



# Staff Report

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**Agenda Item:**            **FY 2008-09 BUDGET ADJUSTMENTS** – Discussion and consideration of authorizing the Town Manager to utilize work week and/or salary reductions, and adjustments to the hours of operation for municipal offices to address budget shortfalls.

**Staff Contact:**            Gayle Mabery, Town Manager

**Meeting Date:**            November 17, 2008

**Background:**            All across the country, leaders are facing difficult choices in the face of the sagging economy and falling local government revenues. Clarkdale is no exception. With revenues coming in lower than anticipated, the Town is looking at some creative and necessary ways to balance the FY 2008-09 Budget.

With the need to cover a projected \$150,000 shortfall by the end of the fiscal year, Clarkdale leaders know that decisions have to be implemented as soon as possible. In addition to the implementation of cost cutting measures on travel, utilities, general operations and other day-to-day expenses, the Town recently began exploring the implementation of a reduced work week schedule for the Town staff.

The proposed schedule would result in the reduction of the work week from 40-hours to 36-hours for hourly employees (and a reduction of work hours by 10% for part-time hourly staff), and reduce the salaries of the Town Council and salaried staff by 10%. If implemented on January 1, 2009, the proposed reductions are projected to address the expected budget shortfall.

Though our initial recommendation was leaning towards closing the Town offices every other Friday, further analysis led us to explore a schedule that would close the offices every Friday, but extend our hours of operation Monday-Thursday. In speaking to other local governments that have moved to this schedule, the extended office hours for 4 days per week often allow working citizens to do business with the Town either before or after their normal workday ends. Closing every Friday also provides a consistent schedule, so that citizens don't have to try to remember which Fridays are open to the public and which we aren't. We also believe that we will see additional savings in fuel usage and utilities by closing the offices for the two additional days per month.

It is important to note that we do have a couple of departments that will alter their shifts to accommodate the reduced work hours, yet still be providing services 7 days a week. Obviously, the Police Department will continue to cover all shifts and provide law enforcement response at all times. The Police Department administrative offices will alter their schedule to match the other administrative offices. The Utilities Department will have operations staff performing required operational checks every Friday, and they would continue to provide after-hours and weekend emergency response to respond to

any problems. Like the Police Department, the Utilities Department administrative offices will close on Fridays.

Other employees will alter their normal work-day under the new schedule, working a 9-hour day for 4 days per week, which will fill out the 36-hour schedule. We've heard some input from employees indicating that closing every Friday allows those who will be seeking additional part-time employment more flexibility in doing so. For those who won't be taking second jobs, a 3-day weekend may provide an opportunity for an enhanced work/life balance, which might help soften the blow of the reduction in salary.

At this point, we anticipate that we will need to keep this schedule implemented for at least the remainder of the current fiscal year. As we've noted previously, if we have situations occur that either save us on the expense side, or increase the revenue side, we may be able to reinstate the 40-hour work week schedule sooner. Finance Director Carlton Woodruff and Town Manager Mabery will continue to closely monitor revenues and expenses, and will recommend returning to a 40-hour schedule as soon as it is feasible to do so.

It's extremely important for all our employees and the public to know that neither the Town's Administration, or the Town Council, see a 36-hour work week schedule as a permanent way to reduce expenses. Having a full-time, professional and competitively compensated staff is a critical component of Clarkdale's ability to continue to make strides as a great community. That is an important point to focus on as we move forward with this proposal. With that said, we also recognize that, in addition to the short-term steps that we will have to take to balance the budget this year, our longer term projections indicate that prudence will dictate taking additional steps to adjust to the new realities that all local governments face now and in the future.

The staff hopes to have compiled additional input from the public that can be presented during the November 17<sup>th</sup> Council meeting. We will be encouraging members of the public to voice their opinions about how the closure of Town offices would affect the services they receive. We've also encouraged any members of the Town Staff to attend the Council meeting if they so desire.

**Staff Recommendation** – Staff recommends that the Council authorize the Town Manager to implement a reduced work week schedule for hourly employees, like percentage salary reductions for Town Council and salaried staff, and adjustments to the hours of operation for municipal offices to address the budget shortfalls for FY 2008-09, beginning January 1, 2009.