

FLEET MAINTENANCE FUND

Public Works Department

PROGRAM OVERVIEW

Fleet Maintenance supports activities related to procuring and maintaining the City's fleet of vehicles including approximately 239 vehicles and 300 other pieces of public safety, emergency, and seasonal response equipment used by City departments. As an internal service fund, Fleet Maintenance is supported by all other City departments except the Fire Department based on vehicle use and includes a reserve for the future replacement of fully depreciated vehicles and equipment. The maintenance and replacement of Fire equipment is accounted for within the Fire Department budget and the Fire Equipment Reserve Fund.

BUDGET OVERVIEW

REVENUES

	2001-2002 Actual	2003-2004 Budget	2003-2004 Estimate	2005-2006 Budget
Beginning Fund Balance	\$2,026,766	\$3,612,308	\$4,302,415	\$5,163,462
Maintenance & Operation Transfers	2,086,751	2,022,145	1,936,515	2,347,816
Replacement Transfers	2,126,857	2,417,749	2,417,749	1,297,466
Interest Earnings	311,629	316,000	180,938	209,826
Other Revenues	149,844	163,800	55,800	72,999
TOTAL REVENUES	\$6,701,847	\$8,532,002	\$8,893,417	\$9,091,569

EXPENDITURES

	2001-2002 Actual	2003-2004 Budget	2003-2004 Estimate	2005-2006 Budget
Salary and Benefits	\$945,652	\$985,845	\$1,032,329	\$1,067,048
Supplies:				
Fuel	185,866	312,148	339,679	485,547
Other Supplies	473,572	512,632	398,690	424,677
Professional/Legal	\$174,159	\$203,426	\$182,543	\$209,480
Capital Equipment	1,090,480	1,452,048	1,415,563	1,427,849
Interfund Transfer - Insurance	238,526	361,150	361,151	448,114
Equipment Replacement Reserve	0	4,704,753	0	5,028,854
TOTAL EXPENDITURES	\$3,108,255	\$8,532,002	\$3,729,955	\$9,091,569
TOTAL FTEs	6.66	6.66	6.66	6.66

MAJOR CHANGES BETWEEN 2003-2004 BUDGET AND 2005-2006 BUDGET

The Fleet Management budget is projected to increase by approximately \$560,000 or 6.6% for the biennium due to the rising cost of fuel, higher salary and benefit costs for existing employees and more money being set aside for the replacement of the City's fleet in accordance with established replacement schedules. It is important to note that the fuel budget is forecasted to rise dramatically due to the escalating price of oil. Oil at \$50 per barrel is at a record high and has led to higher charges for gasoline and diesel fuel needed to operate the City's fleet.

DESCRIPTION OF PROGRAM INCREASES (REDUCTIONS)Hoist Replacement, \$18,800

The current hoist has been in service at the MOC for approximately 27 years and does not possess the necessary safety and environmental features of more current models. Especially important due to the close proximity of the MOC to City Well No. 5 is the lack of secondary fluid containment for hydraulic oil on this hoist. It is estimated that contamination of the groundwater would take less than 6 months to reach Well No. 5. Retro-fitting this hoist is not practical given the age of the asset, while replacing the hoist will make the City a leader in protecting the groundwater and be in accordance with the Wellhead Protection Ordinance.

2003-2004 ACCOMPLISHMENTS

- Maintained a growing fleet with current staff.
- Facilitated in the replacement of 43 vehicles and equipment.
- Participated in the replacement of one vehicle hoist to accommodate ever-increasing truck size and provide for safety.

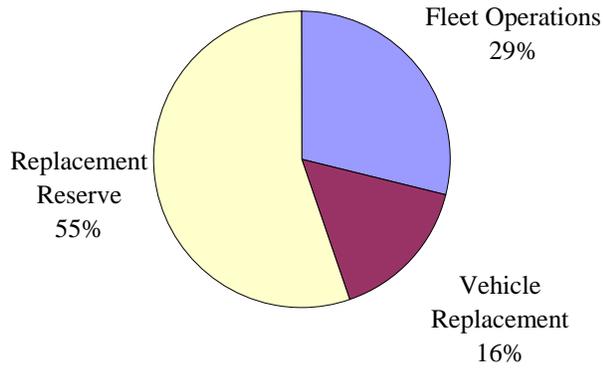
2005-2006 WORKPLAN INITIATIVES

- Maintain level of fleet service and explore additional efficiencies in fleet maintenance.
- Replace another old vehicle hoist.
- Facilitate the replace of approximately 35 vehicles and equipment.

