

# Finance Department

Julia H. Cooper, Director

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**T**o manage, protect and report on the City of San José's financial resources to enhance the City's financial condition for residents, businesses, and investors

## City Service Area

Strategic Support

### Core Services

#### **Disbursements**

Facilitate timely and accurate payment of the City's financial obligations

#### **Financial Reporting**

Provide accurate and meaningful reporting on the City's financial condition

#### **Purchasing and Risk Management**

Purchase and provide quality products and services in a cost-effective manner and ensure insurance coverage for the City's assets

#### **Revenue Management**

Bill and collect the City's resources to enhance the City's financial condition

#### **Debt and Treasury Management**

Provide cost-effective financing, investment, and cash collection of the City's resources to maintain and enhance the City's financial condition

**Strategic Support:** Analytical Support, Budget/Fiscal Management, Human Resources Management, Contract Administration, and Administrative Support

# Finance Department

## Service Delivery Framework

PROGRAM	DESCRIPTION
<b><i>Disbursements Core Service</i></b>	
<b>Accounts Payable</b>	Facilitates timely and accurate payment of the City's non-personnel disbursements. Customers of this service include City departments, employees, government agencies, non-profit corporations, consultants, contractors, and vendors who provided goods and services to the City.
<b>Payroll</b>	Facilitates timely and accurate payment of payroll to City employees and provides responses to information requests City-wide. The City's structure has employees divided among many different bargaining units with various requirements contained in each of the related units' Memoranda of Agreement.
<b><i>Financial Reporting Core Service</i></b>	
<b>General Accounting</b>	Provides accurate and meaningful reporting on the City's financial condition and is primarily responsible for the accounting of City-wide financial activity for each City fund, including management of the Financial Management System, preparation of the Comprehensive Annual Financial Report (CAFR), preparation of the Cost Allocation Plan, capital assets accounting, monthly financial information distribution, City-wide audits, and coordination of stand-alone audits.
<b>Special Accounting</b>	Manages accounting responsibilities related to the special facility districts, grant programs, assessment districts, loans, debt transactions, bank reconciliations, investments, deferred compensation, and state-mandated cost reimbursements; prepares and submits legally mandated reports including the City's Single Audit Report and State-mandated cost reimbursement claim reports.
<b><i>Purchasing and Risk Management Core Service</i></b>	
<b>Purchasing</b>	Following transparent and competitive procurement procedures, this program supports the operations of all City departments by ensuring the timely procurement and delivery of products and services of a broad nature. Establishes City-wide procurement policies and procedures, and provides City-wide training and guidance to departments to enable them to facilitate procurements that are decentralized. Manages the P-Card program to enable the procurement of small dollar purchase transactions annually.
<b>Risk Management</b>	Ensures insurance coverage for the City's assets, establishes City-wide risk management policies and procedures, and provides City-wide training and guidance to departments on risk-related programs. Manages property and casualty claims from inception to conclusion and performs the centralized subrogation function to recapture losses resulting from third-party wrongdoing or negligence resulting in loss of or damage to City-owned property.

# Finance Department

## Service Delivery Framework

<b><i>Revenue Management Core Service</i></b>	
<b>Accounts Receivable</b>	Develops, maintains, and updates business systems and processes to support the delivery of City services through timely collection of payments due to the City, including services, taxes, fees, and other revenue.
<b>Business Tax</b>	Enforces the general business tax ordinance by ensuring that taxes and related fees are collected. It also issues business tax certificates and processes applications for the following regulatory permits: amusement devices, carnivals/circuses, Christmas tree lots, flower vendors, handbills, pawnbrokers, pool and billiard rooms, pumpkin patches, and second-hand dealers.
<b>Revenue Audit and Compliance</b>	Monitors and conducts compliance reviews of various tax and fee programs related to the following: Transient Occupancy Tax, Convention Center Facility District Tax, Hotel Business Improvement District Fees, Utility Users Tax, Franchise Fees, Telephone Line Tax, Tow agreements, Solid Waste Enforcement Fees, Disposal Facility Tax, Cardroom Tax, Marijuana Business Tax, and Sales and Use Taxes.
<b>Utility Billing System</b>	Develops and streamlines business systems and processes that support the delivery of City services through timely billing and collection of storm, sewer, garbage, and water fees. This program provides billing and customer support related to storm and sanitary sewer charges, garbage, water, and associated liens.
<b><i>Debt and Treasury Management Core Service</i></b>	
<b>Banking Management</b>	Manages the City's centralized banking function and cash and check processing for multiple programs throughout the City. It oversees transactions processed via check and credit card on multiple billing systems, including: Business Tax, Transient Occupancy Tax and Hotel Business Improvement District, Utility Billing, Airport, and Utility Users Tax.
<b>Cashiering and Payment Processing</b>	Manages over-the-counter payments made for various programs, including: Business Tax, Transient Occupancy Tax and Hotel Business Improvement District, Utility Billing, Airport, and Utility Users Tax.
<b>Debt Management</b>	Responsible for City debt issuance and debt administration activities, including performing compliance activity related to statutory, regulatory, and contractual requirements for over 100 series of bonds. Through various bond measures, it finances the construction of new facilities and improvements to existing city facilities; public infrastructure and affordable housing are also facilitated through special taxes and bonds.
<b>Investment Management</b>	Manages the City's cash flow and invests the City operating funds in accordance with the Investment Policy mandates of safety, liquidity, and yield. The group is responsible for cash flow forecasts, portfolio management, Investment Policy updates and compliance, interest earnings forecasts, and related reporting.

