



Tom Barrett
Mayor

Sharon Robinson
Administration Director

Mark Nicolini
Budget and Management Director

Department of Administration
Budget and Management Division

April 21, 2014

File Ref:

Honorable Members
Milwaukee Common Council
Room 205 City Hall

Re: Fiscal Impact of CCFN 131559

Dear Common Council Members:

This responds to the Licenses Committee request that the DOA Budget and Management Division (BMD) review and comment on the fiscal impact of CCFN 131559, and is pursuant to section 18-10-6-e of the ordinances which direct that BMD will review fiscal notes for accuracy and make recommendations for their modification.

The information submitted by BMD is supplementary to the Fiscal Impact Statement prepared and submitted by the City Clerk's Office. The City Clerk's Fiscal Impact Statement dealt with the increased revenue anticipated to result from various fee increases contained in CCFN 131559 and a modest non-recurring cost for temporary staff needed to assist the License Division in implementing the licensing changes in CCFN 131559.

BMD, based on discussions with the Health Department, Department of Neighborhood Services (DNS), and the DOA Information and Technology Management Division, estimates additional costs of \$152,000. However, there are uncertainties that could result in either additional costs for implementation and on-going operations, or in decreased revenue.

The \$152,000 in additional costs includes \$80,000 in additional information technology costs resulting from an increased scope and complexity of the interface between the License Information Reporting & Administration System (LIRA) and Land Management System (LMS) and \$72,000 for an additional DNS position to implement the licensing and permitting changes, as a result of a peak load being generated in the change to the timing of license issuance. The ITMD costs of \$80,000 are expected to occur during 2014, while the estimated DNS fiscal impact would be recurring and begin during 2015.

These impacts as well as other potential impacts and some administrative considerations are discussed in more detail below.



Health Department

The Health Department does not anticipate any substantial fiscal impacts as a result of CCFN 131559.

However, there are two areas of uncertainty that could result in increased cost.

First, the health operation plan review and risk control or compliance plans.

The department assumes that the legislative changes in CCFN 131559 will result in a more stable workload during the year and a reduced level of reinspections for their food inspectors. These are assumed to offset the workload increase resulting from operation plan reviews and risk control or compliance plans. However, there is uncertainty regarding both the number and extent of plan reviews and risk control or compliance plans. If this workload is higher than anticipated, this could result in a need for additional staff. For reference, an Environmental Health Specialist (3LN) has a minimum annual salary and fringe benefit cost of \$68,400.

Second, the integration of data between LMS and LIRA and ability to access data in the field on mobile devices may generate additional cost.

As more licenses and more information about licensed establishments are established in LIRA, Health staff become more dependent on the interface between LIRA and LMS and the ability to access all necessary license data in the field on their mobile devices. If there is an increase in amount of data entry required to be done by Health staff or problems with accessing data in the field, there could be some increased costs and workload.

DOA-Information and Technology Management Division

The city, with Common Council approval, has initiated the development of a new land management system (LMS) for the management of information pertaining to land management, permitting, construction and building inspections, and code enforcement. The LMS vendor – Accela – has informed ITMD that if CCFN 131559 is adopted, they will need to submit a change order identifying increased costs for the LIRA interface. The changes in CCFN 131559 increase the complexity and scope of the LIRA interface. Accela's preliminary estimate of increased cost is \$60,000 (includes reanalysis and creation of documentation for modified records, increased interface cost due to additional records in LIRA, and changes in scope and schedule). However, this cost estimate may change after Accela further analyzes the new requirements. ITMD also estimates an additional \$20,000 in costs to implement the changes required by CCFN 131559.

There may be additional costs depending on the timing of LMS going live and when the new licenses shift to LIRA, depending on whether temporary work-arounds are needed to facilitate the sharing of data and the extent to which additional manual data entry into other systems is necessary.

DNS

DNS currently clusters issuance and renewal of different license types at different points in the year (based on date specific renewal periods currently in ordinance), allowing efficient deployment of their staff and efficient management of the current workload. This creates

efficiencies in part by minimizing travel time, preparation, and coordination when addressing specific license types.

Changing issuance and renewal periods and allowing licensee or permit holders to change expiration dates in order to align different licenses and permits disrupts the inspection process developed by DNS. This will reduce current efficiencies and require more staff time to manage the current license workload. In addition, by transferring issuance to the City Clerk's Office, DNS staff will need to write reports for the City Clerk (documenting inspection, existing and new violations, licensee track record, confirming the business is operating in accordance with a plan of operation, and identifying the DNS recommendation on license issuance or renewal). DNS estimates it could require an additional Environmental Risk Officer at a cost of \$48,855 in annual salary (\$71,817 with fringe benefits).

There may be additional staffing needs and costs if DNS needs to staff the Licenses Committee, similar to the current practice of MPD and the City Attorney. This will be necessary if the Committee needs information or testimony from DNS, and this staff person will need to be familiar with DNS action at the premise, activity at the premise and the history of the both the premise and the licensee. This requires additional staff time for case preparation and meeting attendance. DNS does not believe current management staff can absorb this additional workload. A manager position at a 1FX salary level (annual minimum salary of \$61,721) would likely be appropriate, but the position would not likely be needed on a full-time basis. The uncertainty is whether a half-time position could be filled on a long-term basis. It is unclear at this time if this position is needed. This position is not needed if the License Committee does not need attendance and testimony from DNS at Committee meetings and if the number of hearings by the License Committee on licenses and permits previously issued by DNS is minimal.

Potential Revenue Impacts

There are also uncertainties involving the revenues estimates. Increased fees for certain licenses and permits, combined with more extensive oversight and the possibility of objections through the Licenses Committee, could result in fewer establishments being granted licenses and permits. There is no expectation that this will occur, but if it does occur, there will be less revenue generated than would otherwise occur.

Administrative Considerations

If CCFN 131559 is adopted, there are some administrative considerations that should be addressed. These are not anticipated to have a direct fiscal impact, but they could have potential fiscal impacts if they affect staff workload or operations.

- Since MHD and DNS act as agents of the State for certain licenses and permits, revised Memoranda of Understanding among MHD, DNS and the City Clerk should be developed to identify which department is performing specific licensing responsibilities, which department will forward revenue to the State, and which department will submit mandated reporting to the State.
- There will be a need for increased communication and coordination among MHD, DNS and the City Clerk. Processes and procedures may need to be developed to facilitate this communication and coordination. For example:

- To avoid a large surge of investigation requests that exceeds the capacity for DNS and/or MHD to respond to in a timely manner.
- To know when renewal notices have been sent and require inspection by MHD or DNS.
- To ensure that operational plans for facilities are easily accessible by MHD and DNS.

I hope this information is useful.

Sincerely,

A handwritten signature in black ink that reads "Mark Nicolini". The signature is written in a cursive, flowing style.

Mark Nicolini
Budget and Management Director

MN:dmr

Budget/doa/2014/M-131559FISBMD