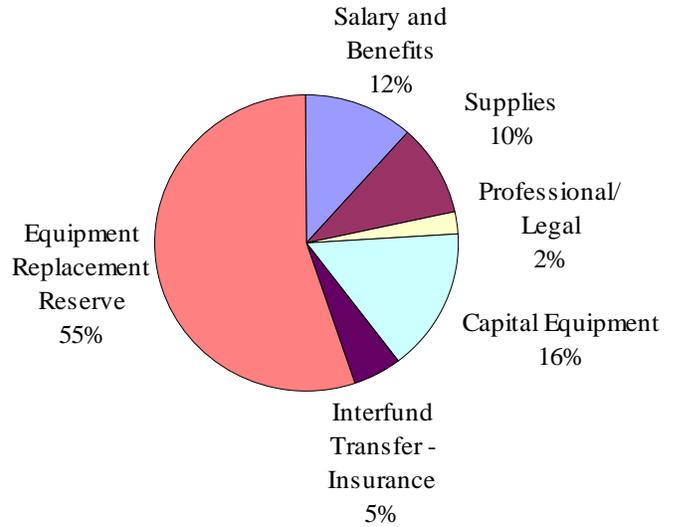
SUMMARY OF DEPARTMENT RESOURCES

2005-2006 Budget \$9,091,569

By Division/Program Area



By Category of Expense



INSURANCE CLAIMS AND RESERVE FUND

Finance and Information Services Department

PROGRAM OVERVIEW

This fund reflects activities related to the City's property and liability insurance, and safety and loss control programs managed by the Risk Management division of the Finance Department. Risk Management uses a combination of self-insurance and conventional insurance to reduce the City's loss exposure. The division also reviews, investigates and settles claims; offers safety-training classes; and serves as technical advisor to all City departments on insurance and safety issues. Revenues for this fund are primarily derived from charges to the General Fund, the Water/Wastewater Management Fund, the Stormwater Management Fund, the Fleet Maintenance Fund, and the Advanced Life Support Fund for insurance-related costs.

BUDGET OVERVIEW

REVENUES

	2001-2002 Actual	2003-2004 Budget	2003-2004 Estimate	2005-2006 Budget
Beginning Fund Balance	\$547,105	\$122,048	\$85,022	\$198,240
Payments from Other City Funds	1,364,778	2,101,818	2,101,830	2,149,324
Miscellaneous Revenues	17,443	10,000	4,044	2,000
TOTAL REVENUES	\$1,929,326	\$2,233,866	\$2,190,896	\$2,349,564

EXPENDITURES

	2001-2002 Actual	2003-04 Budget	2003-2004 Estimate	2005-06 Budget
Salaries and Benefits	\$403,636	\$454,688	\$498,512	\$521,437
Supplies	5,217	4,600	4,860	4,600
Professional/Legal:				
Professional Services	36,399	82,900	78,203	82,400
Insurance Premiums	826,715	1,066,779	1,065,375	1,149,998
Insurance Claims	530,704	350,000	319,705	350,000
Other	42,579	25,342	26,001	26,073
Interfund Transfer - Fleet	1,901	2,470	0	0
Ending Fund Balance	0	247,087	0	215,056
TOTAL EXPENDITURES	\$1,847,151	\$2,233,866	\$1,992,656	\$2,349,564
TOTAL FTEs	3.00	3.00	3.00	2.80

MAJOR CHANGES BETWEEN 2003-2004 BUDGET AND 2005-2006 BUDGET

This fund is projected to increase by 5.2% over the biennium primarily for two reasons:

- Salary and benefits are estimated to increase due to market adjustments, merit increases and higher medical insurance premiums. Partially offsetting these increases is a reduction in the in-house Claims Administrator position from full- to part-time.
- Insurance premiums are expected to rise 7.8% over the biennium. The insurance market for governments has been very tight since the September 11th incident although the rate of growth in premiums has begun to stabilize from the 50% level seen right after this event to a more modest level for 2005-2006.

