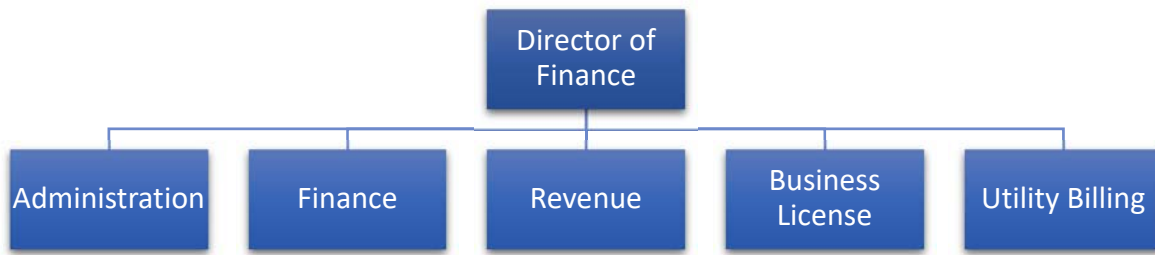


Finance



GENERAL GOVERNMENT

DEPARTMENT: Finance
DIVISION: Finance and Utility Billing

PROGRAM: Finance
FUND: General Fund/Measure U2012

	Actual 2016-17	Adopted 2017-18	Year-End Estimated 2017-18	Proposed 2018-19	Proposed 2019-20
<u>PROGRAM EXPENSES/REVENUES</u>					
Salaries & Benefits	\$942,660	\$1,009,130	\$868,641	\$1,045,578	\$1,099,829
Services & Supplies	486,160	428,668	518,330	539,041	502,121
Total Operating Cost	1,428,820	1,437,798	1,386,971	1,584,619	1,601,950
Capital	867,833	873,280	888,281	845,421	864,989
Debt Service	10,717	275,930	275,929	275,930	275,930
Transfers	2,920,119	2,745,199	2,798,359	3,020,660	3,430,160
Total Cost	5,227,489	5,332,207	5,349,540	5,726,630	6,173,029
Less: Departmental Revenues	635,315	601,800	605,500	610,630	610,630
Net City Cost	\$4,592,174	\$4,730,407	\$4,744,040	\$5,116,000	\$5,562,399

SUMMARY OF SERVICE PROGRAMS

Administration	\$4,389,640	\$4,434,698	\$4,539,933	\$4,762,681	\$5,174,866
Accounting / Purchasing	729,620	788,779	701,177	855,219	889,433
General Fund Service Programs	5,119,260	5,223,477	5,241,110	5,617,900	6,064,299
Measure U2012	108,229	108,730	108,430	108,730	108,730
Total Service Programs	\$5,227,489	\$5,332,207	\$5,349,540	\$5,726,630	\$6,173,029

SUMMARY OF POSITIONS

FULL-TIME

Accountant	1	0	0	0	0
Accounting and Budget Manager	1	0	0	0	0
Accounting Manager	0	1	1	1	1
Accounting Technician III	1	1	1	1	1
Administrative Assistant - Budget	1	0	0	0	0
Confidential Secretary	0	1	1	1	1
Customer Service Clerk	3	3	3	3	3
Director of Finance	1	1	1	1	1
Finance Clerk I/II	5	5	5	5	5
Finance Lead Clerk	0	1	1	1	1
Management Analyst	0	1	1	1	1
Revenue Technician	1	1	1	1	1
Utility Billing Lead Clerk	1	1	1	1	1
Utility Billing Manager	1	1	1	1	1
TOTAL	16	17	17	17	17
GRAND TOTAL	16	17	17	17	17

GENERAL GOVERNMENT

DEPARTMENT: Finance
DIVISION: Finance and Utility Billing

PROGRAM: Finance
FUND: General Fund/Measure U2012

SUMMARY OF POSITIONS (continued)

TEMPORARY (FTE)

Treasurer (Elected)	0.5	0.5	0.5	0.5	0.5
TOTAL TEMPORARY (FTE)	0.5	0.5	0.5	0.5	0.5

GENERAL GOVERNMENT

DEPARTMENT: Finance
DIVISION: Finance and Utility Billing

PROGRAM: Finance
FUND: General Fund/Measure U2012

PROGRAM DESCRIPTION

The mission of the Finance Department is to provide the financial information necessary for the effective and efficient management of City operations. Major activities include: financial reporting; audit compliance; revenue and appropriation management; annual budget preparation; purchasing; grant administration; utility billing; payroll; accounts payable; real property management; treasury and investment functions and financial management system administration. In all, the Department emphasizes the delivery of service in a timely, cost-effective, and courteous manner, relying on high performance standards as the norm. The Department consists of two divisions encompassing two major subprograms: Finance and Utility Billing. The Utility Billing Division's budget unit reflects the personnel complement of the Division; however, the funding sources are the Water Resources Fund and Solid Waste Collection Fund.

