



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Julia H. Cooper  
Jennifer A. Maguire

**SUBJECT:** FINANCE DEPARTMENT  
REORGANIZATION PROPOSAL

**DATE:** May 25, 2017

Approved

Date

5/25/17

**RECOMMENDATION**

Approve the following amendments to the 2017-2018 Proposed Operating Budget:

1. The addition of the following positions in the Finance Department:

<u>Job Classification</u>	<u>FTE</u>
Program Manager I	1.0
Supervising Accountant	2.0
Senior Analyst	1.0
Accounting Technician	<u>1.0</u>
<b><i>Total Finance Department Position Additions</i></b>	<b><i>5.0</i></b>

2. The deletion of the following positions in the Finance Department:

<u>Job Classification</u>	<u>FTE</u>
Division Manager	(1.0)
Principal Accountant	(1.0)
Senior Accountant	(2.0)
Senior Account Clerk	<u>(1.0)</u>
<b><i>Total Finance Department Position Deletions</i></b>	<b><i>(5.0)</i></b>

3. In the Integrated Waste Management Fund:
  - a. Decrease the Personal Services appropriation to the Finance Department in the amount of \$33,285;
  - b. Increase the Overhead appropriation in the amount of \$800; and
  - c. Increase the Ending Fund Balance in the amount of \$32,485.

4. In the Sewer Service and Use Charge Fund:
  - a. Decrease the Personal Services appropriation to the Finance Department in the amount of \$44,938;
  - b. Decrease the Overhead appropriation in the amount of \$10,427; and
  - c. Increase the Ending Fund Balance in the amount of \$55,365.
  
5. In the Water Utility Fund:
  - a. Decrease the Personal Services appropriation to the Finance Department in the amount of \$36,582;
  - b. Decrease the Overhead appropriation in the amount of \$6,237; and
  - c. Increase the Ending Fund Balance in the amount of \$42,819.
  
6. In the Storm Sewer Operating Fund:
  - a. Decrease the Personal Services appropriation to the Finance Department in the amount of \$6,141;
  - b. Decrease the Overhead appropriation in the amount of \$541; and
  - c. Increase the Ending Fund Balance in the amount of \$6,682.
  
7. In the General Fund:
  - a. Decrease the Finance Department's Personal Services appropriation by \$77,640;
  - b. Decrease the Transfers and Reimbursements Revenue estimate by \$16,405; and
  - c. Increase the Essential Services Reserve or the 2018-2019 Future Deficit Reserve by \$61,235.

## **BACKGROUND**

The Finance Department has experienced significant challenges in filling key senior management positions (Deputy Director, Administrative Officer, and Principal Accountant - Payroll Manager) over the last year. Additionally, the Department continues to experience significant difficulty recruiting and retaining Senior Accountants, challenges which have not been experienced in other departments with this classification. The Finance Department has seven authorized Senior Accountant positions and in the last thirty-six months the Department has filled these positions twelve times, which represents a 171% turn-over ratio (this includes the two current vacancies this classification). The average tenure of a Senior Accountant in the Finance Department is less than twelve months. The turn-over significantly impacts the Department's ability to provide continuity of service and have employees reach an optimum level of performance after completing a steep learning curve.

## **ANALYSIS**

Over the last year, the Department has evaluated several options for addressing these key vacancies and retaining employees. As part of this analysis, the Department examined vacant positions, scope of responsibilities, evaluated reporting relationships and options for realignment

of job duties. Based upon this analysis, the Finance Department is recommending a reorganization which involves changing reporting relationships, several additions and deletions of positions which can be accomplished with no negative impact to the City's General Fund, and an overall reduction of costs across several funds.

The goals of this reorganization effort include filling voids in work load, correcting potential management oversight deficiencies, and more appropriately targeting classification levels to the level of work required retention and succession planning.

The proposed changes by Division are detailed below.

**Create a New Division – Administration, Banking & Revenue Management (replaces the Treasury and Revenue Management Division)**

Under this new Division, programs included are Administration, Revenue Compliance & Marijuana Business Tax Compliance, Utility Billing, Accounts Receivable, Business Tax, and Banking Services/Payment Processing and Cash Collection. With this division change, the Deputy Director of Treasury becomes the Deputy Director of Administration, Banking & Revenue Management. Under the prior structure, responsibilities of this position, which included the Treasury functions of Debt and Investment Management, was too large and diverse, creating a challenging mix of technical and managerial skills for recruitment purposes. This shift in the position will help the Department attract a wider range of candidates and provides a more focused scope of work. The Debt Management and Investment Program management oversight will be removed from the Deputy Director and will be assigned to the Director and Assistant Director positions.