DESCRIPTION OF PROGRAM INCREASES (REDUCTIONS)

Claims Administrator: -\$23,396; .2 FTE

This position was reduced to part-time after an evaluation of workload in the Risk Manager Division. The reduction is expected to have only a minimal impact on service levels within the division. Given that the position is vacant, these savings can be achieved without affecting existing personnel. The .2 FTE which was freed up as a result of reducing this position has been transferred to the Fixed Assets function in Finance to address workload issues.

2003-2004 ACCOMPLISHMENTS

- Completed work on a citywide workplace violence prevention policy in partnership with Human Resources.
- Reviewed over 640 City contracts to assure proper risk controls are in place to protect the City in the event of claims and suits.

2005-2006 WORKPLAN INITIATIVES

- Place the Risk accident reporting system, including claims, onto the City's intranet and tie it into the City's new Finance, Payroll and Human Resources system.
- Negotiate an increase in the Employment Practices Liability coverage to a prudent level above the current \$5 million level at renewal.
- Review and assess insurance requirements in the areas of Employment Practices and Information Technology to ensure appropriate coverage levels for the City in the event of a large loss or damage to City property.
- Continue to improve the City's ergonomic program to assess office employee work spaces to control musculoskeletal disorders that affect lost time claims cost and expense.
- Develop City's own integrated claims information management system, instead of relying on third party administrators to provide that information that will improve efficiency and accuracy of claims reports.
- Fill the Senior Risk Coordinator part-time position that is currently filled by a temporary service employee to coordinate property and casualty claims made against the City and to provide support to the Risk Manager.
- Continue to work with the Wellness Committee to develop programs and activities to promote healthy lifestyles for City employees to contain medical and lost time costs.

MEDICAL SELF-INSURANCE FUND**Finance Department****PROGRAM OVERVIEW**

This fund accounts for costs associated with the City's employee health benefit programs, including Red-Med, Group Health, the employees' Wellness program and Employee Assistance Program. Revenues for this fund primarily consist of interfund transfers from departments for employee medical premiums. Fund expenses include plan administration and claims management costs, stop-loss insurance premiums, employee program costs and medical claim costs. Employee medical premiums are established by an independent actuarial study which takes into account a long-term projection of expenses.

In 2003, the City instituted medical premium cost sharing for dependents of employees covered under the City's healthcare program. This arrangement was negotiated and implemented in an attempt to manage the rising cost of medical care, which increased between 12% to 15% over the past several years as compared to general inflation which has averaged 2.5%.

BUDGET OVERVIEW

	REVENUES			
	2001-2002 Actual	2003-2004 Budget	2003-2004 Estimate	2005-2006 Budget
Beginning fund balance				
IBNR Reserves	\$402,613	\$426,469	\$535,210	\$646,298
Unrestricted cash	12,976	453,120	441,017	1,023,654
Total	<u>\$415,589</u>	<u>\$879,589</u>	<u>\$976,227</u>	<u>\$1,669,952</u>
Interfund Premiums	\$7,363,558	\$8,780,583	\$9,484,455	\$12,116,769
Employee Contributions	152,073	963,699	875,562	1,408,522
Investment Interest	98,961	100,000	124,305	100,000
TOTAL REVENUES	<u>\$8,030,181</u>	<u>\$10,723,871</u>	<u>\$11,460,549</u>	<u>\$15,295,243</u>
	EXPENDITURES			
	2001-2002 Actual	2003-2004 Budget	2003-2004 Estimate	2005-2006 Budget
Red-Med medical claims	\$5,792,221	\$7,746,325	\$7,892,847	\$10,768,143
Group Health premiums	648,196	818,440	910,089	1,259,040
Excess liability insurance	253,084	426,375	368,671	458,719
Professional services	378,407	423,518	423,906	460,974
Wellness administration	36,275	36,000	36,000	37,636
Communications/Other operating	3,088	23,000	18,813	24,045
Health premium waivers	6,514	6,000	6,000	9,000
LEOFF 1 Transfer	68,767	0	134,271	140,000
IBNR Reserve	\$0	\$488,873	\$0	\$851,751
Ending fund balance	0	755,340	0	1,285,935
Ending Fund Cash	<u>\$0</u>	<u>\$1,244,213</u>	<u>\$0</u>	<u>\$2,137,686</u>
TOTAL EXPENDITURES	<u>\$7,186,552</u>	<u>\$10,723,871</u>	<u>\$9,790,597</u>	<u>\$15,295,243</u>

