

To: City Council Members

From: Council Members Anne Clutterbuck
and Stephen C. Costello

Cc: Mayor Annise Parker; Kelly Dowe,
Finance Department

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Core Service Assessment Work Sessions

Background

In response to several council members who expressed an interest in having greater and earlier involvement in the budget process, the Budget and Fiscal Affairs Committee has instituted a series of Core Service Assessment Work Sessions. Facing a projected general fund budget gap of over \$100 million for FY2012, city council must take an in-depth look at the activities, programs and services currently being provided by the City. Because it is city council's responsibility to pass the budget each year, it is imperative that council members be well equipped with the information they need to make sound decisions regarding budget priorities. Which activities, services and programs are considered "core" to the City's mission? Which ones should be reduced or eliminated? Facing the significant budget gap, it is clear the City will be unable to continue to provide each service at its current level. The Core Service Assessment Work Sessions are set up to: 1) provide a forum for department directors to provide complete information on current activities, associated costs, and potential impacts of reductions and cuts; 2) allow council members to comment on and question the information presented; 3) enable council members to evaluate the information, formulate opinions, and make recommendations on which activities they consider "core;" and 4) provide guidance to the Administration for use in formulating the proposed budget.

Summary

Thirteen departments presented financial/budgetary information at a series of work sessions. Each of the department directors presented a service matrix and back up documentation delineating all of their departments' current activities. Departments were also asked to provide a statement listing each activity in terms of the impact that would be felt if it was reduced or eliminated. Since directors have already been making significant cuts to their budgets, most view all of the current activities their departments perform as "core." The following attempts to capture and summarize comments, concerns, questions and suggestions presented by council members at each session.

HOUSTON PARKS AND RECREATION DEPARTMENT – 02/15/2011

Attendance: Johnson, Hoang, Adams, Gonzalez, Costello, Pennington, Bradford, Stardig, Jones, Noriega, Clutterbuck

Discussion of urban park rangers. Need to make better use of them. What exactly are their responsibilities? What is the annual cost of the park rangers? Are there better ways to open/close parks?

Finance consolidation – concern over proposed new reporting structure.

Need Director's expertise in identifying what areas he would cut and what impact/value to City would be.

Need usage statistics for community centers and pools. What are potential impacts of closing any of the community centers/having them run by nonprofits?

Strong support indicated for community centers and the positive impact they have in poorer communities.

Need to look at services in a horizontal/vertical manner. What does each community center offer and what's offered city-wide? Need to look at mapping centers similar to the way HFD maps fire coverage city-wide.

Concern over negative balances at golf courses – need to show carry forward balances.

Need to know how/why each service is core and what the impacts of any cuts would be.

Need to explore privatization of the maintenance of parks, fields and golf courses.

Questions about HPARD's role in maintaining esplanades.

Need information on how many people are served by HPARD activities (by council district).

Discussion of HPARD programs and services – past Councils set the policy to provide programs for free or at subsidized levels.

GENERAL SERVICES DEPARTMENT – 02/17/2011

Attendance: Clutterbuck, Costello, Hoang, Stardig, Gonzalez, Noriega, Bradford, Rodriguez, Adams, Jones, Pennington, Lovell

Concern over how long real estate sales may take to close.

When comparing overall operating costs per square foot (GSD vs. BOMA), are true costs being reflected? Do these costs reflect pensions/health benefits? Need standard methodology when making comparisons. Concern that GSD's costs are not truly represented.

Concern over customer service and best practices related to property management.

Need to look at outsourcing some services. There may be a greater knowledge/skills base and better training outside of City.

Why do some departments do their own maintenance/janitorial/security? GSD has the expertise, so why does HPARD maintain park facilities? Where can GSD provide services (at cheaper cost) to other departments?

Questions about janitorial services and cleaning schedules. How often do facilities need to be cleaned? Why not alternate to every other day?

Discussion of doing background checks – this activity is performed by three departments - HPD/HFD/GSD.

Questions about GSD's investigative work, security services – concern over best use of resources. Has security force been tested? Are there emergency drills?

Questions about GSD's need for design and construction team when City hires outside firms to do this.

Concern over whether improvements to and maintenance of fire stations is adequate.

Need to continually assess the services being provided to make sure GSD is competitive.

Questions about special funds and how they relate to the General Fund.

Questions about large number of executive level employees on org chart. Need for specialized skills and expertise.