SUBPROGRAMS AND THEIR OBJECTIVES

Finance

Analyze the City's financial position and develop short- and long-range plans to ensure financial viability.

Provide high-quality financial reporting and budget presentations.

Advise City management on business factors affecting the City's fiscal environment.

Ensure the security and proper disbursement of funds through effective appropriation management.

Administer the business license and transient occupancy tax ordinances including annual renewals, new licenses, inquiries, and coordination with State agencies.

Provide staff training to ensure that the divisions' technical capabilities remain current.

Develop and update effective administrative policies to maintain internal controls.

Provide support to City departments to obtain the materials and services needed, within budget, and in compliance with procurement policies.

Maximize investment earnings while safeguarding public funds as established by the City's Investment Policy and State law.

GENERAL GOVERNMENT

DEPARTMENT: Finance
DIVISION: Finance and Utility Billing

PROGRAM: Finance
FUND: General Fund/Measure U2012

Utility Billing

Ensure that residential and commercial customers are correctly billed for water, sewer, and refuse service, which collected revenues are accurately recorded, and all necessary procedures are performed to ensure that the City is fairly compensated for services.

Respond to utility customers' service needs by taking necessary actions on all service and billing inquiries.

PERFORMANCE/WORKLOAD MEASURES	ACTUAL 2014-16	ESTIMATED 2016-18	PROJECTED 2018-20
<u>FINANCE</u>			
DEMAND/WORKLOAD			
Payroll Checks	35,356	38,700	38,830
Business Licenses	10,988	12,500	12,300
Accounts Payable Checks	16,423	16,448	16,800
Purchase Orders	5,083	5,540	5,800
EFFECTIVENESS/EFFICIENCIES			
<u>UTILITY BILLING</u>			
Utility Bills Processed	519,307	539,103	539,789

GOALS AND OBJECTIVES

- Seek qualified firms through the formal request for proposal (RFP) process to prepare the calculations required by the Governmental Accounting Standards Board (GASB) Statements 68 and 75, which relate to reporting for pension and other post-employment benefits, respectively.
- Review the overall accounts payable procedures in an effort to modernize City processes. Determine a schedule for implementation to align current practices with industry standards and improve the accuracy and efficiency of payments made to City vendors, contractors, and customers.
- Seek qualified auditing firms through the formal request for proposal (RFP) process to perform audit of City financial records and provide an opinion on the City's Comprehensive Annual Financial Report.
- Identify and implement business license software that will allow online application and business license renewals. This will enhance customer service by allowing a business owner an electronic, 24/7 option, in addition to in-person service.
- Continue to update the Cash Handling Policy to meet current Payment Card Industry (PCI) Data Security Standards.
- Collaborate with other departments to implement the new cashiering system at four remaining departments to streamline operations and improve overall customer service.

GENERAL GOVERNMENT

DEPARTMENT: Finance
DIVISION: Finance and Utility Billing

PROGRAM: Finance
FUND: General Fund/Measure U2012

- Seek qualified Integrated Voice Response (IVR) system merchants through the formal request for quote (RFQ) process to automate Utility Billing credit card phone payments and provide customers access to make payments 24/7.
- Research the feasibility of securing a collections agency with the ability to accept accounts electronically when internal collection methods are unsuccessful.
- Research feasibility of creating a database to improve data collection, to reduce staff time in data management, and create additional time for analysis.
- In collaboration with Public Works/Facilities staff; continue to identify ways to improve the current Finance Department office layout, to maximize use of space, be more efficient, identify potential ergonomic improvements, and to address safety and security issues.

