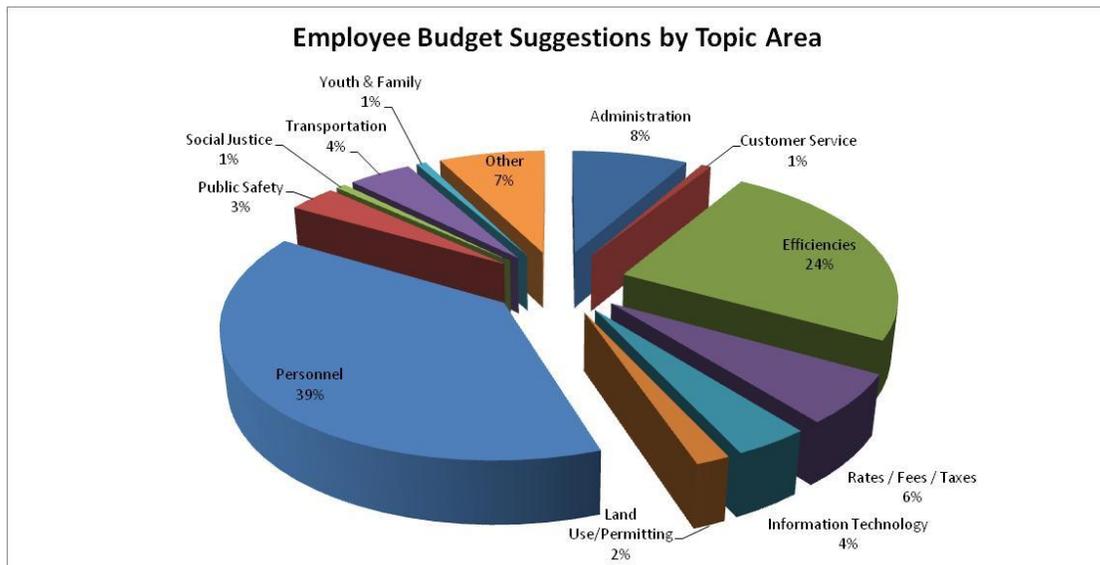




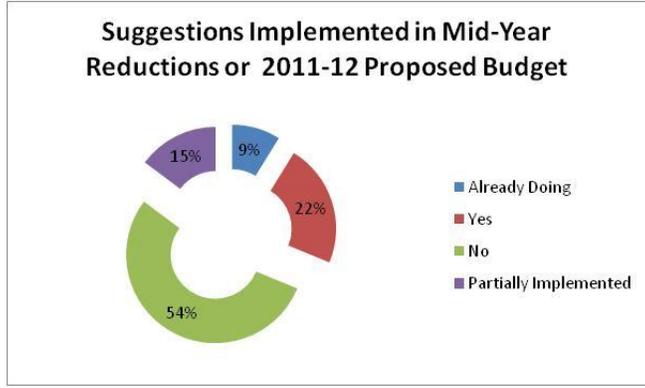
City of Seattle
City Budget Office

Progress Report: Role of Employee Suggestions in the 2011 Adopted Budget

On April 12, 2010, Mayor McGinn asked all employees to share their cost-saving ideas with his office and the City Budget Office as they began the both them mid-year reduction and the 2011-2012 budget process. Since that time over 300 suggestions for reducing expenses from City employees have been received and reviewed by CBO analysts.



The majority of employee suggestions had to do with personnel functions (e.g., reducing the work week, instituting early retirement, advocating additional furloughs, streamlining management functions and expanding span of control, etc.) or general efficiencies in how the City of Seattle does business (e.g., consolidation of HR and IT functions, telecommuting options, fleet reduction, halting printing of pay stubs, etc.). Each suggestion was reviewed for feasibility by a CBO analyst. In the end, over half of the suggestions were implemented to one extent or another in the 2010 Mid-Year reductions and/or 2011-2012 Proposed Budget.