MAJOR CHANGES BETWEEN 2003-2004 BUDGET AND 2005-2006 BUDGET

The 2005-06 budget for this fund increased by \$4.6 million due to the following reasons:

Revenues:

- Insurance rates are projected to increase by 12% per year. In addition, budgeted premiums were underestimated in the 2003-04 biennium which precipitated an adjustment in 2005-06.
- 20% premium cost sharing is assumed for all employees beginning in 2005-06. Premium cost sharing was only partially implemented citywide during the previous biennium.

Expenditures:

- Red-Med medical claim costs are projected to rise 12% per year, plus an adjustment has been made to bring the budget in line with actual costs.
- The Group Health and Excess Medical Insurance category is projected to rise \$475,000. Most of the increase is attributable to Group Health. Group Health premiums are expected to increase 15% per year while Excess Medical Insurance premiums are expected to rise 13% per year.
- LEOFF 1 Transfer represent the difference between premiums paid by the City for LEOFF 1 retirees and the medical claim costs associated with this group. Surpluses are transferred out to the City's Operating Reserve Fund for use in situations where LEOFF 1 retiree medical claim costs exceed premium revenues. Please note that the 2003-2004 budget inadvertently excluded the estimated cost of this item.
- As a result of the higher medical claim costs in 2005-2006, the IBNR (incurred but not reported) reserve is budgeted to increase as it is based on 15% of annual Red-Med claims.

DESCRIPTION OF PROGRAM INCREASES (REDUCTIONS)

No program changes were authorized for this fund.

2003-2004 ACCOMPLISHMENTS

- Negotiated and instituted premium cost sharing for dependents to assist the City in controlling the rising costs of medical care.
- Continued annual reporting to the Council on the performance of the Red-Med plan.
- Promoted healthy work habits and lifestyles through employee Wellness program presentations and activities.
- Instituted regular actuarial analysis of the fund's expenses and revenues to ensure the fiscal condition of the fund remains strong and compliant with state requirements.

2005-2006 WORKPLAN INITIATIVES

- Continue to proactively monitor the fiscal condition and performance of the fund by conducting regular actuarial reviews of the fund's finances.
- Continue to educate and promote healthy work and lifestyle habits for City employees through Wellness programs and presentations.
- Explore cost-effective retiree healthcare options.
- Continue identifying, evaluating and implementing benefit plan cost containment measures in conjunction with employee groups.

WORKERS’ COMPENSATION FUND

Finance and Information Services Department

PROGRAM OVERVIEW

The Workers’ Compensation Fund reflects activities related to the City’s self-insured workers’ compensation program. This fund pays for claims when employees are injured on the job. The program has allowed the City to administer claims and benefit payments more efficiently and better address safety issues through improved access to claims data. Revenues for this fund are derived from insurance premiums assessed to City departments and from employee contributions.