NOTEWORTHY BUDGET HIGHLIGHTS

- The portion of the Citywide General Fund budget reduction target for the Finance Department is \$22,112 in 2018-19 and \$24,544 in 2019-20. To achieve the reduction target the Department will eliminate the third party contract with Equifax. The City entered into the contract with Equifax to help the City meet required reporting under the Affordable Care Act (ACA). When ACA first went into effect, the City's financial system (Eden) was not capable of producing the required reporting but Eden has since been updated to accommodate ACA. Staff will now use Eden to produce forms and prepare reports in accordance with the ACA. There will be minimal impact to the department and no impact in providing services to the public.
- The portion of Utilities Funds budget reduction target for the Utility Billing division is \$12,042 in 2018-19 and \$13,365 in 2019-20. To meet the target reduction staff proposes to underfill one vacant Customer Service Clerk position with a part-time Account Clerk Aide position. The impact of utilizing an Account Clerk Aide is it will reduce the amount of staff hours answering phones, taking payments at the counter, reduced response times in regards to customer billing issues, may increase customer complaints, and data entry errors. Heavier workload will be incurred by having only two full time Customer Service Clerks processing payments for the counter, phone, and mail. Cross-training staff and giving opportunities to learn on the job are reduced by not having a full time Customer Service Clerk to assist with training.
- The City is facing financial constraints due to growing costs and declining reserves. A city-wide user fee study is a strategy to identify and help address the projected growing imbalance between revenues and expenditures. Estimated cost is \$40,000. The City last conducted a city-wide user fee study in 2003; staff throughout the City have indicated that some fees are not sufficient to cover costs and some services being provided do not have a fee at all.
- Finance included a request for additional appropriation of \$15,000 to enter into a contract with a qualified actuarial firm to prepare required financial information, related to pensions and other post-employment benefits (OPEB), in accordance with Governmental Accounting Standards Board (GASB) pronouncements 68 and 75, respectively.
- The benefit of allowing credit card payment allows a convenient way to pay services such as Business License, Accounts Receivable, and Transient Occupancy Taxes. The City began accepting credit cards as a form of payment a number of years ago, at which time costs associated with that payment type were minimal and Finance was able to absorb those costs within existing budgets. However, customers' preference to use credit cards as a form of payment has increased significantly, which in turn have increased the City's cost to accept credit cards. Over the last two years these costs have increased more

GENERAL GOVERNMENT

DEPARTMENT: Finance
DIVISION: Finance and Utility Billing

PROGRAM: Finance
FUND: General Fund/Measure U2012

than 20% per year and have reached approximately \$17,000 annually. The department proposes an increase in appropriation of \$17,100 in the first year and \$20,400 in the second year.

- The City also accepts credit cards as a form of payment for utility bill customers. The Utilities Funds budgets are sufficient to cover merchant fees charged by credit card companies. However, staff is recommending the implementation of an interactive voice response (IVR) for phone credit card payments. The IVR service will allow customers to pay their water bill by credit card, anytime of the day (available 24 hours a day). IVR will also bring the Utility Billing Division in compliance with PCI compliance requirements and reduces the possibility of a data breach. Although there will be minimal set-up costs, staff is projecting the IVR will result in cost savings due to the IVR companies only charging for the merchant fees which the City is currently paying without an IVR service.

GENERAL GOVERNMENT

DEPARTMENT: Finance
DIVISION: Regional Radio System

PROGRAM: Maintenance/Replacement
FUND: Radio Technology

	Actual 2016-17	Adopted 2017-18	Year-End Estimated 2017-18	Proposed 2018-19	Proposed 2019-20
<u>PROGRAM EXPENSES/REVENUES</u>					
Salaries & Benefits	\$	\$	\$	\$	\$
Services & Supplies	611,306	820,600	820,600	820,600	820,600
Total Operating Cost	611,306	820,600	820,600	820,600	820,600
Capital					
Debt Service					
Transfers		7,600	7,600	7,141	7,141
Total Cost	\$ 611,306	\$ 828,200	\$ 828,200	\$ 827,741	\$ 827,741

SUMMARY OF SERVICE PROGRAMS

Maintenance & Replacement	\$ 611,306	\$ 828,200	\$ 828,200	\$ 827,741	\$ 827,741
Total Service Programs	\$ 611,306	\$ 828,200	\$ 828,200	\$ 827,741	\$ 827,741

PROGRAM DESCRIPTION

The Radio Technology enterprise fund was created in 2015 in response to the onset of the new Police Department facility on Betteravia Road, along with the new state-of-the-art 700 MHz trunked radio communication system. The purpose of this fund is to account for, and house in one location, the costs and anticipated revenues associated with the new 700 MHz trunked radio communication system.

Revenues to support these services are made available by charging other operating departments, by way of cost allocation, and also other outside users of the system. Staff continues to be in discussion with other public agencies, including local school districts which have shown an interest in partnering with the City on this project, and as partner agencies come on board, more resources will be made available to help offset additional costs. In addition to the radio project, other technology-related projects that could be affiliated with this fund include the co-location of network equipment from outside agencies to the police facility.

GOALS AND OBJECTIVES

- Become a recognized leader and provider of 700 MHz radio services on the Central Coast, and along the way, add partners to Central Regional Interoperability Communication System (Central RICS) to develop interoperability to the Central Coast region.

NOTEWORTHY BUDGET HIGHLIGHTS

- Configuring and installing the core radio network was completed in 2017. Betteravia tower and Los Flores towers were installed as a key component of the backbone system and completed the ability for a regional 700 MHz radio system. The department will continue to explore new revenue sources such as partnerships with other public safety agencies to utilize its state-of-the-art 9-1-1 Communications Center, secure data center, 700 MHz radio system, 9-1-1 call-taking system, and Computer Aided Dispatch/Records Management System. The goal is to secure partnerships that include new revenues.