



City of Arts & Innovation

Finance Committee

TO: FINANCE COMMITTEE MEMBERS **DATE: AUGUST 10, 2016**

FROM: FINANCE DEPARTMENT **WARDS: ALL**

SUBJECT: USE OF FISCAL YEAR 2016-2018 CONTINGENCY FUNDS TO ENHANCE STAFFING IN THE BUDGET OFFICE FOLLOWING INTERNAL ASSESSMENT OF NEEDS AND INDEPENDENT EVALUATION BY MATRIX CONSULTING – IN THE AMOUNT OF \$755,000 OVER A TWO YEAR PERIOD- DIRECT SUBMITTAL

ISSUE:

Approve use of \$315,000 (for FY 2016-17) and \$440,000 (for FY 2017-18) in Contingency funds to add three positions to the Budget Office in the Finance Department, currently staffed with two positions, in order to address the City's ongoing and new financial planning and management needs, based on the new Finance management's evaluation and independent recommendations by Matrix Consulting.

RECOMMENDATIONS:

That the Finance Committee forward a recommendation to the City Council to amend the Fiscal Year 2016-2018 Adopted Two-Year Budget Personnel Detail for the Finance Department (23), Fiscal Resources (231000), to add three full-time positions, comprised of one Budget and Revenue Manager (FIN10-8335), one Senior Management Analyst (FIN10-8450) and one Management Analyst (FIN10-8440), increasing the overall staffing in the division to five positions.

BACKGROUND:

During the FY 2016-2018 Two-Year Budget process, the City Manager's Office adopted guiding principles to the City's financial and budget roadmap:

1. *Accuracy* (detailed and timely documentation of the City's financial position on an ongoing basis);
2. *Financial Responsibility* (assessing the City's financial needs and managing resources effectively and efficiently);
3. *Fiscal Discipline* (ensuring that spending during the year occurs within budget, and recognizing early warning signs);
4. *Management Action* (swift response to any major financial imbalances, in revenues or expenditures compared to budget); and
5. *Transparency* (open and engaging communication with residents, businesses, City employees and unions).

DISCUSSION:

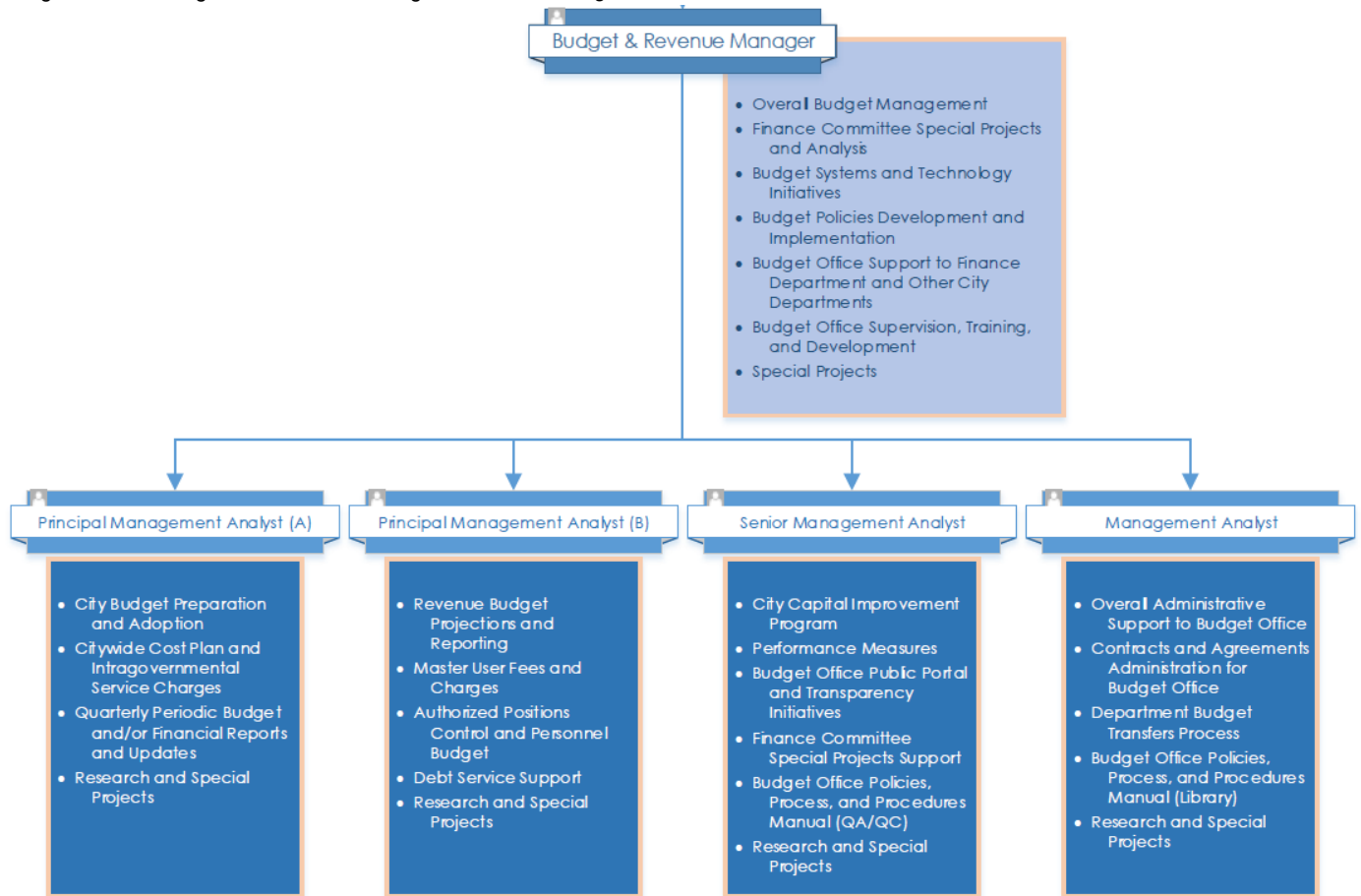
Historical Budget Office Staffing

Historically, the City had a “Budget Office” that moved between the City Manager’s Office (Office of Management and Budget) and Finance Department (Fiscal Resources). In FY 2006-07, the Budget Office included 6.5 positions (Management and Budget Director, Principal Analyst (2), Senior Management Analyst, Management Analyst, Senior Office Specialist, and 0.5 Management Assistant). This staffing level does not include revenue projections and analysis, which were the full-time responsibility of another employee in the Accounting Division of the Finance Department. Today, the total Budget Office staffing is comprised of 2.0 FTE’s. Similar to FY 2006-07, another employee in the Accounting Division is responsible for revenue projections and analysis on a part-time basis, which is exceptionally insufficient. Additionally, the Budget Office has taken over position control, which was previously the responsibility of the Human Resources Department, and will soon assume additional responsibilities for performance measurement, Citywide fee schedule, and a number of other critical that must be performed but were previously neglected.

A staff of two in the Budget Office is grossly inadequate to address the aforementioned financial and budget priorities of the City, and to perform a complex set of functions typical for a good (not even great) Budget Office. The recent audit of the Finance Department by Matrix Consulting recommended a staffing of five positions for the division. The Finance Department management’s own assessment is same. During the FY 2016-2018 Two-Year Budget development, the Finance Department had to borrow staff from other City Departments in order to complete the two-year budget and five-year financial plan process. Many other essential budget and financial management tasks were placed on hold – a practice that cannot continue without seriously undermining the City’s recent successful steps towards increasing financial responsibility, discipline, transparency and action.

Proposed Budget Office Staffing and Duties

Below is a summary of the main responsibilities for each employee of the proposed Budget Office. This proposal includes the need to add back the Budget and Revenue Manager position (deleted during the FY 2016-18 budget), along with one Senior Management Analyst and one Management Analyst. This plan will include revenue projections and analysis responsibilities, which will allow the Accounting Division of the Finance Department to have more time dedicated to their core responsibilities. Overall, this plan represents 2.5 less FTE’s than have historically been allocated to the Budget Office, while providing excellent support to all levels of the organization and will contribute to enhancing transparency and understanding of financial information to the public.



FISCAL IMPACT:

Included in the FY 2016-2018 Adopted Two-Year budget is \$500,000 of Contingency funds (account # 7211200-450247) for each fiscal year. The use of these funds is within the authority of the City Manager throughout the fiscal year to avoid supplemental appropriations.

The proposed Budget Office would be staffed by 5.0 Full-Time Equivalent positions (FTEs), including a Budget and Revenue Manager, two Principal Analysts, a Senior Management Analyst, and a Management Analyst. Currently, the two Principal Management Analysts are funded. Additional funding is needed for the Budget and Revenue Manager, Senior Management Analyst and Management Analyst positions. These costs are approximately \$315,000 in FY 2016-17 and \$440,000 in FY 2017-18. FY 2016-17 amounts are significantly less than FY 2017-18 amounts, as most positions would only be filled for nine to 10 months; additionally, there is currently one vacancy, which is accruing salary savings. A detailed breakdown of the proposed expenditures can be found in Attachment B.

Prepared by: Adam M. Raymond, Assistant Finance Director
 Certified as to availability of funds: Scott G. Miller, Interim Finance Director/Treasurer
 Approved by: Marianna Marysheva-Martinez, Assistant City Manager
 Approved as to form: Gary G. Geuss, City Attorney

Attachment:

1. Staffing Plan for Budget Office
2. Financial Analysis
3. Presentation