BUDGET OVERVIEW

REVENUES

	2001-02 Actual	2003-04 Budget	2003-04 Estimate	2005-06 Budget
Beginning Fund Balance	\$209,435	\$32,190	\$20,923	\$218,438
Interfund Insurance Premiums	409,094	733,991	977,296	895,743
Miscellaneous Revenues	76,449	85,232	82,173	90,984
TOTAL REVENUES	\$694,978	\$851,413	\$1,080,392	\$1,205,165

EXPENDITURES

	2001-02 Actual	2003-04 Budget	2003-04 Estimate	2005-06 Budget
Workers' Compensation Claims	\$298,386	\$423,518	\$380,791	\$425,000
State Administration Fee	208,749	199,106	180,690	260,925
Excess Stop Loss Insurance	55,529	45,181	46,591	69,267
Claims Administration	77,048	68,987	80,650	63,550
Ending Fund Balance	0	114,621	0	386,423
TOTAL EXPENDITURES	\$639,712	\$851,413	\$688,722	\$1,205,165

MAJOR CHANGES BETWEEN 2003-2004 BUDGET AND 2005-2006 BUDGET

The Workers’ Compensation fund has increased significantly between 2003-2004 and 2005-2006 to bring the budget more in line with actual costs and make sure adequate reserves exist to pay for current and future claims under the City’s self-insurance program. As claims rise so does the amount of the state administrative fee and reserve requirements as the City is financially responsible for paying the cost of all workers’ compensation claims up to the self-insured retention level of \$350,000 per claim. The reserve level has been raised from approximately \$115,000 to \$386,000 to ensure its adequacy.

DESCRIPTION OF PROGRAM INCREASES (REDUCTIONS)

No program changes were authorized for this fund.

2003-2004 ACCOMPLISHMENTS

- Provided safety training to an average over 1,500 participants each year in safety-related classes such as first aid/CPR, flagging, confined space and defensive driving.
- Completed field employee training on ergonomics using PowerPoint presentations with actual photos of City workers on the job for Public Works and Parks employees.
- Reduced workers' compensation claim frequency (number of claims) by 29% since 2001.
- Trained building floor wardens and conducted both City building evacuations and citywide evacuations with Fire and City Campus safety committee.

2005-2006 WORKPLAN INITIATIVES

- Review new Ladder Safety regulations, incorporate into the City's safety policy and develop training for affected employees.
- Complete the Fall Arrest Safety program, begin training and incorporate the program into the City's safety policy manual.

INFORMATION TECHNOLOGY FUND

Finance and Information Services Department

PROGRAM OVERVIEW

Included in this fund are the activities of the Information Services division of the Finance and Information Services Department. This division consists of staff members who support the City's technology infrastructure. Specifically, Information Services:

- Oversees the development of all computer-based technology.
- Maintains central/shared system resources including email, Internet access, communication networks, telephones, voice mail, and workstation software.
- Provides computer support to all City employees.
- Develops policies and procedures that guide technological investments throughout the City.
- Provides technical support to City departments on the implementation of department-specific technology systems.

Revenues to support this division include contributions from the Water/Wastewater Fund, the Stormwater Management Fund, and the General Fund based on the number of computers and on the services provided.

BUDGET OVERVIEW

REVENUES

	2001-02 Actual	2003-04 Budget	2003-04 Estimate	2005-06 Budget
Beginning Fund Balance	\$524,272	\$943,544	\$943,544	\$299,580
Transfer from General Fund	3,564,824	3,314,220	3,078,930	3,938,228
Transfer from W/WW	202,311	467,817	448,274	634,879
Transfer from Stormwater	136,448	677,507	547,252	720,612
Software License/Support Fee	18,490	5,000	42,104	7,500
TOTAL REVENUES	\$4,446,345	\$5,408,088	\$5,060,104	\$5,600,799

EXPENDITURES

	2001-02 Actual	2003-04 Budget	2003-04 Estimate	2005-06 Budget
Salaries and Benefits	\$2,281,990	\$3,408,863	\$3,353,715	\$3,982,861
Supplies	289,450	71,600	187,659	178,650
Professional/Legal:				
Professional Services	154,880	494,588	361,389	238,000
Outside Repair/Maintenance	670,739	806,462	698,697	682,557
Other	133,115	186,449	114,614	148,119
Capital Equipment	152,276	40,000	18,479	40,000
Interfund Transfer - Fleet	9,905	10,972	10,970	8,531
Computer Support Reserve	0	30,000	15,000	15,000
Ending Fund Balance	0	359,154	0	307,081
TOTAL EXPENDITURES	\$3,692,355	\$5,408,088	\$4,760,523	\$5,600,799

