

DEPARTMENT OF ADMINISTRATION 2006 PROPOSED BUDGET Executive Summary

1. The 2006 Proposed Budget for the Department of Administration is \$7,723,828, an increase of \$552,273 or 7.7% from the 2005 Budget. (page 1)
2. The 2006 Proposed Budget includes 103 authorized positions in the Department of Administration, a decrease of 2 positions from 2005. Two DOA divisions – Business Operations and ITMD – would each lose one position. However, total DOA personnel costs increase by 10.5%. (pages 1, 6 and 8)
3. The department's operating expenditures decrease by 6.3% (\$40,339) under the Proposed Budget. Reductions in operating expenditures are proposed for all DOA divisions. (page 1)
4. The 2006 Proposed Budget eliminates one of the 5 Budget and Management Special Assistant (SG 8) positions in the Budget and Management Division, but also creates a new position of Administration and Research Specialist within that division.(PR 594). (pages 3 and 4)
5. In the Intergovernmental Relations Division, one previously auxiliary position, Legislative Coordinator-Senior (SG 10), would become a permanent, funded position under the Proposed Budget. (page 4)
6. The 2006 Proposed Budget renames the CBGA Division the "Community Development Grants Administration Division" and broadens its responsibilities to include assisting City departments in locating and applying for federal, state and local grants. A new, tax-levy supported position, Grant Manager (SG 9), would be created to carry out these duties. (page 5)
7. The 2006 Proposed Budget includes 2 capital projects for the Department of Administration, both within ITMD. The first would be \$215,000 to fund the implementation of a single, Citywide e-mail system. The second would provide \$306,000 for consolidation of servers and connection of the reduced number of servers to a single storage device. (page 9)
8. A new DOA special purpose account would provide \$23,500 to maintain the eCivis grants locator software that was purchased by the City in 2005. (page 10)

9. The department's 2006 Proposed Budget includes several new initiatives that have no specific funding allocations and will be carried out by existing staff. The most significant of these are:
 - a. Establishing an "Office of Sustainability" to develop Citywide environmental policy and assist City departments in setting goals and strategies to implement that policy. (page 11)
 - b. Developing and implementing a management accountability and performance tool based on the CitiStat program used by the City of Baltimore. Through Citistat, the administration will monitor performance and hold departments accountable for that performance in the areas of service delivery, fiscal and personnel management and diversity. (page 11)
10. Department of Administration revenues are projected to be \$4,061,000 in 2006, a 4.3% increase over the revenues projected in the 2005 Budget. (page 12)

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2006 PROPOSED BUDGET – DEPT. OF ADMINISTRATION

Summary by Legislative Reference Bureau – Fiscal Review Section

Expense Category	2004 Actual	2005 Budget	% Change	2006 Proposed	% Change
Personnel Costs	\$5,952,337	\$5,487,064	-6.1%	\$6,061,442	10.5%
Operating Expend.	\$534,234	\$640,491	19.9%	\$600,152	-6.3%
Equipment Purch.	\$17,381	\$13,000	-25.2%	\$20,234	55.6%
Special Funds	\$1,492,044	\$1,031,000	-30.9%	\$1,042,000	1.1%
TOTAL	\$7,992,001	\$7,171,555	-10.3%	\$7,723,828	7.7%
Capital	\$666,959	\$0	-100.0%	\$521,000	N.A.
Positions	108	105	-3	103	-2

Department Function

The Department of Administration performs a wide variety of functions, many of which can be described as the “behind-the-scenes” activities of City government. The department’s responsibilities include:

1. Working with other City departments to purchase the goods and services those departments need to perform their duties.
2. Developing the Mayor’s budget.
3. Providing analysis and recommendations on fiscal and management issues that affect the City.
4. Representing the City’s interests to the state and federal governments.
5. Overseeing the equitable distribution of grant funds, particularly federal CDBG and HOME funds, to community-based organizations and City departments.
6. Assisting disadvantaged business enterprises in obtaining City and other government contracts.
7. Managing and coordinating the City’s information and technology systems.
8. Providing printing and records management services for other City departments.

