|---------|
| 1. Restore all positions cut since 2007 | \$521,000 | 6.0 FTE |
|---|-----------|---------|

Add back two ACO I Shelter officers, three ACO II field officers, and one Admin Spec I. This would restore the Shelter staffing to the 2007 level and allow it to open at least one additional day (based on recent experience, management now feels it may be preferable to close the Shelter one full day per week to allow additional staff time with the resident animals). The increase in Field staff would allow it to restore patrols in parks to their former level and to respond more quickly to calls from the public for assistance with animals. It would also increase citation revenue by \$30,000 per year, reducing the net impact of the restoration on the GsF to \$491,000.

- | | | |
|---------------------------------------|-----------|---------|
| 2. Restore two ACO I Shelter Officers | \$169,498 | 2.0 FTE |
|---------------------------------------|-----------|---------|

Add back two Shelter Officers for a total of eight. This would allow the Shelter to stay open an additional day, reducing wait times for adoptions and redemptions and improving working conditions in the Shelter.

- | | | |
|-------------------------------------|----------|---------|
| 3. Restore One ACO II Field Officer | \$90,491 | 1.0 FTE |
|-------------------------------------|----------|---------|

Add back one Field Officer. The Shelter will be able to backfill for the position it moved into the Shelter this year. This would return it to 12 field officers. Although this is still 20% below the level in 2007, it would at least hold the line.

Potential Issues Under Assessment:

Labor Standards Advisory Group

The City of Seattle has been at the forefront of adopting progressive legislation that protects workers from discrimination, wage theft, and other illegal actions, and improves hiring practices and worker benefits. An expert advisory group could assist the City in gaining greater compliance with such labor standards for both City public works projects and private sector businesses. Such an advisory group would include representatives of business and labor, academic experts, and City staff. Its recommendations would cover a range of issues, including identifying the most pressing gaps in City enforcement work and priorities for enforcement; recommending the most effective enforcement strategies; and ideas for improving the coordination of enforcement efforts by City departments. It is not clear yet how the advisory group should be staffed or when they would report to City Council on their recommendations.

Exploration of a “Block 59” Concept in South Lake Union

The Block 59 concept arose out of discussions during the rezone of South Lake Union. The idea is to deliver a comprehensive set of human services to vulnerable populations from a site, or campus, near a vibrant, job-rich area like South Lake Union. Possible uses and services envisioned include:

- Arts and cultural organizations;
- Housing and human services;
- Social enterprises; and
- Community facilities and non-profit space.

The Council chose not to pursue this concept because it was tied to a specific land use proposal that was ultimately rejected. This left open the policy question of whether such a facility is desirable, and, if it is, whether South Lake Union is an appropriate location.

The Council did, however, authorize \$5,000 in 2013 for a preliminary review by consultant Doris Koo (Enterprise Community Partners Inc.) of the viability of the concept if located not at the eponymous Block 59, but at one (or more) of several properties currently owned by the City. The consultant examined five properties:

1. 800 Aloha Street (8th between Aloha & Roy; City Light and surplus to its needs);
2. 157 Roy Street (City Light);
3. Mercer Mega-block (Teardrop site, SDOT; ear-marked to pay for Mercer West);
4. 330 Fairview Ave N (Streetcar Maintenance Facility; SDOT); and
5. Copiers NW Warehouse (SDOT).

However, because of limits to the scope the consultant’s review of the five sites was based solely on information provided by the City and public records. The consultant’s report recommended further study.

This proposal would set aside additional funding to pursue a deeper assessment of the concept in 2014. Such an assessment would be predicated on Council’s support for the basic concept. Staff are working to develop more details about the scope and costs of this assessment and will be able to provide additional information during Round 1.

Other Changes that Do Not Warrant Analysis as “Issues”:

<u>FinMAP</u>	\$0	FTE 24.00
---------------	-----	-----------

The Financial Management and Accountability Program (FinMAP) began in 2012 with the goal of standardizing the City’s financial system (Summit). This critical work will enable better oversight of the City’s finances. It would standardize fiscal operations across the City and implement project-based accounting. It would significantly improve reporting on fiscal matters, improving access to information for decision-makers across the City, including the City Council, and would simplify regulatory reporting.

In 2014, the project will continue with the upgrade of the Summit system. Costs for 2014 are funded through \$6.1 million of available FAS fund balance and \$7 million of General Obligation Bonds. In order to perform this work, FAS would add up to 24 staff:

- A Strategic Advisor II (Finance, Budget and Accounting) position would be added to the Project Management Team for FinMAP;
- Nine Strategic Advisor I (Finance, Budget and Accounting) positions would be added to the Technical Team; and
- 14 Information Technology Professional A (Exempt) positions would be added to the Functional/Business Analysis Team.

All 24 positions would sunset at the end of 2016.

While it is unusual to see so many positions added at one time, the FinMAP project is a significant and critical investment in the City’s technological sustainability. The current Summit system, which was last updated in 2006, is no longer supported by the vendor and is consequently at some risk of failure. Multiple processes across different departments make financial reporting difficult and time consuming. The proposed positions are necessary to allow FAS to work closely with City departments to begin the process of standardizing the accounting practices and use of the Summit system.