MAJOR CHANGES BETWEEN 2003-2004 BUDGET AND 2005-2006 BUDGET

The budget has increased by 3.6% from the 2003-2004 biennium primarily due to higher salary and benefits costs for existing personnel and the transfer of 6 FTEs from the Public Works Department and the Utilities to consolidate GIS services within Information Services. Given that these employees were transferred to Information Services in late 2003, their full cost was not reflected in the previous budget.

Partially offsetting these increases are reductions in computer maintenance, consulting services, and costs associated with accessing the Internet and supporting City users. Below is a summary of the program reductions included in the 2005-2006 budget.

DESCRIPTION OF PROGRAM INCREASES (REDUCTIONS)Computer Network and Server Maintenance: -\$145,290

Reduces funding for the maintenance of computer network and servers. Costs were reduced by renegotiating new contracts, reducing vendor support and supplementing with on-site spares and staff skills. Very limited funds will be left for unexpected repairs. If such repairs do not fall within the expertise of staff, Information Services will need to engage vendors at a rate outside the regular maintenance costs. Although manageable, these reductions will remove the flexibility of Network Services staff to respond to unplanned circumstances and events.

PC Maintenance Contract: -\$44,000

Reduces funding for PC maintenance costs on equipment that was maintained by an external PC maintenance company. This reduction is occurring because the City has made the change from Compaq equipment to Dell. City staff are keeping certified with Dell so when repairs and maintenance occur, they can troubleshoot and requests parts directly. Service delivery to the public could be impacted if it turns out that the demand outweighs the capacity to respond in a timely fashion across the City.

Support Line and Remote Access Services: -\$43,450

Reduces funding for the support line and Remote Access Services to reflect actual costs. These funds are no longer required as the services are being addressed in a more cost-effective manner. Costs associated with remote access services have been eliminated by secure use of the Internet. New technology and Internet accessibility has removed the need for dedicated, secure lines. Additionally, costs associated with pagers and cell phones for I.S. personnel have declined, as competition has continued to force these costs lower.

Professional Services for Network and PC Support: -\$27,645

Reduces funding for professional services in the Network Services and Support Services divisions of Information Services. In the past, Information Services has employed outside help to augment the skills of existing staff. Typically such help will have specialist knowledge relevant to a particular problem or project and enables Information Services to respond promptly to issues without having to have existing staff go through a steep learning curve. Projects that exceed the technical knowledge of Information Services may take longer and require departments to reset delivery expectations because of the need for Information Services staff to self-learn a skill or competing workloads.

Internet Access Connection: -\$14,940

This reduction takes advantage of the cost savings of changing the City's Internet access provider from Verio to the King County I-Net. The new King County I-Net Internet connection meets the security requirements of the state courts and county data and provides faster speed at a lower cost.

2003-2004 ACCOMPLISHMENTS**Added a GIS group to the Information Services division**

- Created a GIS Services Group to provide core GIS services to all City departments.

Continued to maintain and operate the City computer and network infrastructure

- Upgraded all workstations and laptops in the organization to MSOffice 2002 (XP) using an automated after-hours deployment system.
- Continued to provide PC, network, phone and voice mail planning and installation support for City staff.
- Replaced and upgraded older City servers, workstations, laptops, printers, and network equipment in accordance with equipment replacement schedules.
- Migrated City servers to a Microsoft Windows 2003 and Exchange 2003 environment.
- Made City network more resilient against equipment and power failures.
- Replaced City Data Center and E911 Data Center UPS with new redundant UPS systems.
- Connected City to new King County high speed network (I-Net)
- Provided significant resources to assist with design of new City Hall.

