

Agenda Report

December 14, 2015

TO: Honorable Mayor and City Council

THROUGH: Finance Committee

FROM: Department of Finance

**SUBJECT: AMEND FISCAL YEAR 2016 OPERATING BUDGET TO ADD 4.0 FTEs
TO THE DEPARTMENT OF FINANCE**

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the proposed action is exempt from the California Environmental Quality Act (CEQA) in accordance with Section 15061(b)(3), the General Rule that CEQA only applies to projects that may have an effect on the environment and;
2. Amend the FY 2016 Operating Budget to add 4.0 FTEs and \$130,000 from the Unappropriated General Fund balance for the new positions in the Department of Finance.

BACKGROUND:

During the fiscal year 2016 Operating Budget presentation City Council was advised of the need for additional positions in the Finance Department and that Finance staff would be returning with such a request. At that time the position titles were not finalized and there was a desire to have the new Finance Director provide input on which positions to add. It should be noted that the Finance Department staffing levels between fiscal year 2009 through fiscal year 2016 experienced a 20 percent reduction with continued demand to provide the same level of service. As the City moves forward in an era of more accountability, transparency, and with greater emphases for more timely data, the department must be structured to meet these demands.

The Department of Finance is requesting additional staff to support the work accountability plan that was identified following the KPMG study. Also, additional resources are needed in the Finance department as the City moves forward with a robust new financial system.

It is recommended that the following new positions be added.

1. Management Analyst IV – Finance Administration

This position will serve as the Finance Department analyst handling administrative, budget, and personnel-related matters specific to the department. The Finance Department provides support to other City departments; however, it does not have an analyst working on Finance Department-related projects. Currently and going forward there is a need to analyze Finance Department programs such as business tax, transient occupancy tax, collections, and audit recommendations and to monitor the department's budget and special projects.

2. Management Analyst III – Contract Administration

This position will be assigned to the Purchasing Division and will oversee contract management citywide. With the new ERP system, focus has been redirected to contract management and administration. The ERP system includes a contract module to track and monitor City contracts. The approval and monitoring of contracts for the City requires, at a minimum, one full-time staff member. Work related to this position will be the ongoing administration of contracts including tracking and updating insurance documentation, providing notice of contract expiration, and monitoring minimum credit risk or other required measures.

3. Staff Assistant III – Accounts Payable

This position will be assigned to the Accounts Payable Division to help process increased volumes of invoices. Department staff determined that processing invoices takes longer than with the PeopleSoft system. The combination of increased invoice volume with the reduction in the use of Purchasing Cards (P-Cards) and the implementation of new review and verification processes as recommended by KPMG and the Task Force has also added to processing time.

4. Administrative Analyst(C) – Budget Division

This position will serve as a supporting analyst in the Budget Division. The Budget Division is currently staffed by two Principal Management Analyst(C) positions and a Budget Administrator. This third proposed analyst position will focus on the ongoing process of budget development and monitoring and will enable the two senior analysts to focus on their respective departments. The current staffing level does not allow for time or resources to actually delve into department budgets and work through projects such as detailed revenue analysis, cost allocation plans, and other related work.

CITY COUNCIL POLICY CONSIDERATION:

This action supports the City Council's strategic goal to maintain fiscal responsibility and stability.

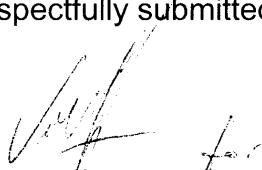
ENVIRONMENTAL ANALYSIS:

The proposed action is exempt from CEQA pursuant to the State CEQA Guidelines Section 15061(b)(3). This action is covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to the provisions of CEQA.

FISCAL IMPACT:

Approval of the proposed four positions will increase the Department of Finance's Full Time Equivalents (FTEs) by 4.0 to a total of 69.25 FTEs. The fiscal impact of the additional Finance positions is approximately \$485,000 per year. The cost to the department for the remainder of fiscal year 2016 is \$130,000. The Department of Finance is requesting \$130,000 from the General Fund unappropriated fund balance to fund these new positions. As an administrative department, expenses are funded through the cost allocation plan from various City funds. The Department of Finance is currently using salary savings to hire temporary/contract workers.

Respectfully submitted,



MATTHEW E. HAWKESWORTH
Director of Finance

Approved by:



MICHAEL J. BECK
City Manager