Departmental Mission

The mission of the Department of Administration is to make Milwaukee one of the nation’s most attractive cities in which to live, work and do business through carrying out the functions described above.

Historical Information

1. Between 2000 and 2005, the number of department employees decreased by 33 positions, from 138 to 105, largely through departmental restructuring and downsizing, rather than transferring functions to other City departments.
2. From 2001 through 2004, the department's budget funded 11 capital projects totaling \$3,373,595. The largest of these was the 2-year (2002 and 2003) Technology Fund initiative, which appropriated \$1.5 million to fund new technology projects in City departments that applied for the funds and met specific criteria.

The other large capital project was \$630,000 in the 2004 Budget for upgrading the City's financial system module to PeopleSoft Version 8. This gave the system greater ease of use associated with web-based application and ensured that the City will remain eligible for full PeopleSoft support.

3. The Department of Administration had no capital projects in the 2005 Budget.
4. The 2002 and 2003 Budgets included a special capital fund, the Technology Fund, referenced in Item #2, which was managed by the Department of Administration. The Technology Fund was discontinued with the 2004 Budget, although borrowing authority has carried over to 2004 and 2005. After applying for use of the Fund and fulfilling specific criteria, City departments may be granted funding for new technology projects.
5. The 2003 Budget changed the name and scope of the Central Board of Purchases. It was renamed the Purchasing Appeals Board. This body provides due process to parties who wish to appeal the decisions of the Procurement Services Section of DOA-Business Operations Division. The Board convenes only when the Procurement Services Section receives such an appeal.
6. In 2004, the former Milwaukee Printing and Records (now Document Services) phased out several of its services (e.g., color copying), began contracting out for more of the City's printing needs and eliminated two full-time and two auxiliary positions. These changes were the result of more reasonable printing costs in the marketplace, more convenient copiers located in City departments and decreased reliance on "hard" copies of documents.
7. The 2004 Budget provided for the reorganization of the Department of Administration from five divisions to four – Budget and Policy (now Budget and Management), Community Block Grant Administration, Business Operations and Information and Technology Management. Several positions were eliminated or reclassified, resulting in a total savings of approximately \$235,000.

8. Common Council File Number 040518, passed September 21, 2004, reestablished the Intergovernmental Relations Division. This Division is staffed by employees previously located in the Budget and Policy Division.
9. The Department's 2005 Budget included a proposal to develop a strategic and fiscal plan to provide a "three-year stability approach to the City's budget and programs" for the 2006-2008 period.
10. Common Council File Number 041396, passed February 22, 2005, clarified and expanded the responsibilities of the Chief Information Officer (ITMD) and the City Information Management Committee. It directed the Chief Information Officer to develop a City of Milwaukee information technology strategic plan and called for greater cooperation of City departments and agencies with DOA and the Chief Information Officer on information technology matters.

2006 BUDGET HIGHLIGHTS AND ISSUES

DOA – BUDGET AND MANAGEMENT DIVISION

Expense Category	2006 Proposed Budget
Personnel Costs	\$1,374,807
Operating Expend.	\$42,950
Equipment Purchases	\$5,334
Special Funds	\$0
TOTAL	\$1,423,091
Capital	\$0
Positions	14

Personnel

1. The 2006 Proposed Budget reduces the number of authorized positions in the Budget and Management Division from 19 to 14. FTEs decrease from 18 to 14. However, these reductions simply reflect the re-establishment of the Intergovernmental Relations Division in October, 2004 (this division's employees were previously part of the Budget and Management staff). Not including Intergovernmental Relations staff, there is no change in the number of Budget and Management Division positions for 2006.
2. For 2006, a new section, the "Office of the Director," is being created within the Budget and Management Division. This section will have two employees -- the Administration Director and the Administration and Research Specialist. The latter is a new position, pay range 594. Its creation is being offset by the elimination of a vacant Administrative Assistant III position (pay range 530) in the Business Operations Division.

- The 2006 Proposed Budget calls for the elimination of one of the Budget and Management Division's five Budget and Management Special Assistant positions (salary grade 8). This position is currently vacant.

