

Overview

Office of Management & Finance

Administrative Cost Reductions 2000-2004

Administrative Services Review Reductions (FY00/01 & FY01/02):

In 2000: Reduced support services costs citywide by over \$6 million (est. \$2 million GF)

In 2001: Reduced support services costs citywide an additional \$4 million (\$2.2 mill. GF)

Management & Finance accounted for about \$7 million of this \$10 million reduction

Bureau reorganizations since 2001: Human Resources & Information Technology services

Since the Administrative Services Review:

Budget Reductions for FY 2002-03: Over \$700,000

Budget Reductions for FY 2003-04: Over \$824,000

Budget Reductions for FY 2004-05: Over \$1 million

FY 2004-05 Summary:

Budget Target Reductions General Fund Programs: \$274,644

Additional voluntary reductions (non-General Fund): \$578,000

Absorbed cost for new BRASS automated budget system: \$175,000

TOTAL \$1,047,644

Also passed through PERS (\$576,000) & COLA (\$93,000) savings to customers

Rate Reduction Summary

FY 2001: Budget reductions

FY 2002: ASR reductions

FY 2003: Additional 7% reductions

FY 2004: 2.2% rate reductions

5-Year total: (\$8,219,000)

Office of Management & Finance Budget:

- ◆ About 10% of overall City budget
- ◆ About 9% of total City employee base
- ◆ OMF net budget is about 50% of its total
 - 50% is interagencies with ourselves (double-count, Capital for other bureaus and Claims costs)

Total FY 2004-05 Budget: \$164,578,000

OMF FY 04-05 "Net" Budget: \$89,275,000

Further Work: Efficiencies/Improvements

- Focused reviews completed since Administrative Services Review (ASR) in Vehicle Services, Risk Management, Budget Process
- Rate Workshops to work more closely with customers
- For FY 04-05, Management & Finance is researching potential Citywide efficiencies such as:
 - Enterprise Resource Planning (ERP) System; Creation of a New Revenue Bureau; Strategic Sourcing
- Other FY 2004-05 efficiency/service improvement activities:
 - Review Human Resources budget allocation model to determine if it fairly and equitably allocates costs to City bureaus
 - BRASS (Budget Reporting & Analysis Support System) citywide rollout for development of the FY 05-06 Budget
 - New Vehicle Services rate model that allows bureaus to pay for repair and maintenance services on a time and materials basis.
 - Continued phased transfer of IT staff from bureaus to IT approved
 - Server consolidation efficiency package, Security Engineer position, and City Controller position approved

Outstanding Issues:

- Parking Facilities Rate adjustment is necessary to regain financial health, proposal in Fall 2004
- Eventual Replacement of 800 MHz radio system
- Health Fund Reserves in trouble:

Revenue/Expense Gap:
 \$5.2 million in FY 2004
 \$6.2 million in FY 2005
 \$9.7 million in FY 2006

Projection:
 Reserves drawn down during FY 05-06