# Finance Department

## Service Delivery Framework

<b><i>Strategic Support Core Service</i></b>	
<b>Finance Management and Administration</b>	Provides administrative oversight for the department, including executive management, financial management, human resources, and analytical support.
<b>Finance Successor Agency to the Redevelopment Agency Administration</b>	Supports the general winding down of the former Redevelopment Agency in an orderly manner, as pursuant to AB X1 26. Responsibilities include all aspects of the financial management of San José Successor Agency to the Redevelopment Agency, such as: accounts payable, accounts receivable, debt management, investments, cash management, financial reporting, and preparation of Recognized Obligation Payments Schedule (ROPS).

# Finance Department

## Department Budget Summary

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### Expected 2020-2021 Service Delivery

- Ensure that the City's financial resources are protected and available to address the short-term and long-term needs of the community; provide accurate and timely payments to City employees and vendors; deliver accurate and timely financial reports; and, maintain efficient business systems and processes for timely billing and collection efforts.
- Ensure prudent use of public funds through competitive processes and cooperative purchasing with other government agencies.
- Maintain favorable bond ratings to ensure lowest cost of capital; provide financial modeling and analysis to meet the increasingly complex needs of the City; and, ensure effective management of the City's investment portfolio.
- Maintain adequate insurance coverage by monitoring the insurance market and assessing the City's risk exposure to ensure the lowest cost and best coverage economically possible.
- Manage all financial aspects of the Successor Agency to the Redevelopment Agency of the City of San José including accounting, debt management, cash management, financial reporting, and accounts payable/receivable.

### 2020-2021 Key Budget Actions

- Adds 1.0 Deputy Director position in the Debt & Treasury Section to oversee the increasing workload and risk associated with debt refunding efforts and City investments, eliminates 1.0 vacant Analyst II position within Debt Management and shifts partial funding for a Financial Analyst position to support housing initiatives funded by the Low & Moderate Income Housing Asset Fund
- Adds one-time funding of \$140,000 to acquire and implement a software solution to comply with new GASB 87 standards and address the complexity of City-wide asset-level accounting.
- Restructures the Business Tax Customer Service Team to align job classifications with the increased complexity of the regulatory and business environment, eliminating 1.0 vacant Office Specialist II position and reclassifying 4.0 Office Specialist positions to 1.0 Principal Office Specialist and 3.0 Senior Office Specialist positions.
- Adds 1.0 Senior Analyst position to the Purchasing & Risk Management Division to provide additional capacity to administer an increasing number of procurement requests, eliminates 1.0 vacant Senior Analyst position within the Administration Division, and eliminates an annual set-aside of \$64,000 for Open Season Temporary Support in Purchasing.
- Adds 1.0 Analyst I/II position to the Revenue Compliance and Monitoring Unit, fully funded by Measure E funds, to provide additional capacity for compliance review, analysis, and reporting on revenue programs under the Unit's portfolio.

### Operating Funds Managed

- |   |   |
|---|---|
| <input type="checkbox"/> Cash Reserve Fund                                  | <input type="checkbox"/> Emergency Reserve Fund |
| <input type="checkbox"/> City Hall Debt Service Fund                        | <input type="checkbox"/> Gift Trust Fund        |
| <input type="checkbox"/> Community Facilities Revenue Fund                  |   |
| <input type="checkbox"/> Convention Center Facilities District Revenue Fund |   |

# Finance Department

## Department Budget Summary

	2018-2019 Actuals ***	2019-2020 Adopted	2020-2021 Forecast	2020-2021 Adopted
<b>Dollars by Core Service</b>				
Disbursements	2,817,935	2,898,429	2,750,065	3,059,974
Financial Reporting	2,216,232	3,111,301	2,702,074	3,123,785
Purchasing and Risk Management	2,777,794	4,631,365	4,746,724	4,938,010
Revenue Management	8,170,126	7,757,721	7,569,739	7,737,904
Strategic Support - Other - Strategic Support	77,700,611	49,688,768	50,314,865	59,643,973
Strategic Support - Strategic Support	1,663,797	2,528,165	2,318,597	2,165,272
Treasury Management	175,843,666	21,004,523	32,837,138	20,378,370
<b>Total</b>	<b>\$271,190,160</b>	<b>\$91,620,272</b>	<b>\$103,239,202</b>	<b>\$101,047,288</b>
<b>Dollars by Category</b>				
<b>Personal Services and Non-Personal/Equipment</b>				
Salaries/Benefits	16,060,814	19,357,924	19,918,386	19,561,064
Overtime	19,603	48,615	48,615	48,615
<b>Subtotal Personal Services</b>	<b>\$16,080,416</b>	<b>\$19,406,539</b>	<b>\$19,967,001</b>	<b>\$19,609,679</b>
Non-Personal/Equipment	1,937,854	2,755,598	1,377,336	2,402,636
<b>Total Personal Services &amp; Non-Personal/Equipment</b>	<b>\$18,018,271</b>	<b>\$22,162,137</b>	<b>\$21,344,337</b>	<b>\$22,012,315</b>
<b>Other Costs*</b>				
City-Wide Expenses	9,531,285	11,723,367	10,757,500	11,234,500
Debt Service/Financing	228,250,319	55,468,000	67,120,000	59,936,000
Other	4,087,959	1,828,055	3,500,426	7,335,319
Other - Capital	0	0	0	0
Overhead Costs	11,302,326	438,713	516,939	529,154
<b>Total Other Costs</b>	<b>\$253,171,889</b>	<b>\$69,458,135</b>	<b>\$81,894,865</b>	<b>\$79,034,973</b>
<b>Total</b>	<b>\$271,190,160</b>	<b>\$91,620,272</b>	<b>\$103,239,202</b>	<b>\$101,047,288</b>

\* Fund Balance, Transfers, and Reserves for funds that may be managed by this department have been excluded from this display. This information can be found in Source and Use of Funds Statements elsewhere in this document. The amounts in the 2019-2020 Adopted Budget column may vary from the published Adopted Budget due to the realignment of Other Costs (primarily City-Wide Expenses and General Fund Capital) between Departments.

