

Audit Committee Discussion

January 23, 2023



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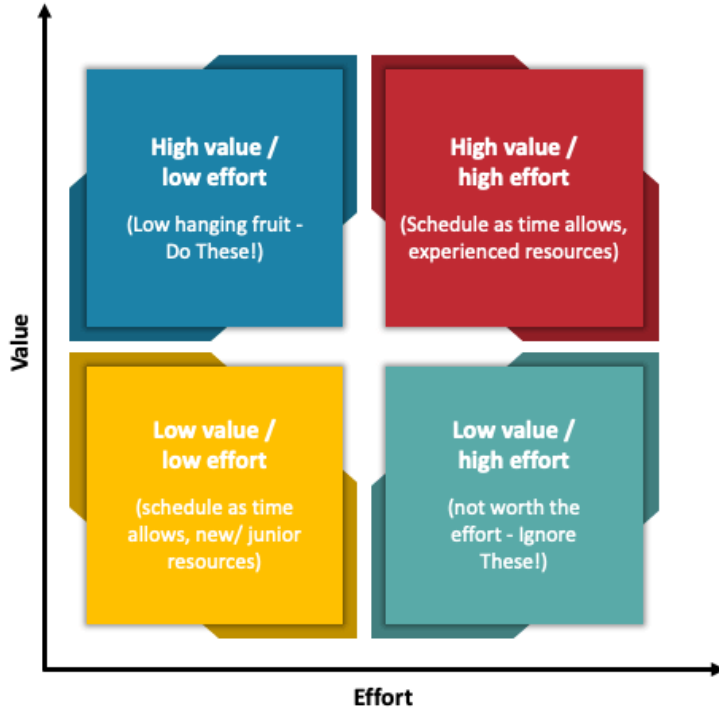
Topics of interest

- Find cost savings through efficiency
- Review fees and cost recovery
 - Residential vs. non-resident
 - Evaluate contracts and Joint Power's Agreements (JPA's) with other municipalities

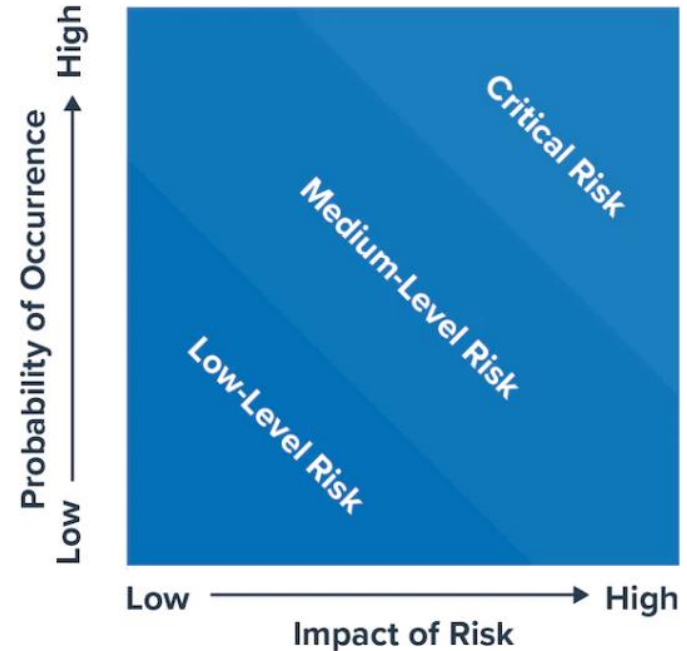


Tools for consider when scoping audit topics

Project Benefit



Risk and Probability





Find efficiencies to find cost savings

How: Study city operations or services. What should we stop doing? Is there an easier way? Is there redundancy or an opportunity to partner? Can technology help?

Risk: The city may be deploying unnecessary resources.

Impact: Deliver the services that constituents value, may be able to complete tasks faster, however findings may recommend initial investments.

Considerations: Broad topic, time intensive, unknown scope of savings, or cost required to make improvements.

Recommendation: Table this idea, unless there is a specific efficiency that has been identified or study an efficiency that has been recently implemented.



Total General Fund Revenue by Department

(2022 proposed budget)

Department	Charge for Service	% of Charges for Service	All GF Revenue	% of all GF Revenue
City Attorney	14,859	0.03%	79,267	0.02%
City Council	108,000	0.18%	375,555	0.11%
Emergency Management	-	0.00%	-	0.00%
Financial Services	109,704	0.19%	591,280	0.17%
Fire and Safety	17,556,603	30.02%	18,851,607	5.48%
General Government	17,505,596	29.94%	261,416,063	75.93%
Human Resources	-	0.00%	215,496	0.06%
HREEO	20,171	0.03%	648,971	0.19%
Mayor's Office	-	0.00%	222,863	0.06%
Parks and Recreation	899,944	1.54%	2,652,461	0.77%
Police	1,510,531	2.58%	3,824,336	1.11%
Public Works	5,249,098	8.98%	16,478,761	4.79%
Safety and Inspections	15,492,744	26.49%	18,100,361	5.26%
Library	-	0.00%	18,710,081	5.43%
Technology and Communications	9,501	0.02%	2,116,654	0.61%



Fee Overview

Types of fees

Franchise Fees, Ambulance Fees, Utilities, State Mandated Fees, Program fees/Rec Fees/Golf Fees, Permit fees, Nuisance fees, Building fees, Application fees, Appeal fees, Concessions, Copies/Fax, services for other cities, PILOTS, unknown services we don't charge for, fees charged to administration grants.