Operating Budget

The 2006 Proposed Budget provides \$42,950 for Operating Expenditures of the Budget and Management Division, a decrease of \$49,510 (-53.5%) from the 2005 Budget. However, this reduction is largely attributable to the re-creation of the Intergovernmental Relations Division, which has its own Operating Expenditures budget (see discussion below).

Equipment Purchases

The 2006 Proposed Budget includes \$5,334 for the replacement of four desktop computers in the Budget and Management Division. Last year's budget provided \$3,000 for the replacement of two computers.

DOA – INTERGOVERNMENTAL RELATIONS DIVISION

Expense Category	2006 Proposed Budget
Personnel Costs	\$509,344
Operating Expend.	\$37,752
Equipment Purchases	\$4,900
Special Funds	\$0
TOTAL	\$551,996
Capital	\$0
Positions	5

Personnel

- The 2006 Proposed Budget provides 5 permanent, full-time positions for the Intergovernmental Relations Division. In the 2005 Budget, the Intergovernmental Relations Division has 4 permanent positions plus one auxiliary (unfunded) position.
- The 2006 Proposed Budget calls for changing the status of the Division's Legislative Coordinator-Senior position (salary grade 10) from auxiliary to permanent. This change reflects the filling of this position during 2005 and the Division's intent to use this position to carry out more lobbying activity at the state level.
- When the budgets of the Budget and Management Division and the Intergovernmental Relations Division (which was part of Budget and Management for 2005 Budget purposes) are considered together, total personnel costs for 2006 are \$1,975,087, a 13.6% increase from 2005. The number of positions is unchanged, at 19, although the number of FTEs increases from 18 to 19 as the result of the change in the Legislative Coordinator-Senior position to permanent status.

Operating Budget

The 2006 Proposed Budget provides \$37,752 for Operating Expenditures of the Intergovernmental Relations Division. When the Operating Expenditures of the Intergovernmental Relations and Budget and Management divisions are combined, total expenditures are \$80,702 for 2006, a decrease of 12.7% from the \$92,460 budgeted in 2005.

Equipment Purchases

The 2006 Proposed Budget provides \$4,900 for equipment purchases by the Intergovernmental Relations Division. These funds would be used to purchase 4 new "Blackberries" (combination cell phones/palm pilots), at a cost of \$2,400, and one replacement computer workstation, at a cost of \$2,500.

DOA – COMMUNITY DEVELOPMENT GRANTS ADMINISTRATION DIVISION

The 2006 Proposed Budget renames the Community Block Grant Administration Division the "Community Development Grants Administration Division" and broadens its functions and responsibilities. Whereas previously this office focused solely on the application for, and receipt, distribution and administration of, federal Community Development Block Grant ("CDBG") dollars and other U.S. Department of Housing and Urban Development grants received by the City, it will now be responsible for actively pursuing other federal, state and foundation grants that may be available to support the provision of City programs and services and ultimately lead to more sustainable City budgets. This change is the result of one of the Mayor's 2005 Budget initiatives, which was to develop a "grant cultivation process".

Along with the changes in the title and mission of this division, the 2006 Proposed Budget establishes a new position within it – the "Grant Manager" (salary grade 9). This individual will assist DOA in working with City departments to identify grant opportunities, apply for grants, ensure compliance with grant requirements and evaluate opportunities for improving and streamlining current grant procedures. In addition, the Grant Manager will be responsible for overseeing use of the eCivis grants locator system (see description in Special Purpose Accounts section below) and for coordinating grant-based initiatives with non-profit organizations and other units of government. The cost of this position, \$81,266 (salary and benefits), will be supported entirely by City operating funds.

All other personnel and operating expenses of the Community Development Grants Administration Division are wholly funded by the City's annual CDBG allocation. The 2006 Proposed Budget for the Division (excluding the Grant Manager position) is \$958,000, a decrease of \$38,000 (-3.8%) from the \$996,000 budgeted in 2005.

The only other significant change in the Division's 2006 Proposed Budget is the elimination of one position, the Rental Rehab Specialist. As a result, the Division will now have 14 CDBG-funded positions, down from 15 in 2005. However, the Rental Rehab Specialist position became vacant in

late 2004 and has been unfilled since that time. In April, 2005, DOA-Community Block Grant Administration established a Memorandum of Understanding with the Department of Neighborhood Services under which DNS inspectors perform the functions previously provided by the Rental Rehab Specialist (specifically, inspections are now performed by DNS inspection interns whose positions were already funded with Block Grant dollars).