\*\* The positions displayed in the 2018-2019 Actuals column reflect those included in the 2018-2019 Adopted Budget.

\*\*\* 2018-2019 Actuals may not subtotal due to rounding.

# Finance Department

## Department Budget Summary

	2018-2019 Actuals ***	2019-2020 Adopted	2020-2021 Forecast	2020-2021 Adopted
<b>Dollars by Fund</b>				
Capital Funds	0	27,029	27,646	27,449
General Fund (001)	180,873,064	34,497,946	32,653,020	45,587,940
Public Works Program Support Fund (150)	1,051,122	85,996	86,186	85,850
City Hall Debt Service Fund (210)	27,849,493	28,353,000	28,353,000	27,195,000
Building Development Fee Program Fund (237)	0	0	127,516	126,727
Planning Development Fee Program Fund (238)	0	0	45,162	44,883
Fire Development Fee Program Fund (240)	0	0	10,643	10,576
Public Works Development Fee Program Fund (241)	0	0	27,032	26,867
Low And Moderate Income Housing Asset Fund (346)	62,682	128,138	106,165	187,564
Emergency Reserve Fund (406)	103,454	285,000	285,000	5,000,000
Community Facilities Revenue Fund (422)	26,340,005	475,000	11,504,371	1,500,000
Integrated Waste Management Fund (423)	829,281	1,442,744	1,440,989	1,446,385
Ice Centre Revenue Fund (432)	6,107,938	3,597,055	3,597,055	3,421,319
Housing Trust Fund (440)	100,453	0	0	0
Storm Sewer Operating Fund (446)	3,764,356	33,889	135,194	140,910
San José Clean Energy Operating Fund (501)	114,806	193,608	213,743	236,777
San José-Santa Clara Treatment Plant Operating Fund (513)	82,521	160,264	160,496	159,732
Water Utility Fund (515)	1,417,656	152,592	343,072	439,822
Municipal Golf Course Fund (518)	0	6,586,000	6,586,000	0
Airport Maintenance And Operation Fund (523)	5,128,635	0	0	0
Convention and Cultural Affairs Fund (536)	0	331,000	331,000	338,000
Sewer Service And Use Charge Fund (541)	437,540	563,011	1,086,912	1,112,487
Convention Center Facilities District Revenue Fund (791)	16,927,156	14,708,000	16,119,000	13,959,000
<b>Total</b>	<b>\$271,190,160</b>	<b>\$91,620,272</b>	<b>\$103,239,202</b>	<b>\$101,047,288</b>

<b>Positions by Core Service**</b>				
Disbursements	16.50	16.50	16.50	16.50
Financial Reporting	13.43	15.43	15.43	15.43
Purchasing and Risk Management	17.06	18.06	18.06	19.00
Revenue Management	39.37	40.37	39.37	38.37
Strategic Support - Strategic Support	9.61	9.61	9.61	8.67
Treasury Management	25.02	26.02	26.02	25.02
<b>Total</b>	<b>120.99</b>	<b>125.99</b>	<b>124.99</b>	<b>122.99</b>

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# Finance Department

## Department Budget Summary

	2018-2019 Actuals**	2019-2020 Adopted	2020-2021 Forecast	2020-2021 Adopted	2020-2021 Adopted Positions
<b>Dollars by Program*</b>					
<b>Disbursements</b>					
Accounts Payable	1,217,082	1,124,921	1,005,653	1,153,577	6.10
Payroll	1,600,853	1,773,508	1,744,412	1,906,397	10.40
<b>Sub-Total</b>	<b>2,817,935</b>	<b>2,898,429</b>	<b>2,750,065</b>	<b>3,059,974</b>	<b>16.50</b>
<b>Financial Reporting</b>					
General Accounting	1,991,413	2,859,157	2,440,602	2,863,886	13.89
Special Accounting	224,819	252,144	261,472	259,899	1.54
<b>Sub-Total</b>	<b>2,216,232</b>	<b>3,111,301</b>	<b>2,702,074</b>	<b>3,123,785</b>	<b>15.43</b>
<b>Purchasing and Risk Management</b>					
Purchasing	1,725,555	2,954,746	2,752,990	2,859,337	17.00
Risk Management	1,052,238	1,676,619	1,993,734	2,078,673	2.00
<b>Sub-Total</b>	<b>2,777,794</b>	<b>4,631,365</b>	<b>4,746,724</b>	<b>4,938,010</b>	<b>19.00</b>
<b>Revenue Management</b>					
Accounts Receivable	1,806,982	1,696,336	2,217,845	2,152,277	9.65
Business Tax	2,297,833	2,031,216	1,623,689	1,851,975	10.50
Revenue Audit and Compliance	1,116,242	2,615,644	2,443,595	2,416,978	11.29
Utility Billing System	2,949,068	1,414,525	1,284,610	1,316,674	6.93
<b>Sub-Total</b>	<b>8,170,126</b>	<b>7,757,721</b>	<b>7,569,739</b>	<b>7,737,904</b>	<b>38.37</b>
<b>Treasury Management</b>					
Banking Management	2,144,943	1,989,670	2,025,814	2,083,129	0.13
Cashiering and Payment Processing	1,298,545	1,308,084	1,349,767	1,200,966	10.10
Debt Management	170,913,425	16,355,768	28,065,598	15,647,914	6.69
Investment Management	1,486,753	1,351,001	1,395,959	1,446,361	8.11
<b>Sub-Total</b>	<b>175,843,666</b>	<b>21,004,523</b>	<b>32,837,138</b>	<b>20,378,370</b>	<b>25.02</b>
<b>Strategic Support - Strategic Support</b>					
Finance Management and Administration	1,663,797	2,163,368	1,928,347	1,777,780	6.17
Finance Successor Agency to the Redevelopment Agency Administration	0	364,797	390,250	387,492	2.50
<b>Sub-Total</b>	<b>1,663,797</b>	<b>2,528,165</b>	<b>2,318,597</b>	<b>2,165,272</b>	<b>8.67</b>
<b>Strategic Support - Other - Strategic Support</b>					
Finance Funds Debt/Financing Costs	4,289,604	40,760,000	40,760,000	45,977,000	0.00
Finance Other Departmental - City-Wide	139,250	7,278,000	7,037,500	7,037,500	0.00
Finance Other Departmental - Grants	0	0	0	5,000,000	0.00