Questions about REEP dollars – why are we significantly behind in spending these? Concern over possibility of losing grant funding.

Questions about generators, how are we tracking, who needs them.

Need for strategic portfolio management/preventive maintenance. Deferred maintenance costly - need strategic planning for building maintenance. Large upfront costs associated with assessing each building.

Need to renegotiate all of GSD's contracted out services to make sure City getting best deal.

Need to know impacts of cuts. What can GSD do without? Need input from directors on what they plan to cut and then council members can prioritize. Need guidance in order to make the political decisions. Departments must show what returns are gained for citizens' investment.

Finance consolidation – concern over new reporting structure.

Situation similar to 1980s when everyone had to justify job/existence. Need department's help in making decisions.

Policy decisions come from council – need to look at all activities of each department to prioritize.

ADMINISTRATION AND REGULATORY AFFAIRS DEPARTMENT – 02/22/2011

Attendance: Bradford, Stardig, Gonzalez, Rodriguez, Hoang, Costello, Noriega, Adams, Lovell

Support for flat org chart and the word “customer” in mission statement. Need to also list department goals.

Need timelines for all consolidation efforts.

Concern over pay raises to employees. What is criteria used to determine raises?

Discussion of CMC and City Savvy related activities as being “non-core.”

Interest in learning what services could be delayed or eliminated.

Discussion of top three functions as being: 1) payroll; 2) purchasing; and 3) regulatory affairs.

Questions about new Collections operation – where will it be housed?

Question on number of certified payroll employees.

Concern over BARC (lack of) funding. Discussion of role/goals of 501 (c) 3. Need to incorporate best practices learned from other cities. Interest in public/private/no-profit partnerships

Concern over large number of payroll employees (70).

Discussion of payroll consolidation/automation process. Need timeline.

Questions about online permitting and new permitting center. Go live date June 17 – full service four months later.

Concern over Petdata contract. Discussion of effort underway to bring licensing in-house.

Discussion of necessity of department council liaisons. Concern over duplication of responsibilities – department council liaisons and mayor's council liaison.

How long will cost saving measures take to implement? Payroll consolidation? Strategic Purchasing consolidation? Salary reductions?

Concern over amount of time it will take to implement changes/reductions.

Interest in looking at weekend/holiday staffing during weekday.

Interest in helping ARA generate additional revenue.

Interest in helping BARC foundation raise money.

Concern over possible duplication of BARC/HPARD dispatch responsibilities.

Concern over economic development budget FTEs and costs housed at ARA.

Discussion of 3-1-1 department – need to improve customer service/streamline.

Need to ask departments/mayor for direction on ways to reduce costs.

Who will be in charge of new Permitting Center?

Discussion of taxi registration process.

Need information on impact of reducing services.

Questions about Neighborhood Services being housed under Economic Development.

Need to focus not on the numbers, but on the activities and prioritizing them.

FINANCE DEPARTMENT – 02/24/2011

Attendance: Gonzalez, Adams, Bradford, Hoang, Rodriguez

Discussion of placement of Economic Development budget/FTEs.

Concern over salaries of TIRZ executive directors.

Need to look city-wide at contracted-out services. Where can we bring things in house?

Interest in considering operating on weekend schedule 1 weekday per month.

Discussion of Finance Consolidation. Support for centralizing AP/AR, but not for taking “right hand” financial/operations employee from departments.

Questions on timing of FTE and dollar transfers to new Fleet Management Department.

Need to look at consolidating budget planning duties (Operating Budget/CIP).

Need to better leverage/coordinate audit services with Controller’s office.

Interest in better coordination between management districts and TIRZs.

Need direction from department on what can be cut.

Concern over outdated technology and cost of not making necessary upgrades to increase efficiency. Need to look not just at Finance, but at all departments to get an inventory/assessment of what we have and what we need.

Related to forthcoming budget target numbers – interest in having policy drive the numbers, not having the numbers driving policy.

HOUSTON PUBLIC LIBRARY DEPARTMENT– 02/24/2011

Attendance: Gonzalez, Adams, Bradford, Hoang, Rodriguez

Strong support for matrix showing prioritized list of activities and impact of possible reductions.

Need to use this matrix as a model for all departments.

Interest in helping bring additional revenue to HPL. “Status” library cards, wall space advertising, providing “Kinkos-like” services, bringing business office resources to conventions, selling reproduced/digitized artifacts.