DOA – BUSINESS OPERATIONS DIVISION

Expense Category	2006 Proposed Budget
Personnel Costs	\$887,473
Operating Expend.	\$63,110
Equipment Purchases	\$0
Special Funds	\$41,000
TOTAL	\$991,583
Capital	\$0
Positions	27

Personnel

1. In the 2006 Proposed Budget, the number of authorized positions in the Business Operations Division is reduced by one from the 2005 Budget (28 to 27). Full-time-equivalent positions decrease from 24.25 to 22.75. As mentioned earlier, the Division is eliminating its Administrative Assistant III position to offset the creation of the Administration and Research Specialist position in the Budget and Management Division.
2. Despite the elimination of one position, total personnel costs in the 2006 Proposed Budget (\$887,473) are \$30,340 (3.5%) higher than the comparable 2005 figure. This increase is attributable to rising fringe benefit costs.

Operating Budget

1. The 2006 Proposed Budget provides \$63,110 for Operating Expenditures of the Business Operations Division, a decrease of \$14,719 (-18.9%) from the 2005 Budget.
2. The proposed reduction in Operating Expenditures can be largely attributed to decreases in the General Office Expense category (\$6,117, or -31.5%) and the Professional Services and Information Technology Services categories (each \$3,000, or -25% and -60%, respectively).

Special Fund

The Division's Proposed 2006 Budget includes \$41,000 in a special fund to support the activities of the Emerging Business Enterprise Program. Specifically, this fund pays for the City's use of a private contractor for certification and re-certification of emerging business enterprises. This is the same level of funding that was provided in 2005.

Printing Study

In 2004, the Business Operations Division began a City-wide study to determine the most cost-effective means of producing printed materials throughout City government. Division staff met with key personnel in several City departments to review their printing needs. The Business Operations Division subsequently developed and issued a Request for Proposals for printing services. An interdepartmental committee evaluated the 8 proposals received. Based on a review of the findings and recommendations of the RFP evaluation committee, a team of Business Operations Division management staff concluded that phasing out high-speed copying services would not be the most cost effective and efficient printing solution for the City at this time. Rather, the team decided that further study was needed to determine: 1) whether the Document Services Section can bring its costs down even further by increasing the volume of high-speed printing performed in-house; 2) whether other print shops in the City (namely Police and/or Library) can be utilized, or consolidated with Document Services, for more cost-effective printing.

To collect data for this next phase of the study, the Business Operations Division required all City departments to submit requests for printed materials that could not be generated within their offices to the Division's Document Services Section before seeking the services of outside vendors. This requirement was in force for 6 months in 2005. The Business Operations Division is presently analyzing the data collected and will also review 2005 year-end data before making a recommendation regarding whether the Document Services Section's high-speed printing operations should be maintained or eliminated. However, Business Operations has already determined that there are no significant opportunities for consolidation of the Library or Police printing operations with the Document Services Section. This is because their operations are so different in nature: the Library and MPD focus on highly specialized, off-set printing jobs, whereas Document Services does more high-speed copying and standard black-and-white print jobs.

The lease on the City's high-speed copier ("Docutech") expires April 30, 2006. According to the Business Operations Division, the options the City may consider at that time include: 1) phasing out Document Services' high-speed copying and having departments use outside vendors; 2) replacing the Docutech with two, less-costly high-speed copiers; and/or 3) requiring City departments to use Document Services as the "printer of first resort" for any printing services Document Services offers.