In his 2011-2012 Proposed Budget Mayor McGinn emphasizes sustainable budget changes that address the \$67 million shortfall in the City’s General Fund for 2011 on an on-going basis, as opposed to implementing one-time budget strategies that simply defer the problem into subsequent years. He sought opportunities for internal and administrative savings in order to preserve direct services. Examples of changes made in the Proposed Budget that fit into this category include, savings in the City’s labor costs, consolidation of functions, savings in human resources and information technology functions, and savings in contracting and other non-personnel costs. The Mayor also worked to identify opportunities to streamline management functions and expanding span of control by eliminating or reclassifying senior-level positions (executives, managers, and strategic advisors).

Employee Suggestions Implemented in 2010 Mid-Year Reductions or 2011-2012 Proposed Budget Of the suggestions received from Employees, the City was able to implement 56 suggestions in the 2011-2012 Proposed Budget. In addition 15% of suggestions were partially implemented and 9% of the ideas for increased efficiency and reduced costs were already being done.

What were some of the suggestions implemented in the 2011-2012 Proposed Budget?

Topic	Suggestion	Implementation
Parking	Increase fees and extend hours to increase revenue	The 2011-2012 Proposed Budget makes several changes in the City’s management and regulation of on-street parking, including increasing the hourly rate on parking meters by \$1.50 downtown and \$0.50 in other parts of the city, extending paid parking hours by two hours until 8 pm. in the evenings (Monday – Saturday), and instituting paid parking on Sundays (11 am-6 pm). These adjustments in the management and regulation of on-street parking are recommended for several reasons. First, the increases better align the charges with the costs to the City to regulate and manage the parking program. Second, the increase brings parking meter rates in line with the current market rates for parking in private garages. Third, the existence of market rate prices for parking will better encourage turnover of parking spaces so that people can find a parking spot when they need one, thereby encouraging residents to frequent commercial districts and reducing congestion and carbon emissions. These proposed changes to the City’s parking meter program will generate \$6.6 million in net revenue to the City.

Topic	Suggestion	Implementation
Maintenance / Facilities	Cut back on painting of city facilities; Scale back non-essential maintenance; Lower temperatures to save heating costs.	During the budget process, analysis lead to significant cost savings in City Departments through changes made to maintenance schedules including expanding the heating and cooling temperature settings in downtown buildings to lower utility costs, extending the lifecycles of vehicles, scaling back non-essential building maintenance, and capturing utility savings brought about by more energy-efficient lighting in newer buildings.
Labor Costs	Eliminate or reduce COLA for 2011; Roll back COLA and salary increases to 2008 levels.	City employees have historically shown a willingness to make sacrifices in order to save the City money and to preserve direct services. In 2010, a majority of the City's employees agreed to furlough. The 2011-2012 Proposed Budget reflects this continued commitment on the part of City employees to make changes in their compensation to save the City money. First, the 2011-2012 Proposed Budget assumes that incumbents in all discretionary pay bands (including strategic advisors, managers, executives, and information technology professionals) will receive no market rate salary increase for 2011 (effectively a salary freeze). Depending on the specific employee group, this represents the second or third year that many of these employees will not receive market rate salary adjustments. For 2011, this decision will save the City's General Fund \$700,000 and the City's non-General Funds \$1.5 million. Second, the Mayor and City Council are engaged in talks with the Coalition of City Labor Unions (Coalition) to identify mechanisms for reducing labor costs. Under a tentative agreement reached with the Coalition, the current 2% cost of living increase floor would be reduced to 0% through 2013 and cost of living increases would be tied to actual inflation as measured by the Consumer Price Index (CPI). For 2011, the CPI rate is 0.6%, or 1.4% lower than the existing 2% floor. If the tentative agreement is approved by the Coalition of City Union membership, this new arrangement will allow the City to save \$2.3 million in the General Fund and \$3.4 million in the non-General Funds.
Project Hire Program	"Call back" time for employees who have been laid off should be increased to two years.	Council Bill 116999 submitted as part of the Mayor's 2011-2012 Proposed Budget increases the eligibility for Project Hire and reinstatement from one year to two years for employees laid off in 2011, 2012, or 2013.