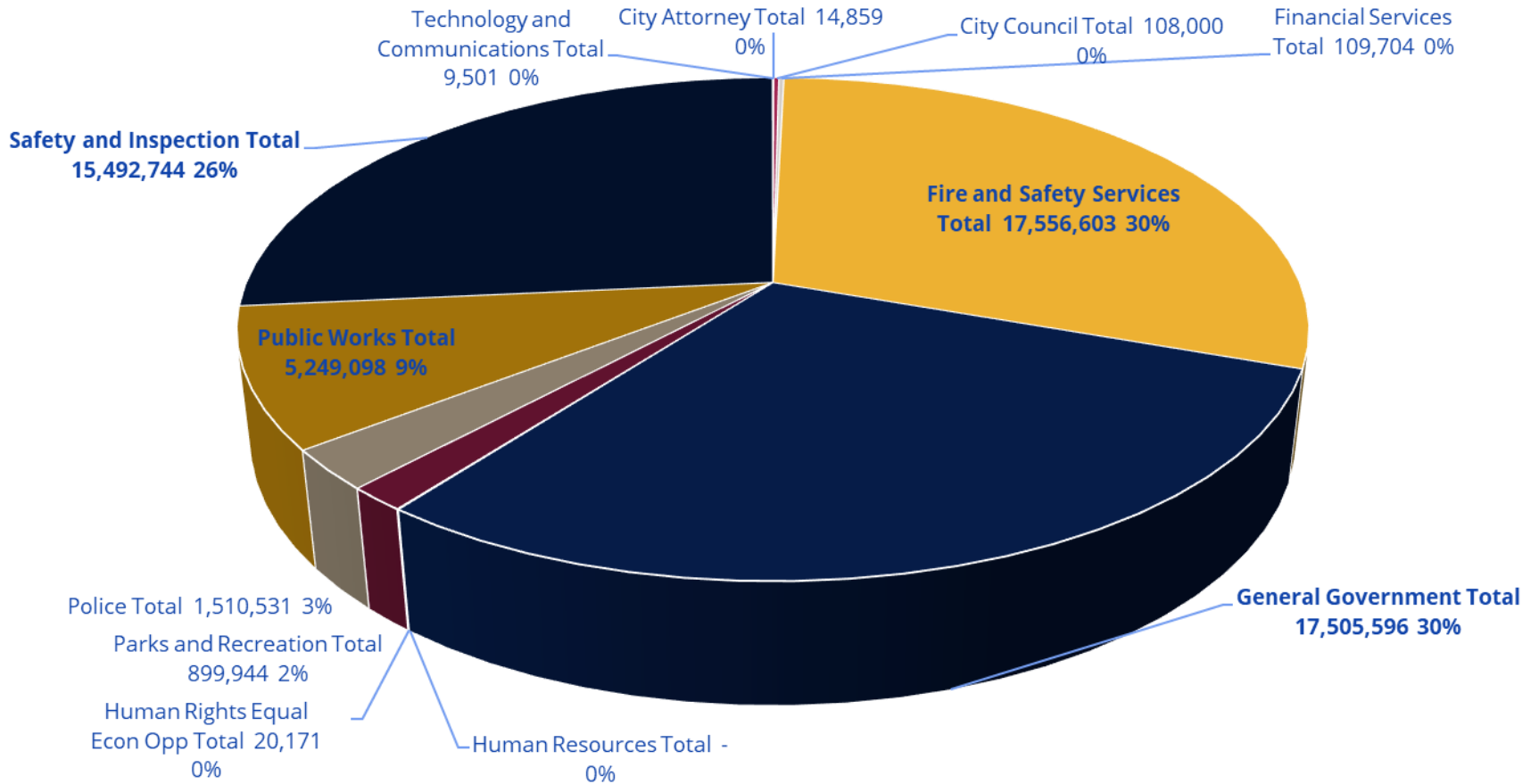
Types of contracts and JPA

Need more analysis, in general this would include agreements with other organizations for services, staff, training, maintenance, equipment, building use. ~N=62 in 2021 & 2022



Charges for Service Revenue by Department

(2022 proposed budget)





Review Fees and Cost Recovery

How: A complete full city-wide fee study would require a consultant, a minimum estimate budget of \$200,000 and +1 year to complete. Requires expertise in industry operations and costing. This would require significant staff time within departments to meet with consultants.

Risk: Fee recapture, the fees we collect for service may not cover all the city's cost for that service. Size of risk unknown (*Fees may be established with equity and industry standards in mind.*)

Impact: Reduce general fund fee subsidy and increase fee revenue. Eliminate fees in ordinances to simplify the process to change fees. Ensure other municipalities share in costs of service. Finding may impact equity, a study could help develop a formula to establish costs without over burdening the customer.

Considerations: Large topic, impacts multiple staff and departments, an independent contractor to study, may include technology or software review

Recommendation: Start small

- Draft a project proposal to study fees we know our costs are not covered.
- Draft a project proposal on eliminating fees from the ordinance.

Recommendation: Get estimate on city wide study and take time to scope and appropriate a budget.

Potential Goals of a Fee Study

- Analyze cost recovery fee models to ensure property taxpayers are not subsidizing services.
- Track and review fees annually. Fee adoption could be part of the budget process. Move away from specifying a fee in ordinance and rely on the fee adoption process to set rates.
- Develop a costing model tool for departments to utilize to set consistent and equitable rates city wide.
- Create a policy that considers affordability, community benefit, ROI, and other municipality costs as part of the fee determination model.
- One place to find fees and JPA/contracts with other municipalities for city services. Annual review of fees and agreements.

Questions



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