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# Finance Department

## Department Budget Summary

	2018-2019	2019-2020	2020-2021	2020-2021	2020-2021
	Actuals**	Adopted	Forecast	Adopted	Adopted Positions
Finance Other Operational - Administration	8,132,726	1,212,055	2,000,426	1,100,319	0.00
Finance Overhead	11,293,522	438,713	516,939	529,154	0.00
Finance Transfers	53,845,507	0	0	0	0.00
<b>Sub-Total</b>	<b>77,700,611</b>	<b>49,688,768</b>	<b>50,314,865</b>	<b>59,643,973</b>	<b>0.00</b>
<b>Total</b>	<b>\$271,190,160</b>	<b>\$91,620,272</b>	<b>\$103,239,202</b>	<b>\$101,047,288</b>	<b>122.99</b>

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**Finance Department**  
**Budget Reconciliation**  
**Personal Services and Non-Personal/Equipment**  
**(2019-2020 Adopted to 2020-2021 Adopted)**

	Positions	All Funds (\$)	General Fund (\$)
<b>Prior Year Budget (2019-2020):</b>	<b>125.99</b>	<b>22,162,137</b>	<b>19,813,579</b>
<b>Base Adjustments</b>			
<b>One-Time Prior Year Expenditures Deleted</b>			
• Rebudget: Business Tax Amnesty		(258,000)	(258,000)
• Rebudget: Training Consultant		(200,000)	(200,000)
• Rebudget: Disaster Cost Accounting		(100,000)	(100,000)
• Rebudget: General Liability Claims – Self-Insurance		(80,000)	(80,000)
• Rebudget: Revenue Results Software Phase II Implementation		(18,700)	(18,700)
• Purchasing Division Program Delivery Improvements		(304,600)	(304,600)
• Sales Tax Compliance Application		(222,000)	(222,000)
• Unclaimed Utility Billing Credit Balances		(170,000)	0
• Travel Reimbursement Software		(115,000)	(115,000)
• Delinquent Accounts Receivable Collection Pilot Program (1.0 Investigator Collector II)	(1.00)	(125,575)	(125,575)
• Unclaimed Checks Outreach and Processing		(15,000)	(15,000)
• General Ledger and Specialized Accounting Staffing		(8,000)	(8,000)
• Debt Management Financing Support Services		(1,600)	(1,600)
<b>One-time Prior Year Expenditures Subtotal:</b>	<b>(1.00)</b>	<b>(1,618,475)</b>	<b>(1,448,475)</b>
<b>Technical Adjustments to Costs of Ongoing Activities</b>			
• Salary/benefit changes and the following position reallocations: - 1.0 Principal Account Clerk to 1.0 Accounting Technician		685,037	667,281
• Development Fee Program Staffing Fund Shift	0.00	0	(213,503)
• Contract Services: Business Tax Printing Services		89,000	89,000
• Software/Information Systems: Business Tax Web Portal and PeopleSoft		58,000	58,000
• Software/Information Systems: Accounts Receivable Software		5,100	5,100
• Software/Information Systems: Cost Allocation System		1,694	1,694
• Software/Information Systems: Banking Management System Software		1,144	1,144
• Contract Services: Financial Reporting		700	700
• Fees and Payments: Revenue Management Lien Fees		(40,000)	(40,000)
<b>Technical Adjustments Subtotal:</b>	<b>0.00</b>	<b>800,675</b>	<b>569,416</b>
<b>2020-2021 Forecast Base Budget:</b>	<b>124.99</b>	<b>21,344,337</b>	<b>18,934,520</b>

**Finance Department**  
**Budget Reconciliation**  
**Personal Services and Non-Personal/Equipment**  
**(2019-2020 Adopted to 2020-2021 Adopted)**

	Positions	All Funds (\$)	General Fund (\$)
<b>Budget Proposals Approved</b>			
1. GASB 87 (Leases) Implementation and Compliance Software and Services		140,000	140,000
2. Debt and Treasury Staffing	0.00	77,269	(24,000)
3. Phase II Disaster Cost Recovery Documentation and Records Digitization Pilot		50,000	50,000
4. Revenue Compliance and Monitoring Audit and Analysis	1.00	0	0
5. Cashiering Staffing	(1.00)	(139,485)	(139,485)
6. City Retirement Contributions Pre-Funding		(136,847)	(121,691)
7. Utility Billing Staffing	(1.00)	(129,149)	(158,289)
8. Purchasing Staffing	0.00	(59,105)	(49,134)
9. Business Tax Customer Service Staffing	(1.00)	(26,405)	(28,181)
10. Rebudget: Revenue Compliance Sales Tax Software Phase II Implementation		230,000	230,000
11. Rebudget: Citywide Financial Training Materials Development		200,000	200,000
12. Rebudget: Travel Software Implementation		130,000	130,000
13. Rebudget: Unclaimed Utility Credit Billing		103,000	-
14. Rebudget: Disaster Cost Accounting		100,000	100,000
15. Rebudget: General Liability Claims		80,000	80,000
16. Rebudget: Building Performance Ordinance Support		30,000	30,000
17. Rebudget: Revenue Results Software Phase II Implementation		18,700	18,700
<b>Total Budget Proposals Approved</b>	<b>(2.00)</b>	<b>667,978</b>	<b>457,920</b>
<b>2020-2021 Adopted Budget Total</b>	<b>122.99</b>	<b>22,012,315</b>	<b>19,392,440</b>