DOA – INFORMATION AND TECHNOLOGY MANAGEMENT DIVISION

Expense Category	2006 Proposed Budget
Personnel Costs	\$3,208,530
Operating Expend.	\$456,340
Equipment Purchases	\$10,000
Special Funds	\$1,001,000
TOTAL	\$4,675,870
Capital	\$521,000
Positions	42

Personnel

1. The 2006 Proposed Budget authorizes 42 positions in ITMD, a reduction of one position from the 2005 Budget. Full-time-equivalent positions decrease from 42.5 to 42.0 (in the 2005 Budget, one position was funded for only half the year).
2. Total personnel costs in the 2006 Proposed Budget (\$3,208,530) are \$221,029 (7.4%) higher than the comparable 2005 figure. Over 70% of this increase is attributable to rising fringe benefit costs.
3. The only significant personnel change in ITMD is the elimination of the Network Systems Integrator position, which was funded for only half of 2005 and is now vacant. The primary responsibilities of the former Network Systems Integrator have been reassigned to existing staff in the Division.

Operating Budget

2. The 2006 Proposed Budget provides \$456,340 for ITMD's Operating Expenditures, a decrease of \$13,862 (-2.9%) from the 2005 Budget.
2. The proposed reduction in Operating Expenditures can be attributed primarily to substantial decreases in General Office Expense (-\$3,981; -78.8%), Other Operating Supplies (-\$8,911; -56.9%) and Reimburse Other Departments (-\$20,290; -50.9%). Savings in these categories are almost offset by a \$26,870 (227.7%) increase in Other Operating Services. The bulk of this increase relates to charges to renew two-year maintenance contracts with IBM for the City's e-server.

Equipment Purchases

The 2006 Proposed Budget provides \$10,000 for new ITMD computer equipment. This is the same amount that was budgeted for this purpose in 2005.

Special Fund

The 2006 Proposed Budget includes \$1,001,000 in a special fund titled "Enterprise Resource Management." The 2006 Budget figure represents a 1.1% increase from 2005. This fund pays for support of the City's human resources and financial management systems, particularly license fees and hosting fees. For 2006, PeopleSoft license maintenance fees will total \$561,871, while the fee for Crestone hosting services will be \$422,135.

CAPITAL PROJECTS

The 2006 Proposed Budget contains two capital projects for the Department of Administration, both in the Information Technology Management Division:

1. Single E-Mail Store – The 2006 Proposed Budget includes \$215,000 in capital funding to support an e-mail standardization project. An additional \$175,000 in carryover funding from the Technology Initiative capital improvement fund will also be used to support this project. Currently, at least three different e-mail systems operate within City government. This capital project would involve replacing these systems with a single, standardized system. All City e-mail users will access e-mail functions through a single post office, thereby eliminating the need for translators or special interfaces between different e-mail systems. Of the \$390,000 to be spent on this project, \$81,000 is for salaries and wages of City (ITMD) staff to work on it, \$245,000 is for e-mail client and server software (including annual license fees), and \$64,000 is for hardware (including hardware maintenance).
2. Server Consolidation/Storage Area Network – In recent years, there has been a proliferation of servers and corresponding separate, isolated storage areas on the City's IT system. This increases server maintenance and support costs. The 2006 Proposed Budget provides \$306,000 in capital funding for consolidation of servers and connecting the reduced number of servers to a single storage device. This project is intended to reduce IT maintenance and support costs, increase efficiency and protect data. The \$306,000 will pay for ITMD staff time devoted to the project and for various hardware items, including servers, a server rack and "host bus adapters". It is anticipated that this is a 3-year capital project, with an additional \$73,000 in capital funding to be appropriated in 2007 and 2008.

The 2006 Proposed Budget also includes \$90,000 in a special capital project fund (not assigned to any specific department) to begin upgrading network equipment in City Hall to ensure maximum reliability and security. The Department of Administration and Department of Public Works will work together in carrying out this project.

SPECIAL PURPOSE ACCOUNTS

The 2006 Proposed Budget includes three special purpose accounts to be administered by the Department of Administration:

E-Government Payment Systems SPA

This special purpose account provides funding for development and ongoing maintenance of applications that enable City residents and businesses to conduct business through the City's web site. Examples include online payment, via credit card or electronic check, of Health Department license fees, Municipal Court fines and property taxes.

