

RR-1(e)



CITY OF VANCOUVER

ADMINISTRATIVE REPORT

Report Date: December 11, 2006
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Meeting Date: January 16, 2007

TO: Vancouver City Council

FROM: The General Manager of Engineering Services

SUBJECT: Budget and Financial Staffing Resources - Engineering Services

RECOMMENDATION

- A. That Council receive this report for INFORMATION and defer the following Recommendations to the 2007 Interim Operating Budget;
- B. That Council approve the creation of a Financial Analyst I for the Streets and Transportation Division through the conversion of various temporary help accounts at an annual cost of \$82,700 from existing funding and with no impact to the 2007 Operating Budget. Approval and funding to be deferred to the 2007 Interim Operating Budget;
- C. That Council approve the deletion of an existing Engineering Assistant III and the creation of a Budget and Local Improvement Analyst for the Transportation Division at an incremental annual cost of \$10,100 from existing funding and with no impact to the Operating Budget. Approval and funding to be deferred to the 2007 Interim Operating Budget;
- D. That Council approve the creation of a Financial Analyst I in the Equipment Services Branch replacing temporary Financial Analyst I at a cost of \$82,700 with funding provided through overhead applied to the management of the equipment fleet. Approval and funding to be deferred to the 2007 Interim Operating Budget.

GENERAL MANAGER'S COMMENTS

The General Manager of Engineering Services supports the above recommendations.

CITY MANAGER'S COMMENTS

The City Manager RECOMMENDS approval of A to D.

COUNCIL POLICY

Council approves all regular full time staffing positions

SUMMARY

This report seeks Council's approval to create a new Financial Analyst I (Exempt) position to serve in the Transportation and Streets Divisions, delete an existing regular full time Engineering Assistant III (Cupe 15 paygrade 21) and replace with a Budget and Local Improvement Analyst I (Cupe 15 paygrade 25) and finally, to create a Financial Analyst I (Exempt) position within the Equipment Services Branch replacing a temporary Financial Analyst I.

PURPOSE

As more effort is placed on performance measurement, budgeting and accountability, more resources are required to meet the needs. This report identifies the gaps within Engineering Services in terms of its ability to meet the current expectations regarding financial management. The recommendations contained in the report reprioritize existing resources and create new permanent resources at no additional cost to the 2007 Operating Budget.

BACKGROUND

Engineering Services is responsible for a \$95 Million Operating Budget and a \$60 Million Capital Budget. These figures increase when the \$25 Million on-Street Parking program is considered. As well, the Equipment Services Branch who operate the Garage and trade Shops as well as procure and manage the fleet, account for \$45 Million in costs from the user branches.

Reorganizing efforts in some branches like Solid Waste, Sewers and Waterworks involved the creation of dedicated financial staff resources. Those changes, originally related due to the creation of the Sewer and Solid Waste Utilities, have produced results that exceeded original expectations. These Financial Analysts have implemented consistent business rules and strengthened accounting practices which has improved the quality of reporting and level of accountability.

With Engineering Services now working on implementing an Infrastructure Management System, there is further need to address financial management gaps within Engineering

Services. The gaps have been within Streets, Transportation, Parking and Equipment Services.

DISCUSSION

The recommendations request approval to add financial staff resources in the Streets and Transportation divisions and the Equipment Services Branch.

Streets, Transportation and Parking

The Streets and Transportation Divisions account for nearly \$50 Million in annual operating expenditures, over \$25 Million in recoveries from the On Street Parking program and a \$25 Million annual Capital Budget. These budgets are close in scale to the Water, Sewer and Solid Waste Utility where existing dedicated resources have been successfully added.

Streets, Transportation and Parking currently have one Budget and Local Improvement Analyst focused on managing the demand for project accounts, budgeting and reporting. This workload has not allowed the incumbent to develop estimating programs and enhanced project reporting functionality.

Recommendations A and B request approval to add two positions to the Budgets and Administrative Services Branch that will work expressly for the Streets and Transportation divisions. The Proposed Financial Analyst will set work plans for two staff, implement improved business processes and improved reporting. They will also serve as a contact for external funding providers such as TransLink, the Province and the Federal Government. The proposed Budget and Local Improvement Analyst for Transportation will focus on the On-Street Parking program as well as Capital projects relating to Greenways and Bike routes.

Equipment Services

The Equipment Services Branch (EOS) is almost 100% funded from rates charged to internal clients for the management of the City's fleet. These rates include:

- surcharges on fuel, parts and short term rentals,
- composite labour rates for fleet maintenance as well as project work done at cost or at quote,
- overhead rates for services such as information systems, financial management and engineering services.

All of these rates are calculated annually and are inputs to the City's total fleet budget, which is the responsibility of the Equipment Services Branch. It is essential that the costs recovered through these rates are appropriate to cover all of the operating costs of managing the fleet.

Another component of the City's fleet budget is managing Truck and Equipment Reserve from which new equipment is purchased. Equipment Services is responsible for ensuring appropriate annual recoveries are collected for each unit in the fleet and put back into the reserve such that future equipment purchases are provided for.

The Equipment Services Branch uses a fleet information system (CCG) to track all fleet activities. Both EQS costs and customer branch costs must be transferred to SAP in a way that is understandable and transparent both to customers and users of financial information.

The total collected by EQS to cover fleet costs is approximately \$45 million annually. Given the size and complexity of the Equipment Services budget, and the very dynamic environment in which the branch operates the Financial Analyst position is imperative to both ensure current activities are maintained in a fiscally responsible and viable way and to strategically plan for future improvements.

The Equipment Services budget represents approximately 5% of the overall city operating budget and can therefore have a significant impact if consistent and proper methods are not used. A review of Equipment Services by Internal Audit more than two years ago identified the need for increased financial analysis and reporting. To meet this requirement and due to the financial complexity and magnitude of the budget a temporary Manager of Equipment Finance was created at that time. After two years of successful integration it has been determined that there is an ongoing need for this position and as such, Engineering Services would like to regularize this position as a permanent improvement to Equipment Services.

FINANCIAL IMPLICATIONS

Funding to create the proposed Financial Analyst 1 (Exempt) for Streets and Transportation will be provided through conversion of Temporary Help from the Parking Management Branch and the Budgets and Administrative Services Branch. There will be no impact to the 2007 Operating Budget.

In order to create the proposed Budget and Local Improvement Analyst I (Cupe 15 paygrade 25) in Transportation an existing Engineering Assistant III position (paygrade 21) will be deleted and that salary funding be applied to create this position. The incremental cost of \$10,100 will be funded through the conversion of Temporary Help from the Streets Administration Branch.

Funding to create the proposed Financial Analyst I (Exempt) for the Equipment Services Branch will be funded from the overhead rate charged across the fleet that covers internal IT and financial management, engineering services and other shared costs.

Approval and funding to be deferred to the 2007 Interim Operating Budget.

PERSONNEL IMPLICATIONS

An existing and vacant Engineering Assistant III paygrade 21 (Cupe 15 position) will be deleted and replaced by the new Budgets and Local Improvement Analyst paygrade 25 (Cupe 15 position)

CONCLUSION

This report recommends creating a Financial Analyst I for Streets and Transportation, deleting an existing Engineering Assistant III and creating a Budget and Local Improvement Analyst for Transportation and creating a Financial Analyst I position within the Equipment Services Branch to replace a temporary Financial Analyst I.

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