# Finance Department

## Budget Changes By Department Personal Services and Non-Personal/Equipment

2020-2021 Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
<b>1. GASB 87 (Leases) Implementation and Compliance Software and Services</b>  <b><i>Strategic Support CSA</i></b> <b><i>Financial Reporting Core Service</i></b> <i>General Accounting Program</i>		140,000	140,000
<p>This action adds one-time non-personal/equipment funding of \$140,000 for the procurement, implementation, and testing of a software solution to comply with new GASB 87 standards pertaining to asset-level lease accounting, which must be deployed prior to the close of the 2020-2021 fiscal year. Ongoing funding of \$6,500 is provided for the ongoing maintenance and support of the new solution. The new GASB 87 standards introduce increased complexity for asset-level accounting, requiring calculation of the present value of lease payments, asset-level determinations about terms, purchase options, residual values, penalties, and lease factors by the asset owner, regardless of whether the City is the asset owner or a lessor. Certain lease modifications may also require the reclassification of lease assets using the current discount rate, fair value, and remaining economic life of the asset. Additionally, service agreements with embedded leases will also require asset-level usage determinations; and, location changes, mid-term and partial end-of-term events within a lease will also require tracking at an asset level. The complexity associated with these new requirements, and the compliance timeframe, necessitate procurement of a software solution in lieu of development and deployment of an in-house database. (Ongoing costs: \$6,500)</p>			
<b>2. Debt and Treasury Staffing</b>  <b><i>Strategic Support CSA</i></b> <b><i>Treasury Management Core Service</i></b> <i>Banking Management Program</i> <i>Debt Management Program</i> <i>Investment Management Program</i>	0.00	77,269	(24,000)

This action adds 1.0 Deputy Director and associated one-time non-personal/equipment funding (\$6,000) to manage the Debt & Treasury functions of a reorganized Debt & Treasury Division. The addition of the Deputy Director enables the Finance Director and Assistant Finance Director to focus on Department-wide concerns, while the Deputy Director assumes the primary role of managing the day-to-day operations and functions of the Division, in addition to strategic planning and regular interaction with executive and senior level management, including the City Council and City Manager's Office. This action also eliminates 1.0 vacant Analyst II position within Debt Management and shifts partial (0.4 FTE) funding for a Financial Analyst position from the General Fund to the Low & Moderate Income Housing Asset Fund. Duties previously fulfilled by the Analyst II will be redistributed among other members of Debt Management, including the Debt Administrator. Additionally, this action charges San Jose Clean Energy (SJCE) the annual expense for one Bloomberg terminal. The Finance Department has a Financial Analyst dedicated to support SJCE, and a Bloomberg terminal is provided to this staff member and is used to support SJCE researching for various counterparty credit analyses. This is a critical tool to providing the necessary credit support to the SJCE program. (Ongoing costs: \$68,183)

# Finance Department

## Budget Changes By Department Personal Services and Non-Personal/Equipment

2020-2021 Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
<b>3. Phase II Disaster Cost Recovery Documentation and Records Digitization Pilot</b>  <i>Strategic Support CSA</i> <i>Disbursement Core Service</i> <i>Purchasing and Risk Management Core Service</i> <i>Accounts Payable Program</i> <i>Purchasing Program</i>		50,000	50,000
<b>4. Revenue Compliance and Monitoring Audit and Analysis</b>  <i>Strategic Support CSA</i> <i>Revenue Management Core Service</i> <i>Revenue Audit and Compliance Program</i>	1.00	0	0

This action adds one-time non-personal/equipment funding of \$50,000 for consultant services to develop sample procurement draft agreements for use during emergency situations and to pilot the digitization of Accounts Payable and General Ledger records that are currently retained in hard copy format and occupying the Department's floor space or currently warehoused. Funding for consultant services will build upon the current Disaster Cost Recovery Program documentation effort, for which a request for proposal is under final review, by expanding the focus areas from accounting to include procurement. Funding for the pilot digitization effort will evaluate workflow enhancements and responsiveness, and release floor space currently required for filing cabinets and document boxes. (Ongoing costs: \$0)

This action adds 1.0 Analyst I/II position to the Revenue Compliance and Monitoring Unit, fully funded by Measure E, to provide additional capacity for compliance review, analysis, and reporting on revenue programs currently comprising the Unit's portfolio, which has recently expanded in response to Assembly Bill 147's expansion of the State sales and use tax, revenue capture agreement with a major market facilitator, and new real property transfer tax on real estate transactions over \$2 million. The Analyst will be charged, or assist, with: implementing a methodology for auditing and maintaining compliance of the influx of new sales and use tax remitters, including quarterly reconciliations, tax analysis, and database management to validate the local tax component of the sales and use tax; maintaining the revenue capture agreement with the marketplace facilitator; and, implementing a methodology for reconciling and maintaining compliance of the new real property transfer tax. Anticipated collections recognized through these compliance efforts will offset the costs of this position. (Ongoing costs: \$0)

## Finance Department

### Budget Changes By Department Personal Services and Non-Personal/Equipment

2020-2021 Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
5. Cashiering Staffing	(1.00)	(139,485)	(139,485)
<p><b>Strategic Support CSA</b>  <b>Treasury Management Core Service</b>  Cashiering and Payment Processing Program</p>			