The proposed funding level for 2006 is \$25,000, half the amount budgeted for 2005. In 2006, this special purpose account will be used primarily to pay for electronic check transaction fees imposed by the bank for payment processing, as well as for base monthly maintenance fees paid to U.S. Bank. It also pays for technical support for the City web site's Content Management System and license fees for web-related software. No new hardware or software purchases are anticipated for 2006.

eCivis Grants Locator SPA

This is a new special purpose account for 2006. In 2005, the City purchased the eCivis grants locator software to assist City departments in locating grants that may be available to support their functions. For 2006, \$23,500 in SPA funding is provided to maintain this service. City employees can use eCivis to perform customized grant searches, receive e-mail notifications of grant opportunities and obtain assistance in writing grant applications. About 70 City employees have received training in the use of eCivis, which is available to any City employee who has internet access.

Wages Supplement Fund SPA

This fund acts as a "savings account" for City salary and fringe benefit costs while labor contracts are pending. It provides the funding needed for increases in salaries and fringe benefits resulting from contract settlements. The 2006 Proposed Budget includes \$10,275,000 in the Wages Supplement Fund, a decrease of \$9,025,000 (-46.8%) from the amount budgeted for 2005. This substantial decrease is attributable to wage and benefit increases resulting from collective bargaining agreements having been budgeted in departmental salary and fringe benefit accounts.

Sewer Maintenance Fee SPA

This special purpose account, which was administered by the Department of Administration, is discontinued in the 2006 Proposed Budget. This account funded the payment of the Sewer Maintenance Fee by City departments for City-owned properties under their control. For 2006, funding for payment of the Sewer Maintenance Fee for City-owned buildings will be added to departmental operating budgets.

OTHER INITIATIVES

The 2006 Proposed Budget for the Department of Administration contains several other initiatives that have no direct budgetary impact. These initiatives, which will be carried out by existing department staff, include:

1. Multi-Year Strategic and Fiscal Plan – The 2006 Proposed Budget reflects the first year of a three-year strategic and fiscal plan that the Budget and Management Division has developed to provide a “three-year stability approach for the City’s budget and programs” during the 2006-2008 budget years.
2. Office of Sustainability – An “Office of Sustainability” would be created by DOA to develop and implement citywide environmental policy, to help set department goals and strategies for implementing that policy, and to monitor departmental progress in meeting goals and implementing strategies. No new positions or funding are provided in the 2006 Proposed Budget for this initiative. DOA envisions funding for the Office of Sustainability coming from foundations and grants.
3. Management Performance and Accountability Process (“CitiStat”) – For 2006, DOA plans to develop and implement a management performance and accountability tool based on the CitiStat program used by the City of Baltimore. This initiative will combine GIS mapping of service requests and delivery with regular interactive meetings between City elected officials and department leaders. Through CitiStat, the administration will monitor performance with respect to various outcome measures and hold departments accountable for that performance. In addition to evaluating service delivery, the CitiStat initiative will monitor departmental performance in the areas of fiscal and personnel management and diversity. This will be an ongoing program with an annual cost of about \$200,000 (including personnel, hardware and software costs), to be absorbed in DOA’s existing salary and operating expenditure accounts.
4. Improved Information Technology Governance – Following up on an initiative it began in 2005, and in response to Council File Number 041396, which clarified and expanded the responsibilities of the Chief Information Officer and the City Information Management Committee, DOA-ITMD will continue to coordinate and formalize intradepartmental and interdepartmental efforts to consolidate and standardize technology and information used by the City. Examples include providing GIS and technology support for the City’s new performance monitoring process (CitiStat), carrying out the previously described e-mail and server consolidation projects, and requiring City departments to conduct comprehensive IT asset inventories. The 2006 Proposed Budget provides adequate funding for this IT governance initiative in existing salary and operating expenditure accounts; no new positions are added.

DEPARTMENT REVENUES

The 2006 Proposed Budget projects that the Department of Administration will receive \$4,061,000 in revenues, an increase of \$166,362 (4.3%) from the \$3,894,638 projected in the 2005 Budget. Major revenue sources for 2006 and the changes from 2005 are as follows:

	<u>2006</u>	<u>Change from 2005</u>
Contract to provide services to MPS	\$3,737,000	\$97,562 (2.7%)
Auctioning of vehicles	\$135,000	\$30,000 (28.6%)
Services to Water Works	\$100,000	\$25,000 (33.3%)
Sale of recyclable materials	\$45,000	\$10,000 (28.6%)

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