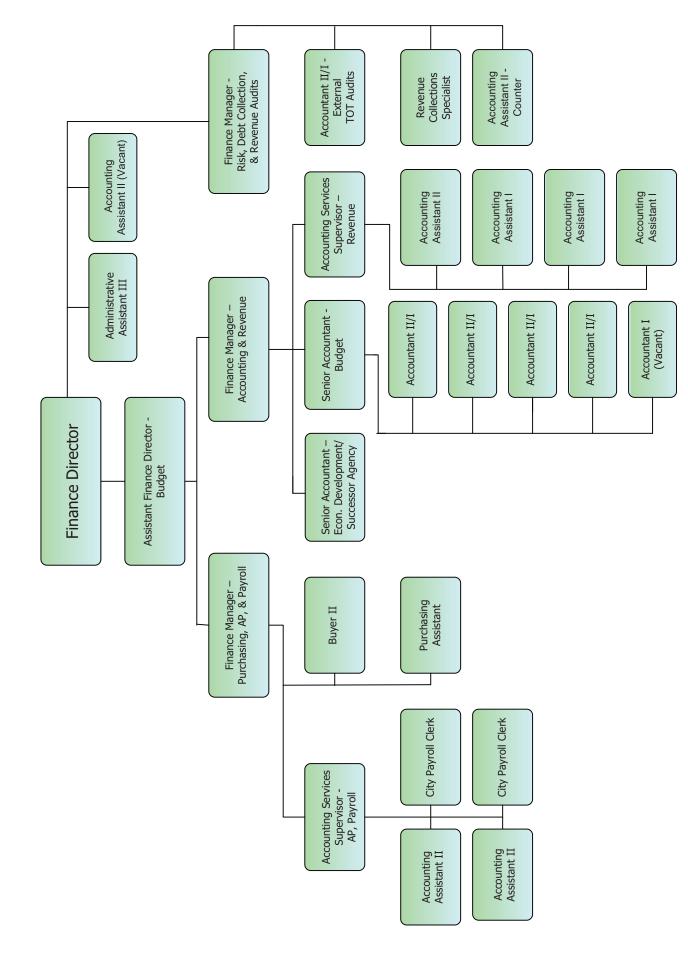
Finance Department



Santa Cruz Finance Department



DEPARTMENT DESCRIPTION

The Finance Department provides chief financial support for the entire City, including its Public Safety, Water, Refuse, Wastewater, Public Works, Parks & Recreation and other key programs. It also provides contract support services for the Santa Cruz Public Libraries Joint Powers Authority and supports the Successor Agency of the City of Santa Cruz (former Redevelopment Agency).

The Department's primary objective is to ensure that sufficient fiscal resources are available to meet the goals and objectives identified by the Community through its elected officials and staff. It does this primarily through timely and accurate financial reporting and by ensuring compliance with the City's financial rules and regulations.

The department is organized in three functional sections; (1) Revenue, Accounting & Budgeting (2) Purchasing, Collections, Accounts Payable and Payroll, and (3) Risk Management & Advanced Debt Collections. Within these core functions, it also manages major duties within internal and external audits, debt management, treasury management, and local, state and federal compliance reporting.

FY 2013 ACCOMPLISHMENTS

- Supported the collection of community donations in excess of \$350,000 towards a Fallen Officer fund following the tragic murder of two Santa Cruz Police Officers, Sergeant "Butch" Baker and Detective Elizabeth Butler
- Received an increase in the City's bond rating by Fitch to AA+
- ➤ Provided financial support to execute a \$4.1 Million, 7-year loan to the Golden State Warriors Developmental Team to build the Kaiser Permanente Arena in Downtown Santa Cruz
- ➤ Provided financial direction to execute a \$1.3 Million, 30-year loan to Santa Cruz Solar One, LLC for the construction of the City Hall & Police Department Solar Panel parking lot projects
- Reorganized the department to fold in Risk Management and support Economic Development & the Successor Agency to reduce General Fund overall costs
- > Supported development of the staffing model to implement the Climate Action Plan
- Supported the November 2012 Measure Q to increase the Transient Occupancy Rate from 10% to 11% to support Economic Development activities
- > Provided a critical support and staffing role in the Successor Agency transition and State reporting requirements
- Completed a comprehensive internal cost allocation study
- Completed a three-year audit cycle for Transient Occupancy Tax properties (2008-2010)
- Completed a refinance of the DeLaveaga Golf Course debt to provide present value savings of approximately \$302,000 over the life of the issue
- Supported the Library IPA's development of a balanced operating budget, forecasting, and costing of new service model to support expanded branch hours and stabilize their financial operations, while generating a sizeable FY2013 surplus to restore their operating reserves ➤ Implemented a new online staff training program (HALO)