This action eliminates 1.0 vacant Accounting Technician position in the Cashiering Section. The Accounting Technician provides supervision and backup to the four cashiers located on the first floor of City Hall. In January 2020, the Finance Department moved the Analyst position in the Banking Section to the Cashiering Section to supervise the cashiering program and assist in banking management. The Accounting Technician is no longer required due to this reorganization. (Ongoing savings: \$139,485)

6. City Retirement Contribution Pre-Funding		(136,847)	(121,691)
<p><b>Strategic Support CSA</b>  <b>Core Service: Department-wide</b>  Program: Department-wide</p>			

This action reduces the Finance Department's Personal Services appropriation by \$136,847 in all funds, including \$121,691 in the General Fund, to reflect the anticipated expenditure savings associated with lower retirement contributions from the prepayment of the City's retirement costs for both the Tier 1 pension costs and the Unfunded Actuarial Liability in the Federated City Employees' Retirement System Plan and the Police and Fire Department Retirement Plan. By the City making annual prepayments of its employer contributions to the Retirement Plans in lieu of biweekly contributions, this will generate approximately \$13.9 million in savings in all funds, \$11.4 million in the General Fund. In the General Fund, these savings will be offset by an estimated loss in interest earnings of \$2.6 million and costs in TRANs debt service of \$1.4 million, giving a total net savings of \$7.4 million. (Ongoing savings: \$136,847)

7. Utility Billing Staffing	(1.00)	(129,149)	(158,289)
<p><b>Strategic Support CSA</b>  <b>Revenue Management Core Service</b>  Revenue Audit and Compliance Program  Utility Billing System Program</p>			

This action eliminates 1.0 Senior Account Clerk position within the Utility Billing program, one of two responsible for garbage service charges and funded through the Integrated Waste Management Fund and shifts funding for 1.0 Investigator Collector II position to the supported utilities programs. The Revenue Management Division recently re-organized by placing the Investigator Collector position responsible for collecting utility billing delinquent accounts in the utility billing business unit. This position is currently funded by the General Fund, but fully supports collections for the Water Utility Fund, Integrated Waste Management Fund, Storm Sewer Operating Fund, and Sewer Service and Use Fund. (Ongoing savings: \$129,149)

## Finance Department

### Budget Changes By Department Personal Services and Non-Personal/Equipment

2020-2021 Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
8. Purchasing Staffing	0.00	(59,105)	(49,134)

*Strategic Support CSA  
Purchasing and Risk Management Core Service  
Strategic Support Core Service  
Finance Management and Administration Program  
Purchasing Program*

This action adds 1.0 Senior Analyst position and associated one-time non-personal/equipment funding (\$2,000) to the Purchasing & Risk Management Division to provide additional capacity to address an increasing number of procurement requests prioritized by the Procurement Prioritization Board (PPB). The Senior Analyst will develop and implement procurement process and operational changes with consultant support, develop and deploy procurement trainings and tools to departmental staff, and provide support to the Deputy Director on multi-year special projects. This action also reduces non-personal/equipment funding by \$64,400 to eliminate an annual set-aside for Open Season Temporary Support in Purchasing. This temporary support has provided relief to the Purchasing staff during Open Season; however in recent years, the Department has not used temporary staff and has provided the necessary support through the use of overtime with existing staff. Additionally, this action eliminates 1.0 vacant Senior Analyst position within the Administration Division. The Senior Analyst workload will be partially distributed to the existing staff team members in Administration, to include: request for proposal production, processing and tracking; budget monitoring; support to senior department leadership on emergency preparedness; and, assistance in recruiting, hiring and retention efforts. (Ongoing savings: \$61,105)

9. Business Tax Customer Service Staffing	(1.00)	(26,405)	(28,181)
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*Strategic Support CSA  
Revenue Management Core Service  
Business Tax Program*

This action reorganizes the Business Tax Customer Service Team by eliminating 5.0 Office Specialist positions and adding 1.0 Principal Office Specialist position and 3.0 Senior Office Specialist positions. This will provide a higher level of supervision and align classifications with the increased level of complexity accompanying Business Tax Modernization. This new structure also aligns with that of the Information Technology Contact Center prior to the recent 3-1-1 transition. (Ongoing savings: \$35,683)

# Finance Department

## Budget Changes By Department Personal Services and Non-Personal/Equipment

2020-2021 Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
<p><b>10. Rebudget: Revenue Compliance Sales Tax Software Phase II Implementation</b></p> <p><i>Strategic Support CSA Revenue Management Core Service Business Tax Program Revenue Audit and Compliance Program</i></p> <p>This action rebudgets unexpended 2019-2020 non-personal/equipment funding of \$230,000 to support related implementation expenses for the Revenue Compliance Sales Tax Software Phase II Implementation project. This project consists of the development a new sales tax compliance application to update and streamline the data interchange between the State and the City, which will significantly increase the City's ability to ensure it receives the proper allocation of sales tax revenue. Recent modifications to State information technology systems, coupled with the outdated design of current applications, is requiring significant resources to upload data and perform analysis on potential compliance leads. (Ongoing costs: \$0)</p>		230,000	230,000
<p><b>11. Rebudget: Citywide Financial Training Materials Development</b></p> <p><i>Strategic Support CSA Revenue Management Core Service Finance Management and Administration Program</i></p> <p>This action rebudgets unexpended 2019-2020 non-personal/equipment funding of \$200,000 for consulting services to develop training materials to enhance internal controls and improve efficiencies for financial activities throughout the City. (Ongoing costs: \$0)</p>		200,000	200,000
<p><b>12. Rebudget: Travel Software Implementation</b></p> <p><i>Strategic Support CSA Revenue Management Core Service Accounts Receivable Program</i></p> <p>This action rebudgets unexpended 2019-2020 non-personal/equipment funding of \$130,000 to implement an electronic travel authorization system, which was recommended by the City's Auditor's Office in November 2017 through the Audit of Employee Travel Expenses report, with the goal of minimizing work efforts and facilitate timely approvals. (Ongoing costs: \$0)</p>		130,000	130,000
<p><b>13. Rebudget: Unclaimed Utility Credit Billing</b></p> <p><i>Strategic Support CSA Revenue Management Core Service Utility Billing System Program</i></p> <p>This action rebudgets unexpended 2019-2020 non-personal/equipment funding of \$103,000 for outreach and processing costs to resolve unclaimed balances on utility billing accounts. (Ongoing costs: \$0)</p>		103,000	0