Discussion of number of students (40,000) benefiting from structured after school programs (tool for crime prevention).

Interest in encouraging partnerships (with Parks and other departments).

Need to communicate with school districts – cuts at state level may lead to decrease in school sponsored after-school activities to create even greater student demand on libraries.

Discussion of library IT support/network. Need effective coordination with Central IT. State cuts will impact grants for broadband.

Need to look at possibly outsourcing website management.

Interest in having communities/nonprofits involved in establishing/running coffee shops in libraries.

Need to look at data collected since library hours reduced.

PLANNING AND DEVELOPMENT DEPARTMENT – 02/28/2011

Attendance: Clutterbuck, Costello, Bradford, Gonzalez, Hoang

Concerns about overlap of responsibilities between Planning and Development’s Neighborhood Services Division, Mayor’s Citizen Assistance Office, and Council Offices.

Question about why PD (not PWE) handles transportation coordination/implementation and not PWE. (PD handles planning activities/PWE handles “hard” side of transportation/engineering, etc...).

Discussion of role of Neighborhood Services. Disseminate information, capacity building, also Neighborhood Tools (yard parking, other ordinances), SNAP plans, matching grants.

Question about where to cut 10%? (Probably would be across board cut.)

Concern over IT/GIS personnel and whether it might be better to consolidate into Central IT.

Need for inventory of IT-related resources across City departments.

Questions about duties related to emergency management. These duties seem to be performed by different people in various departments.

Discussion of GIS/EGIS duplication with other departments (HPD). Question about possible outsourcing of GIS services. Support for keeping GIS in-house (less expensive).

Question about role of PD in HAZMAT business.

Discussion/concern about responsibilities of PD staff on H-GAC matters. Mayor’s governmental affairs point of contact for H-GAC.

Concern over possible overlap of many PD services. Suggestion for a “think tank” to be centralized to perform many of the neighborhood services duties.

Need direction from PD Director on what services could be cut.

Need for GIS crime data by superneighborhood. Discussion of capability of PD working with HPD to map crime data. Need for citizens to be able to access this data.

Need information about the cost of city services by geographic area.

Interest in coordinating sign language activities across departments with needs for these services.

HUMAN RESOURCES DEPARTMENT– 02/28/2011

Attendance: Clutterbuck, Costello, Bradford, Gonzalez, Hoang

Questions about responsibilities of client relations vs. employee services.

Discussion of HR consolidation – only employees having over 50% HR responsibilities were brought over. (Currently 125 employees/down from 175 previously thought to have needed).

Goal is to have 1 HR employee for every 100 City employees.

Question about where to cut 10%? (Probably would be across board.)

Need information from HR Director on impact of reductions/eliminations of services.

Interest in outsourcing drug testing.

Need for a plan – when will we pull the trigger on a plan for addressing budget gap? Must have a strategy in place. When will plan be implemented?

MUNICIPAL COURTS DEPARTMENT – 03/03/2011

Attendance: Costello, Adams, Hoang, Pennington, Stardig

Questions about security contract – currently each department pays for its own security. (GSD is trying to consolidate all City security contracts.)

Discussion of technology upgrade and associated savings.

Looking into electronic reporting v need for court reporter.

Interest in recruiting volunteer judges.

Most services provided are mandated – Presiding Judge will look at what services can be cut. Will look at Saturday dockets, cutting hours of operation, etc...

Interest in exploring ways to expedite dockets.

Discussion of costs and savings associated with Westside Court.

Discussion of Finance consolidation.

Discussion of role of PIO/Council Liaison.

Looking into sharing record retention with City Secretary.

Need to renegotiate current contracts.

Is there a way to shift schedules/move people around to better address peak work times?

Need for cross training in order to increase efficiency.

Discussion of average salaries – higher due to advanced degrees required.

Discussion of armored car contract and possibility of phasing out cash transactions.

Discussion of collections – department has 22 employees. (Collections have increased collections from \$11,000 per month to \$60,000 per month.)

Questions about responsibilities of quality assurance groups – is there a way to consolidate?
How much is quality control affecting revenues?

Discussion of IT consolidation.

Interest in seeing the department's list of cuts and then weighing in on them.

