
Financial Efficiency Ordinance

Councilmember Ed Lane 12th District

Presentation to the
Urban County Council Work Session
March 5, 2013

Primary Goal of the Ordinance

- For each department and division of the government to achieve the highest level of productivity and cost efficiency in the delivery of government services.

Key Components of the ordinance

1. Cost Accounting
2. Oversight of Capital Projects
3. Independent Evaluations

1. Cost Accounting

- All revenues, appropriations, operating costs, administrative and indirect costs, capital investment and debt services, will be budgeted and accounted for using generally accepted governmental accounting standards on a monthly, cost-centered basis.
- This will allow the executive and legislative branches of the urban county government to accurately evaluate the precise operating costs and operational efficiency of each and every service being provided by the government.

2. Oversight of Capital Projects

- For each capital project which is projected or budgeted to cost \$750,000 or more, the urban county government will engage an Owner's construction representative, to act as a **third-party fiduciary** to provide comprehensive services regarding the organization, coordination, management, financial control and administration required for such capital projects and to protect the financial interests and investments of the government and its citizens.
- The **fiduciary** shall provide the executive and legislative branches of the urban county government with regularly scheduled reports regarding the status of each managed construction project and appropriate recommendations regarding contracts, change orders, budgeted to actual costs, completion dates and value engineering. The fiduciary will also provide performance evaluations of firms engaged in the project.

Oversight of Capital Projects (Cont.)

- This will ensure value of all capital expenditures is maximized through the long term oversight of capital investments.
- This includes capital investments which extend over periods of time that may exceed the elected terms of Mayors and Council Members, and the terms of employment of Commissioners, Directors, and other employees of the government.

3. Independent Evaluations

- Every department or division of the urban county government which has an annual budget of \$5 million or more will be regularly evaluated by a **third-party, fully independent firm** which has the appropriate professional expertise to analyze the services provided by the respective department or division.
- Each such department or division will be evaluated on a regular schedule (at least every 48 months); provided however that any department or division of government which has an annual budget of \$35 million or more will be evaluated every 24 months.

Independent Evaluations (Cont.)

- The independent evaluation will provide objective feedback to the executive and legislative branches of the urban county government regarding each division or department's cost effectiveness, operational systems, policies, technology management, and use of "best practices".

Independent Evaluations (Cont.)

Over \$35 million

Two entities would be evaluated each year.

- Division of Police
- Division of Fire & Emergency Services
- Department of Public Safety
- Division of Water Quality (including enterprise funds)

Over \$5 Million

Two to three entities would be evaluated each year.

- Department of Finance
- Department of Environmental Quality & Public works
- Department of Social Services
- Department of General Services
- Partner Agencies
- Division of Traffic Engineering
- Division of Facilities & Fleet Management
- Division of Parks & Recreation
- Division of Waste Management

Funding the Ordinance

FY 2013 Adopted Budget

General Fund	\$290,264,965
Urban Services	\$37,154,027
Special Revenue	\$8,638,720
Capital Projects	\$3,532,000
Enterprise	\$94,033,568
Internal Service	\$37,193,977
Fiduciary	\$54,701,160
Other	\$50,000
Interfund Transfers	(\$54,130,384)
Total	\$471,438,033

Funding the Ordinance

- Total LFUCG annual budget: \$471 million
 - One Percent Savings: \$4.7 million
 - ½ Percent Savings: \$2.4 million
 - ¼ Percent Savings: \$1.2 million

- Even small efficiencies will generate major savings over time.

Questions?