## Finance Department

### Budget Changes By Department Personal Services and Non-Personal/Equipment







2020-2021 Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
<b>14. Rebudget: Disaster Cost Accounting</b>  <i>Strategic Support CSA</i> <i>Revenue Management Core Service</i> <i>Accounts Receivable Program</i>  This action rebudgets unexpended 2019-2020 non-personal/equipment funding of \$100,000 for consultant services to assist in developing written policies, procedures, and training to ensure the City will be able to collect and maintain adequate documentation on disaster-related costs to support maximum reimbursement from all levels of government that offer such assistance. (Ongoing costs: \$0)		<b>100,000</b>	<b>100,000</b>
<b>15. Rebudget: General Liability Claims</b>  <i>Strategic Support CSA</i> <i>Revenue Management Core Service</i> <i>Risk Management Program</i>  This action rebudgets unexpended 2019-2020 non-personal/equipment funding of \$80,000 for consulting services to evaluate the City's general liability program. This project has been delayed due to continued staffing constraints and implementation of other priority projects during 2019-2020. (Ongoing costs: \$0)		<b>80,000</b>	<b>80,000</b>
<b>16. Rebudget: Building Performance Ordinance Support</b>  <i>Strategic Support CSA</i> <i>Revenue Management Core Service</i> <i>Banking Program</i>  This action rebudgets unexpended 2019-2020 non-personal/equipment funding of \$30,000 for the processing of extra checks from the Energy and Water Building Performance Ordinance implementation. (Ongoing costs: \$0)		<b>30,000</b>	<b>30,000</b>
<b>17. Rebudget: Revenue Results Software Phase II Implementation</b>  <i>Strategic Support CSA</i> <i>Revenue Management Core Service</i> <i>Revenue Audit and Compliance Program</i>  This action rebudgets unexpended 2019-2020 non-personal/equipment funding of \$18,700 for the implementation of the additional modules and functionalities for the Revenue Results system, which will enable an Investigator Collector to focus on the backlog of delinquent accounts, between one year and four years old, that have grown as a result of shifting staff priorities between collections and system implementation/stabilization. Implementation of Phase II of this project has been delayed to 2020-2021. (Ongoing costs: \$0)		<b>18,700</b>	<b>18,700</b>
<b>2020-2021 Adopted Budget Changes Total</b>	<b>(2.00)</b>	<b>667,978</b>	<b>457,920</b>

# Finance Department

## Performance Summary

### Disbursements

#### Performance Measures



	2018-2019 Actual	2019-2020 Target	2019-2020 Estimated	2020-2021 Target
 % of disbursements paid accurately and timely	83%	89%	84%	89%
 % of reimbursements paid to employees accurately and timely	99%	98%	99%	98%
 % of payroll disbursements paid accurately and timely	97%	95%	99%	95%
 % of disbursements paid to vendors accurately and within 30 days	69%	74%	69%	74%
 Cost per payment	\$11.09	\$11.37	\$10.72	\$10.88
 Average number of days from invoice date to check issuance	27	27	27	27

#### Activity and Workload Highlights

	2018-2019 Actual	2019-2020 Forecast	2019-2020 Estimated	2020-2021 Forecast
Total number of payments made	255,252	263,000	255,845	264,745
Vendor invoices paid	75,578	76,000	77,845	77,845

### Financial Reporting

#### Performance Measures

	2018-2019 Actual	2019-2020 Target	2019-2020 Estimated	2020-2021 Target
 % of financial reports that are produced	97%	97%	97%	97%
 Cost per financial report	\$899	\$599	\$944	\$899

#### Activity and Workload Highlights





	2018-2019 Actual	2019-2020 Forecast	2019-2020 Estimated	2020-2021 Forecast
Total number of financial reports provided	2,314	3,900	2,314	2,430

# Finance Department

## Performance Summary

### Purchasing and Risk Management

#### Performance Measures

	2018-2019 Actual	2019-2020 Target	2019-2020 Estimated	2020-2021 Target
 % of cost savings achieved through the centralized purchasing process	3.9%	4.1%	7.2% <sup>1</sup>	7.2%
 Cost of purchasing services as a percentage of the total dollars procured	0.98%	1.05%	1.56%	1.56%
 % of purchase orders (POs) processed within established timeframes				
- 8 business days for POs ≤ \$10K	69%	80%	67%	80%
- 26 business days for POs > \$10K and ≤ \$100K	85%	80%	83%	80%
- 38 business days for POs > \$100K and ≤ \$250K	79%	80%	84%	80%
- 83 business days for POs > \$250K and ≤ \$1.0M	89%	95%	96%	95%
- 108 business days for POs > \$1.0M	100%	85%	100%	85%
 Percentage of contracts processed for insurance clearance within five days of receipt	76%	85%	86%	88%