Topic	Suggestion	Implementation
Consolidation of HR and IT Functions	Consolidate HR under one City Wide HR; Centralize City's Services such as IT, Finance, Human Resources, etc.	<p>City departments and the City Budget Office conducted reviews of Information Technology staffing in areas such as Service Desk, Desktop Support, Project Management, Server Support, Application Development, and Web Development. This review included comparisons of industry benchmarks with citywide staffing levels and factored in the relationship to core services and impacts on service to internal City users. This effort results in \$1.3 million in citywide savings and a reduction of approximately 16 FTEs.</p> <p>All City departments were asked to evaluate and describe the rationale for their current human resources staffing levels, as well as the organization of human resources staffing within their departments. These staffing levels were compared to industry benchmarks. Where outliers were identified, the departments were asked to explore reductions. The 2011-2012 Proposed Budget reduces 20 FTEs in the area of human resources services, for savings of \$1.55 million citywide.</p>
Span of Control	Minimize number of Strategic Advisors and managers by a well-defined span of control, role, and responsibilities. Distinguish between supervisors and managers. Trim overlapped (duplicated) duties performed by both supervisors and managers.	The 2011-2012 Proposed Budget reflects the results of a number of proactive steps taken by the Executive Branch during 2010 to streamline management functions and expand spans of control to improve the efficiency of City government and capture budget savings. The City Budget Office, in conjunction with departments, conducted a review of all senior-level and supervisory positions to identify opportunities for reductions or reclassifications. In addition, the City Budget Office met with representatives from the City's labor unions to solicit their input on opportunities for improvements. Collectively, this work translates into a number of position reductions and savings opportunities for the 2011-2012 Proposed Budget, including the net elimination of 64 senior level positions and the net downward reclassification of 12 senior level positions, for a total of 76 positions. This represents a reduction in these classifications of 6.14%.
Travel & Training Budget	Reduce or eliminate travel /training funding until economy improves	The 2011-2012 Proposed Budget captures savings by eliminating discretionary travel and training. In developing the 2011-2012 Proposed Budget, all travel and training accounts were brought down to zero and departments were required to define and justify their travel and training needs (a zero-based budgeting process). These efforts will allow the City to capture \$400,000 in General Fund savings for 2011 and \$1.2 million in savings citywide.
Reduce City Fleet	Reduce City's fleet of vehicles.	Overall the City's fleet has been reduced significantly. Due to reductions in the size of the City's fleet and the extension of vehicle lifecycles, FAS is able to reduce six of their seventy-four mechanics.

Employee Suggestions not incorporated in 2010 Mid-Year Reductions or 2011-2012 Proposed Budget

While we received a large number of thoughtful suggestions from employees, not all of them were able to be incorporated into this year's reduction or the Proposed Budget. In most cases, the change suggested was not implemented because it would have incurred additional costs to the City, was otherwise fiscally unfeasible at this time, or was a one-time budget strategy that would simply defer the problem.

For example, the most popular suggestion from employees, with 28 suggestions total, was to allow **current City employees to take early retirement.**

Other suggestions included the following:

- A 32-hour work week for City Employees
- **City-wide furlough program in 2011.** Because on-going salary savings are captured from reductions in COLA and a salary-free for those in discretionary pay bands, and because furloughs only generate one-time savings, the 2011-2012 Proposed Budget does not rely on widespread furloughs. Most departments and employees will not furlough in 2011. However, staff in the Executive Offices will participate in limited furloughs to generate additional one-time savings in addition to the market rate adjustment salary changes described above. The Law Department also plans on furloughing employees in 2011. In total, these furloughs will save the City nearly \$742,000 in 2011.
- Moving to an open-source software model.