FLEET DEPARTMENT – 03/07/2011

Attendance: Bradford, Costello, Adams, Noriega, Clutterbuck, Pennington, Gonzalez, Hoang

Timeline for savings to be realized through fleet consolidation was grossly overstated by consultants. Budget savings will be \$6 million over two fiscal years.

Discussion of savings associated with closing fuel sites.

Interest in seeing fuel usage numbers – per vehicle uses of fuel requested.

Interest in hedging gas purchases.

Discussion of savings associated with recapped tires.

Need for getting entire fleet on Fuel Management Information System.

Goal to reduce fleet by 1000 vehicles.

SOLID WASTE MANAGEMENT DEPARTMENT – 03/07/2011

Attendance: Bradford, Costello, Adams, Noriega, Clutterbuck, Pennington, Gonzalez, Hoang

Questions about administrative support – number of FTEs in accounting, finance, HR. (Looking for opportunities to consolidate.)

Discussion of sponsorship agreements and possibility of discontinuing \$6 rebate.

Garbage fee of \$3.50/household would enable all customers to have automated recycling – this would be a combination garbage and recycling fee. \$1.62 is cost to finance trucks and containers for each home; \$1.88 to add 30 additional neighborhood protection officers and expand neighborhood depositories.

Questions about mandated strategic planning activities – Chapter 39 plan requirements.

Discussion of possible duplication of efforts between council offices/mayor's office/PIO/community liaisons – seems like too many people going to same neighborhood meetings.

Need to work together with apartment association to address needs of apartment dwellers with regard to garbage pick-up/recycling.

Neighborhood depositories are a high priority for west side.

Questions about the effectiveness of fleet consolidation for SWMD.

Total cost/household \$15.53 per month - \$6 to pick up garbage – remainder covers all other services – dumping/depositories/etc...

Opposition expressed to discontinuing \$6 per household rebate for sponsorship agreements.

Interest in centralizing dispatch – problem is too few channels; need increased channel capacity.

Discussion of trash pick up schedule – state law mandates 1 time per week.

Number of pounds per collection per home has decreased from 47 lbs. to 40 lbs.

Cost of tire pick up/illegal dumping is \$1 million per year. Interest in exploring privatizing this function.

Possible \$3.5 million savings by eliminating \$6 sponsorship reimbursement – estimated half of the customers would revert to City pick up – so savings would then be \$1.8 million.

Questions regarding costs associated with picking up dead animals and licensing requirements.

Discussion of dumpster permits and overlapping inspection duties.

Interest in exploring privatization of services and what other large cities do.

PUBLIC WORKS & ENGINEERING DEPARTMENT – 03/10/2011

Attendance: Clutterbuck, Costello, Stardig, Pennington, Gonzalez, Noriega

Explanation of why this presentation is different from previous department presentations.

Discussion on how staffing has been being reorganized since last summer.

PWE uses a criteria for performance excellence from the US Department of Commerce to rate how well they run.

Questions about rationale for senior staff salaries.

PWE is mandated by the federal government to maintain certain levels of storm water quality and is co-permitted with the County for this.

All mobility staff in PWE is funded with Metro reimbursements.

Metro still has approximately \$60 million the City can bill for projects.

Discussion on whether or not it is cost effective to have an owner's representative do inspections to projects (in addition to professional inspectors).

Discussion on overlapping services: including IT within PWE and the IT Dept; and management and professional services within all PWE divisions (eg: HR across all divs, Finance across all divisions, and construction across all divisions)

PWE was requested by the Mayor to cut 27%, but that is only from the real estate services division. All other general fund money is either paid to CenterPoint for electricity or is reimbursed by Metro. All other funds are enterprise.

Request for a breakdown by each fund.

Discussion about overlapping staff between the enterprise funds. Look into sharing staff in order to have more money for projects.

Current structure of the department was set up in 2004.

Suggestion that all PWE divisions could be consolidated into 3 sections: 1) Operations 2) Design/Construction and 3) Administrative

Request for an inventory of all PWE IT services.

A concierge service was suggested. Certain services PWE performs would be expedited for a premium. This could include permitting, inspections, etc...

HOUSTON POLICE DEPARTMENT – 03/22/2011

Attendance: Gonzalez, Bradford, Adams, Stardig, Hoang, Noriega, Sullivan, Clutterbuck, Costello

Since targets have already been given, what if anything, has been done to figure out where to cut the 5%?

Target may be a moving target – everything is on the table – civilians and classifieds.

