

## LRB – FISCAL REVIEW SECTION ANALYSIS

FINANCE AND PERSONNEL COMMITTEE

ITEM 17, FILE 041623

MAY 18, 2005

JAMES CARROLL

File #041623 is a substitute ordinance relating to reimbursement for cellular telephone services to common council members.

### BACKGROUND AND DISCUSSION

1. Common Council members receive city-issued cell phones for use in carrying out their official duties.
2. This ordinance provides for a monthly reimbursement payment of \$75 for Common Council members who elect to use personal cellular phones in lieu of those issued by the city. The reimbursement amount shall be adjusted annually on the basis of the cellular telephone services component of the consumer price index.
3. The cell phone contract with Verizon Wireless expires on August 31, 2005. DPW will be issuing an RFP for a new contract later this spring. The new contract may provide changes in the City's cost of cell phone service.
4. The Legislative Reference Bureau reviewed Council members' Verizon invoices from May of 2004 to February 2005. Currently, 13 members of the Council use cell phones provided by the City. From May of 2004 until November of 2004, 10 council members used cell phones provided by the City.
5. Based on the May 2004 to February 2005 invoices (10 users until November and 13 users after), the average monthly bill was \$59.94. The average bill for individual Council members ranged from \$8.93 per month to \$153.06 per month. 5 users had an average bill of greater than \$75 a month. Based on the average monthly bill of \$59.94, the annual cost of providing cell phone to Common Council members is estimated to be \$9,351.
6. Because the proposed ordinance provides council members with the option of receiving \$75 per month for personal cell phone service rather than receiving city provided cell phone service, the fiscal impact of the ordinance depends on the amount of minutes Council members who opt for the \$75 a month reimbursement currently use. For example:
  - The best case scenario would be an annual savings of **\$1,944**, if the 5 members who averaged more than \$75 per month provided their own personal cellular phones and were reimbursed at \$75 per month, for \$4,500, and the 8 members who averaged less than \$75 per month continued to use city cell phones at the same rate, thereby costing \$2,906 for a total of \$7,406.
  - The worst case scenario would be an increase in costs of **\$3,994** if the 8 members who average less than \$75 per month provided their own personal cellular phones and were reimbursed at \$75 per month for \$7,200, and the 5 members who averaged more than \$75 per month continued to use city cell phones at the same rate. Expenditures for a year would total \$13,345 resulting in an increase of \$3,994.

## **FISCAL IMPACT**

- If all 13 current Council cell phone users decided to provide their own personal cellular phone, and were reimbursed \$75 per month, with calling patterns and charges remaining the same, the annual increase in costs could be approximately **\$2,349** per year.

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