#### Activity and Workload Highlights


	2018-2019 Actual	2019-2020 Forecast	2019-2020 Estimated	2020-2021 Forecast
Total dollars procured	\$176.5 M	\$166.5 M	\$162.9 M	\$171.0 M
Total cost savings achieved through the centralized purchasing process	\$6.9 M	\$6.8 M	\$11.8 M <sup>1</sup>	\$12.9 M
# of purchase orders (POs) processed within:				
- 8 business days for POs ≤ \$10K	571	654	359	541
- 26 business days for POs > \$10K and ≤ \$100K	1,104	728	1,135	908
- 38 business days for POs > \$100K and ≤ \$250K	158	135	195	160
- 83 business days for POs > \$250K and ≤ \$1.0M	85	102	161	131
- 108 business days for POs > \$1.0M	9	7	22	13
Total insurable value of the City's assets	\$4.0 B	\$3.8 B	\$4.1 B	\$4.2 B
Total number of contracts processed for insurance clearance	694	590	653	700

<sup>1</sup> 2019-2020 Estimated increase is largely attributable to cost savings achieved through two competitive solicitations for electric vehicle charges and for playground resurfacing services.


**Finance Department**  
**Performance Summary**

**Revenue Management**

*Performance Measures*

	2018-2019 Actual	2019-2020 Target	2019-2020 Estimated	2020-2021 Target
 Return on Investment - Revenue Management	6.31	5.50	6.16	5.50

*Activity and Workload Highlights*

	2018-2019 Actual	2019-2020 Forecast	2019-2020 Estimated	2020-2021 Forecast
Revenue Management Aging Receivable <sup>1</sup> Balance				
 Current Receivables <sup>2</sup> :				
0 - 30 days	\$6,902,752	\$8,952,474	\$7,401,345	\$7,152,048
31 - 60 days	\$4,254,119	\$4,380,567	\$6,712,734	\$5,483,426
61 - 90 days	\$3,650,487	\$1,183,264	\$4,049,338	\$3,849,912
Delinquent Receivables <sup>3</sup> :				
91 - 120 days	\$2,571,756	\$1,693,247	\$1,750,219	\$2,160,987
121 - 365 days	\$5,065,987	\$3,422,798	\$5,470,847	\$5,268,417
366 - 730 days	\$6,747,059	\$9,093,004	\$7,094,198	\$6,920,629
731 - 999+ days	\$19,684,561	\$14,760,778	\$18,462,779	\$19,073,670

<sup>1</sup> Includes Business Tax, Fire, Administrative Citations, miscellaneous accounts receivable, and Utility Billing.




<sup>2</sup> Current = 90 days or less

<sup>3</sup> Delinquent = 91 days or more

**Finance Department**  
**Performance Summary**

**Debt and Treasury Management**

*Performance Measures*

	<b>2018-2019 Actual</b>	<b>2019-2020 Target</b>	<b>2019-2020 Estimated</b>	<b>2020-2021 Target</b>
 City's General Obligation Bond rating				
- Moody's	Aa1	Aa1	Aa1	Aa1
- Standard & Poor's	AA+	AA+	AA+	AA+
- Fitch	AA+	AA+	AA+	AA+
 Average return on investments	2.168%	2.400%	2.240%	1.900%
Comparison Benchmarks				
- Local Agency Investment Fund (LAIF)	2.263%	N/A <sup>1</sup>	1.936%	N/A <sup>1</sup>
- Bank of America Merrill Lynch (BAML)	2.072%	N/A <sup>1</sup>	2.277%	N/A <sup>1</sup>
 Cost of Investment Program as a percentage of the City's total investment portfolio	0.091%	0.099%	0.083%	0.088%

<sup>1</sup> Due to volatility in market conditions, targets cannot be determined. Bank of America Merrill Lynch (BAML) and Local Agency Investment Fund (LAIF) release these figures on an annual and monthly basis.

**Activity and Workload Highlights**

	<b>2018-2019 Actual</b>	<b>2019-2020 Forecast</b>	<b>2019-2020 Estimated</b>	<b>2020-2021 Forecast</b>
Total debt portfolio managed	\$4.610 B	\$4.490 B	\$4.660 B	\$4.750 B
Total of the City's investment portfolio	\$1.630 B	\$1.600 B	\$2.036 B	\$2.000 B

**Finance Department**  
**Departmental Position Detail**

Position	2019-2020 Adopted	2020-2021 Adopted	Change
Account Clerk II	2.00	2.00	-
Accountant I/II	16.00	16.00	-
Accounting Technician	10.00	10.00	-
Administrative Officer	1.00	1.00	-
Analyst I/II	9.00	9.00	-
Assistant Director	1.00	1.00	-
Buyer I/II/III	6.00	6.00	-
Debt Administrator	1.00	1.00	-
Department Information Technology Manager	1.00	1.00	-
Deputy Director	3.00	4.00	1.00
Director of Finance	1.00	1.00	-
Financial Analyst	5.00	5.00	-
Hearing Officer U PT	0.99	0.99	-
Investigator Collector I/II	13.00	12.00	(1.00)
Investment Officer	1.00	1.00	-
Office Specialist	5.00	0.00	(5.00)
Principal Account Clerk	4.00	3.00	(1.00)
Principal Accountant	3.00	3.00	-
Principal Office Specialist	0.00	1.00	1.00
Program Manager I	6.00	6.00	-
Risk Manager	1.00	1.00	-
Senior Account Clerk	14.00	13.00	(1.00)
Senior Accountant	7.00	7.00	-
Senior Analyst	6.00	6.00	-
Senior Investigator Collector	2.00	2.00	-
Senior Office Specialist	1.00	4.00	3.00
Staff Specialist	3.00	3.00	-
Supervising Accountant	3.00	3.00	-
<b>Total Positions</b>	<b>125.99</b>	<b>122.99</b>	<b>(3.00)</b>