Additionally, the Administrative Officer, currently reporting to the Director/Assistant Director, will report to the Deputy Director, creating more "bandwidth" for the Director/Assistant Director to provide management oversight of the Debt Management and Investment programs. This shift will allow for more leveraging of analytical resources between Administration and Revenue Management. Following are the position changes related to the new Division:

- Deletes a Principal Accountant position as the scope has evolved into functions requiring broader program management skills, knowledge of forecasting and revenue collection, and management of conflict resolution to a greater extent than the technical accounting expertise and functions of the current classification.
- Adds a Program Manager I position to manage the Accounts Receivable and Business Tax section and lead the system implementation teams for new billing functions, which includes documenting procedures, developing testing scenarios, and defining system test results. This position will prepare revenue forecasting, reconcile Accounts Receivable subsystems to the General Ledger and evaluate and fund City reserves for the allowance for doubtful accounts.
- Deletes a Senior Account Clerk position as the scope of responsibilities has expanded and includes more complex work within the investment program.

- Adds an Accounting Technician position in recognition of more diverse investment portfolio and need for more depth in Investment Program with three staff for management of \$1.6 billion investment portfolio.
- Deletes a Division Manager, Revenue Management position as the Department has identified a greater need for reorganization to allow for better leveraging of analytical support services across the department for various functions including revenue compliance, budget monitoring, and development of policies, procedures, and training.
- Adds a Senior Analyst position in Administration to allow for better leveraging analytical support services across the department for assistance in revenue compliance, departmental budget monitoring, risk management analysis, development of department policies, procedures, and training (undertaking Request for Proposals and managing consultant agreements that have been “on hold” due to lack of resources and vacancies) and providing analytical support to other Divisions for special projects.
- Modifies funding for a Senior Analyst position assigned to Revenue Management to account for a shift in responsibilities.

### **Accounting Division**

The Department continues to experience significant difficulty in attracting and retaining Senior Accountants as discussed above. Currently, two of the seven Senior Accountant positions in the Accounting Division are vacant. The Department believes the addition of two Supervising Accountant positions will enable the Department to attract and retain staff. Additionally, the Division needs more senior management staff to address long deferred items, especially around development/updating of policies and procedures, providing organization-wide training, as well as managing the disaster preparedness accounting. This change also creates more growth ladders for succession planning; Supervising Accountant position provides a career ladder and allows for a smoother transition to the Principal Accountant position level. Following are positions changes related to this Division:

- Deletes a General Ledger Senior Accountant and a Special Accounting Senior Accountant position as the Department has experienced significant turnover in this classification, and to provide continuity in the services provided, it is prudent to modify these positions to a more competitive classification.
- Adds a Supervising Accountant position in the General Ledger section that will be responsible for consolidation of monthly, quarterly, and annual financial reports, including State Controller’s Reports government-wide for the Comprehensive Annual Financial Report (CAFR), and ensuring compliance of City-wide fiscal policies, procedures, and the current governmental accounting and financial reporting standards. This position will also provide necessary technical accounting guidance and direction to the City-wide fiscal staff and oversee the maintenance of general ledger accounting records.
- Adds a Supervising Accountant position in the Special Accounting section that will be responsible for performing detailed analytical review of financial statements for the SARA and City-owned facilities, as well as grant accounting and preparing and reviewing portions of the CAFR. This position will also supervise and provide direction

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and technical guidance to staff in debt and special assessments accounting and deferred compensation accounting.


**Summary**

The net budget impact of the changes proposed above is nominal. The Finance Department believes that the reorganization and package of staffing changes will help address key issues that have been affecting the Department for several years. It also allows for a redeployment of resources that will enable the Department to provide better internal and external services, and allows for a reset of classifications that better meets the challenges of today's professional recruitment environment.

**COORDINATION**

This memorandum has been coordinated with the Department of Human Resources and the Office of Employee Relations.

/s/  
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