Continued to expand technology capabilities within City facilities

- Selected, implemented, and deployed a new integrated financial system to support the City's financial, human resources, and payroll functions.
- Completed upgrade of City network to gigabit backbone.
- Added three remote locations to City network including additions of Medic 911 stations.
- Started to deploy Voice over Internet Protocol (VoIP) telephones for new telephones resulting in reduced telephone maintenance costs.
- Implemented desktop security patching program to ensure that workstations and laptops are kept up to date with the most recent security patches and bug fixes as they are identified and released from vendors.
- Increased ability to filter viruses and spam from City network.
- Implemented "virtual servers" reducing the numbers of Windows servers and reducing the associated maintenance costs.
- Deployed and tested initial Wi-Fi network and developed plan to deploy at City locations.
- Implemented a water quality database which resulted in the identification of a water quality issue.
- Defined the technical component of the project and completed the requirements and data analysis to support Phase I of the Wellhead Protection Program.

Provided extensive support to implement department specific technologies and further the City's e-Government initiative

- Implemented video streaming to allow live Internet broadcast of City Council Meetings and RCTV broadcasts.
- Developed and implemented an electronic job application which allows job candidates to fill out the City of Redmond job application electronically via the City's webpage.
- Developed and implemented the R-Trip R-Rewards Internet application that recently won a Vision 2020 award from the Puget Sound Regional Council for helping promote a livable region.

- Expanded the online Permit system to include permit status, inspection history, and the ability to apply and pay for simple permits via the City web page.
- Implemented a new intranet site to engage employees more completely in using the City's intranet as a means to exchange information and provide more self-service options within the organization.
- Developed a central GIS repository which is updated on a monthly basis and which has increased access to maps via the City's intranet.

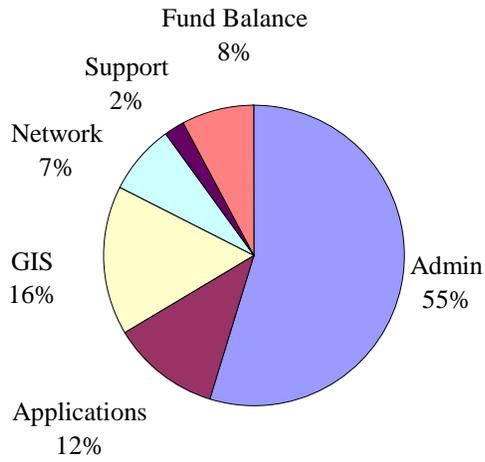
2005-2006 WORKPLAN INITIATIVES

- Assist with the design and move into the new City Hall including the design of network infrastructure and building security.
- Continue to increase service levels to enhance the City data networks and the telephone networks to provide a highly reliable and cost-effective network to support the information and service needs of citizens and employees in a very busy and highly mobile society.
- Continue to improve and support departmental needs by enhancing in-house developed, department-specific applications, along with implementing improved reporting capabilities using the enhanced capabilities of the Windows 2003 environment.
- Research and continually survey technology trends to keep abreast of new developments that could benefit City operations.
- Continue to research and enhance network security to provide the protection necessary to secure City systems.
- Upgrade all computers and laptops in the organization to Windows XP in order to provide more stability, security, and support.
- Develop a citywide technology usage policy to clearly define the appropriate use of technology resources. Involve department stakeholders in the development of this policy, so that it ultimately reflects the needs of business units and security best practices.
- Enhance our utilization of network deployment tools for software upgrades to further reduce the resources required, the time to completion, and the employee impact.
- Content-enable the new intranet site for more efficiency in managing and maintaining its content on an ongoing basis.
- Building on the success of the Simple Online Permit Application, begin expanding to other permit types which can be applied for and purchased online.
- In cooperation with all City departments, define and execute a citywide Records Management program that includes development of records management policies and retention schedules, and identifies and defines collaboration and workflow needs.
- Continue work on the GIS projects including creation of a master address database, a GIS data dictionary, and making the GIS repository more accessible to the City and its residents.
- Enhance the online job application so it is integrated with the new Finance/Human Resources system and enhance the existing functionality by creating an online score key for use by Human Resources.

SUMMARY OF DEPARTMENT RESOURCES

2005-2006 Budget \$5,600,799

By Division/Program Area



By Category of Expense

