

Conway Citizen Taskforce Resolution No. R-11-08

Executive Summary

The Conway City Council established a Citizen Taskforce at its meeting on February 15, 2011. Three specific tasks were assigned.

1. Examine departmental requirements, goals and mission to determine adequate and appropriate levels of staffing.
2. Review city operations for potential revenue sources from operations such as rental rates and user fees, for potential savings from privatization or outsourcing of jobs, services, programs or facilities, and for process improvements including optional ways of doing business such as eliminating departmental overlaps.
3. Examine financial policies of the city including reviewing budgetary policies and procedures, long and short-term cash flow projections, cash management policies, banking arrangements and any and all agreements or contracts that have a financial implication.

The committee began meeting in March 2011. Many meetings have taken place throughout the last 6 months including departmental overviews, on-site discussion, financial / departmental reports and committee report writing and discussions. We concluded our work resulting in this document focused primarily on tasks 1 and 2. Task 3 is believed to be covered if the recommendations are followed.

Methodology

The first committee activity was to review the 2011 budget, 2010 department reports and personnel data. Meetings were held with each of the major department heads, including police, parks, fire, street, sanitation and planning. In June, the committee began to develop the recommendations presented below.

The task force formed sub-committees to review major departments in greater depth. Reference material was placed on the City's Web Site and includes the 2011 budget, department personnel numbers back to 2005, minutes of our meetings and 2010 department reports.

Opportunity/Risk Analysis

Task One:

We observed that department leaders clearly understood their specific goals and objectives and the many tasks before them. Each indicated that their team was keeping up with an ever-growing demand for service. As a result, they indicated a need for more employees. Given the

scope of issues, the degree of study necessary and the fact we do not have the expertise or time to thoroughly investigate this task we will not provide a recommendation on determination of levels of staffing necessary by department. We will however, offer a general opinion about how best to manage this complex issue.

Recommendation:

The current state of the economy and limited growth in sales tax revenue may result in required decreases in services and/or personnel expenses (payroll and benefits). This is necessary to balance the budget in both current and future years. The committee feels that there are opportunities for improved efficiencies throughout all areas of operations and administration and that it is imperative for the Council and department heads to objectively evaluate all staffing levels and services. The most important question to appropriate staffing levels needs to be addressed. What are the revenues available to the City? This is a difficult question to answer and led to our recommendation focusing more directly on financial activities. Specific priorities must be established to minimize the risk of misdirecting available resources. Below are some specific items for consideration as it relates to staffing.

- A. Review all costs associated with City personnel and identify areas for immediate reduction of cost to close the budget deficit and eliminate systematic growth of departmental personnel expense.
- B. Institute an employee incentive program focusing on ideas to reduce cost and/or increase efficiencies. Employees responsible for delivering the services and working on the front line will generate innovative ideas to save the City money or increase operational efficiencies.
- C. Retirement plans need to be evaluated and modified to become more consistent with private industry and avoid personnel retiring with immediate benefits after 20 years of employment.
- D. Step programs need to be eliminated and replaced with a merit increase program utilizing a performance evaluation system to support any potential merit increase.
- E. Freeze all openings until adequate reserves are established.

Task Two:

In addressing the second task, we determined that revenue opportunities (taxes and fees) were limited for two main reasons. First, we believe that our current tax levels are adequate to meet city needs and secondly the timing of any increase in taxes and fees during this economy would be harmful to economic growth and to the citizens of Conway. User fees on the other hand and "hamburger tax proceeds" were considered and we offer some recommendations below.

A) Revenue

A primary revenue opportunity revolves around the parks, which led to the following recommendation, specifically relative to the A&P Commission and its relationship with the City.

Recommendations

1. Establish an agreement with the A&P Commission to allocate funds that come directly to the City, beyond bond service, between Capital and Operating costs for Parks and Recreation facilities.
2. Charge fees for use of rooms at McGee and Don Owens – use profit and non-profit rates.
3. Sales tax campaign—Shop Conway—explain to people why and how important the sales tax revenue is to the City
4. Charge non-residents an annual membership fee or a fee for use of City facilities.

B) Privatization/Outsourcing

We asked each department leader what, if any, work could be privatized or outsourced. Outside of concessions in Parks and Recreation (which has taken place), there were few ideas offered.

Recommendation

Assess all positions within the City. Consider outsourcing appropriate activities where financially feasible.

C) Overlapping/Consolidation

In looking at departments, there is a tendency to become top heavy over time. It appears that time and service determines promotion as opposed to need. There needs to be a thorough review of each department to determine where this is the case with corrective action taken as soon as possible.

D) City Council and Fiscal matters

Finally, we discussed the City's method of decision making on fiscal matters by Administration and Council and how to improve this process. Currently, the Council meets as a Committee of the whole, which limits the opportunity to assess and investigate the many details of the City budget, operations and administration. We have specific recommendations on each.

Recommendations

1. Establish a City Council Finance Sub-Committee made up of no more than one member from each ward.

The primary functions of this Sub-Committee are as follows:

- a) Hold monthly meetings with the CFO and Treasurer to review previous month's financials. The Sub-Committee Chairman should report the YTD results, cash flow and revenue/expense projections for the remainder of the year to the full Council.
- b) Hold quarterly financial review meetings with every department head to review same metrics as above. The Sub-Committee Chairman should report to the full Council on findings, recommendations, course corrections etc.
- c) Establish a General Fund reserve and develop a detailed plan and time line to achieve it.
- d) Benchmark other municipalities to obtain a best financial model for the City.
- e) Establish mandatory zero-based Priority budgeting procedures.
- f) Require each department head to submit a current list of service priorities for review and identify which services, and associated cost, would be eliminated in the event revenues continue to decline.
- g) Oversee the annual budget process - be actively engaged with the Mayor in managing the process and interacting with department heads during the preparation of initial and final budgets.

- h) Require all departments to develop an annual operational plan outlining goals and mission.
- i) Establish a capital budget, review requests and develop funding sources. Demand future operating cost estimates on any proposed capital spending.

2. Fiscal matters.

- a) Develop a clear Priority for ranking spending within each department, including specific items to cut and the potential impact of those cuts.
- b) Rationalize all administrative positions throughout the City.
- c) Rationalize City Vehicle requirements and establish a comprehensive vehicle policy.
- d) Determine feasibility of converting existing vehicles to use of natural gas as primary fuel source, as well as, the purchase of new vehicles using natural gas as the primary source of fuel.
- e) Review and update all banking agreements to maximize earnings and minimize the cost to the City.

3. Consider 2 year bond coverage on major road contracts

Conclusion

The current challenges to the City of Conway are significant and require immediate action. The future can be bright with careful and thoughtful planning and asset utilization. Conway is a wonderful City and deserves the very best. The members of the Conway Citizen Taskforce Committee appreciate the opportunity to have served.

Respectively Submitted

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