Questions about what cuts will be made in the Office of Public Safety.

Discussion of vehicle recovery fees – started collecting end of last year.

Discussion of Fleet and Finance consolidation. (Chief wants to keep HPD finances in house.)

Discussion of responsibilities of staff in public affairs division.

Need to understand TIRZ allocation of funds.

Discussion of MRT and importance for mobility. If not MRT, would have to use HPD officers.

Chief listed core services as calls for service, arrests, follow up investigations, traffic enforcement, maintaining the jail and crime prevention.

HPD has reduced expenditures by \$80 million in two years.

Discussion of redirecting resources from minor traffic incidents.

Discussion of rapidly expanding HPD budget. 2004 headcount 4700/now 5300. Additional officers plus contractual obligations account for much of the increase. 81% of HPD budget is dictated by meet and confer.

Discussion of contractual negotiations being heavily loaded on the back end.

Questions about termination pay - \$10 million in Phase Down annually.

Cannot touch pension obligation and termination pay.

Discussion of layoffs – why starting cadet classes when may have to lay off officers? (In past, start with jailers and move up from there. When considering layoffs, must find positions where HPD officers can be trained to do the job that's being eliminated.)

Chief will look at lay-offs, demotions, and all other options.

Discussion of council liaison position/help for Feininger.

Support for HPD aircraft.

Discussion of residential alarm permit fees – HPD keeps some and some goes to general fund.

Support for environmental crimes unit.

Discussion of Safe Clear and proposed changes requiring citizens to pay tow fee.

What is optimum size of the police force? Can't answer this question without a Work Demand Analysis. Discussion of lack of funds/costs associated with a Work Demand Analysis. Ft. Worth analysis cost \$1 million; Sam Houston State can do one for \$250 thousand. Work

Demand Analysis would give necessary empirical data to support staffing levels. Must look at how we are deploying resources.

Currently 1800 officers eligible for retirement.

Average age of officer is 42.

Total unfunded liability of PTO/termination pay - \$190 million.

Support for Meet and Confer – officers doing City a favor by deferring compensation, etc...

Suggestion of contracting out property room – currently 55 people tied up in this activity.

Discussion of police storefronts and the benefits they bring to the community. (If it comes down to closing a storefront or laying off a police officer, Chief will close a storefront.) Discussion of public safety v convenience. Strong CM support for storefronts. Some CM willingness to look at closing storefronts. Currently there are 28 storefronts and 13 substations.

Frustration with recurring cycle of officers to streets than back to civilian jobs when civilians are laid off in tough economic times.

What is cost of drainage fee to HPD? (Estimate is \$195,000.)

Discussion of unsolvable burglary/theft – redirecting resources.

CM desire to be part of conversation to decide where cuts should be made.

Don't lose sight of initiatives – independent crime lab, sobering center, HPD getting out of the jail business...don't want to lose momentum for initiatives that will save money in the long run.

Discussion of human resources division with over 100 employees.

Suggestion to use some of \$4.6 million in discretionary funds (p. 9 of presentation) for Work Demand Analysis.

Support for changing ordinances (like the changes made to Chapter 10) in order to save money and increase efficiency.

HOUSTON FIRE DEPARTMENT – 03/24/2011

Attendance: Noriega, Gonzalez, Bradford, Adams, Pennington

What standards are used to determine the optimum number of classifieds? (ISO ratings/NFPA 1510)

Questions about number of chiefs and rank structure.

What measures are being taken to reduce the number of EMS calls?

HFD is 93.4% personnel, so cuts will possibly involve layoffs.

Discussion of how layoffs may affect upcoming cadet classes.

Will cuts of 5% affect our ISO rating? (Anything above \$10 to \$12 million in cuts could affect ISO rating.)

Chief plans to work closely with Labor to find solutions to budget crisis.

Interest in the Telehealth Nurse Program – program is being revised to yield greater efficiency.

Discussion of Finance Consolidation – Chief wants direct line to him and dotted line to Finance Department.

Discussion of billing/collections - HFD always bills the patient (bills do not go to organizations or companies - like nursing homes).

HFD has been told that 10-20 more fire stations will be needed in coming years.

Discussion of excellent Houston stats for EMS/BLS – more lives saved here than other cities.

Interest in responsibilities of HFD's outreach team.

Discussion of role of Special Ops division.