- 1. Enhance Environmental Sustainability and Resources
- 2. Enhance Community Safety
- Promote Economic Vitality and Retain and Attract Businesses and Jobs
 Maintain Fiscal Stability and Sustainability
 Improve and Maintain the Infrastructure

- 6. Enhance Community Engagement and Outreach (new)

FY 2013 ACCOMPLISHMENTS (continued)

- Developed and adopted a Local Preference purchasing ordinance
- > Supported the development and adoption of a Tobacco Retail License program in coordination with the County of Santa Cruz
- Completed a comprehensive review and adoption of amendments to the City's Admission Tax Ordinance
- > Completed a comprehensive review and adoption of amendments to the City's Transient Occupancy Tax Ordinance
- > Supported the implementation of the State's pension reform measures to create a third, lower benefited retirement plan for new hires after January 1, 2013
- > Implemented provisions of AB1186 for quarterly business license reporting to the State
- Supported a complete software update of the City's Eden financial system
- Negotiated a renewal of our Banking Services contract that reduced banking costs by 6%
- > Completed recruitment of 4 positions within Finance & Risk Management
- > Streamlined preparation of monthly portfolio management investment reports
- > Received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States.

FY 2014 GOALS

Three Year Strategic Plan Goal:

Enhance Environmental Sustainability and Resources

- Implement additional Eden Financial System modules to reduce paper
- Expand training opportunities to reduce the quantity of reports generated by maximizing the functionality of current Eden applications and other supporting financial applications (internal staff training and develop regional user groups for shared systems)
- Conduct a limited Telecommute pilot program that would reduce carbon emissions and traffic and parking impacts
- Continue efforts towards paperless, external financial audits
- Expand data access to reduce the need for reporting, with specific focus on timesheet entry and approval access
- Evaluate options to incorporate measures within the Purchasing Ordinance to improve environmental sustainability & resources
- Support and evaluate the development of a Solar Hot Water pilot program for small businesses
- Evaluate options to create new, online customer service interfaces for the public, reducing the need to print forms or for customers to drive to City Hall
- Develop a City Hall space efficiency and customer service study to reduce environmental impact of City Hall and surrounding offices

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FY 2014 GOALS (continued)

Three Year Strategic Plan Goal:

Enhance Community Safety

• Provide support and analysis towards a UCSC and City of Santa Cruz Fire consolidated services agreement

Three Year Strategic Plan Goal:

Enhance Community Safety (continued)

- Assist with public safety grant reporting and submissions
- Ensure resources are available to adequately staff police and fire operations

Three Year Strategic Plan Goal:

Promote Economic Vitality and Retain and Attract Businesses and Jobs

- Assist with the development of the Code for America project to simplify business licensing processes
- Evaluate promotional opportunities for licensed businesses in alignment with shop local campaigns

Three Year Strategic Plan Goal:

Maintain Fiscal Stability and Sustainability

- Adopt a balanced FY 2013-14 General Fund budget that minimizes reserve dependency in the current year and provides for longer term stability
- Adopt City General Fund reserve policy to provide long term, fiscal stability and improve the City's bond rating
- Complete a comprehensive cost recovery study to quantify value of subsidized programs and initiatives
- Complete renewal of employee bargaining unit contracts for all unions and bargaining
- Maintain or improve the City's bond rating
- Conduct internal audits to verify incoming tax revenues
- Conduct operational reviews to utilize existing staffing levels to accommodate growing service demands
- Evaluate opportunities to refinance existing debt at lower interest rates
- Evaluate opportunity to lower the City's annual employee pension payments through an early, one-year, prepayment plan with CalPERS
- Evaluate options to reduce annual licensing costs for system applications within Finance
- Develop proactive programs and training to reduce the likelihood of new general liability or worker's compensation claims

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FY 2014 GOALS (continued)

Three Year Strategic Plan Goal:

Improve and Maintain the Infrastructure

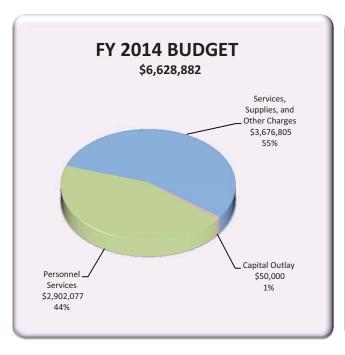
- Provide support and analysis towards a bond issue to fund road and infrastructure improvements
- Provide support and analysis to complete a DeLaveaga land exchange with the State
- Provide support and analysis towards the Library JPA's consideration of a bond issuance to fund system-wide facility improvements
- Analyze opportunities to leverage existing or external resources to fund infrastructure and facility improvements

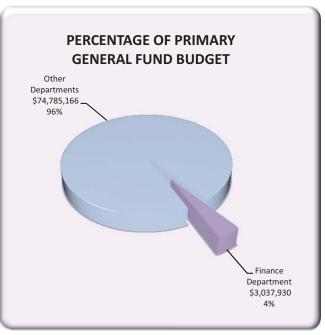
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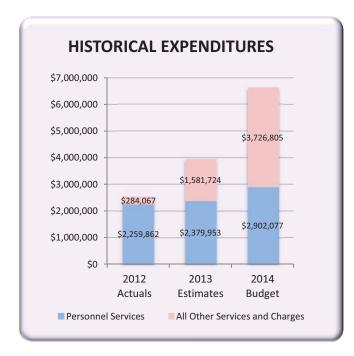
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Finance Department Spotlight









| | | | Fiscal Year 2013 | | | Fiscal Year | |
|--|------------|--|---|---|--|---|--|
| | | Fiscal Year* 2012 Actuals | Adopted Budget | Amended* Budget | Estimated Actual | 2014 Proposed Budget | |
| EXPENDITURES BY CHARACT | ΓER: | | | | | | |
| Personnel Services Services, Supplies, and Other Charges Capital Outlay Total Expenditures | | 2,259,862 228,458 253 2,488,573 | 2,462,553 319,738 40,000 2,822,291 | 2,462,553 333,728 40,000 2,836,281 | 2,379,953 1,576,474 5,250 3,961,677 | 2,902,077 3,676,805 50,000 6,628,882 | |
| EXPENDITURES BY ACTIVITY: | | | | | | | |
| Finance Subtotal General Fund | 1241 | <u>2,488,573</u> 2,488,573 | 2,822,291 2,822,291 | <u>2,836,281</u> 2,836,281 | <u>2,554,297</u> 2,554,297 | 3,037,930 3,037,930 | |
| Liability Insurance Subtotal Other Funds | 7821 | | | | 1,407,380 1,407,380 | 3,590,952 3,590,952 | |
| Total Expenditures | | 2,488,573 | 2,822,291 | 2,836,281 | 3,961,677 | 6,628,882 | |
| RESOURCES BY FUND | | | | | | | |
| General Fund Liability Insurance | 101 842 | 1,339,087 - | 1,261,900 | 1,261,900 | 1,266,100 1,798,675 | 1,276,900 1,798,675 | |
| Total Resources | | 1,339,087 | 1,261,900 | 1,261,900 | 3,064,775 | 3,075,575 | |
| Net General Fund Cost | | (1,149,486) | (1,560,391) | (1,574,381) | (1,288,197) | (1,761,030) | |
| | | | | FY 2012 | FY 2013 | FY 2014 | |
| TOTAL PERSONNEL FUNDED: | | | | 24.25 | 29.00 | 29.00 | |

FOOTNOTE: 1. The Finance Department reorganized to absorb an Economic Development position and consolidate Risk Management.

^{*}Sums may have discrepancies due to rounding

ACTIVITY SUMMARY

Activity Number: 1241
Fund(s): General Fund (101)
Department: Finance

Activity Description:

Performs short-range and long-range financial planning; monitors financial condition of City; develops and implements financial policies, plans, and reporting systems. Maintains the accounting records, including capital projects, capital assets, payroll, accounts payable, and accounts receivable. Responsible for collecting revenue, including billing, receipting, recording, and banking cash transactions. Administers business license tax, admission tax, transient occupancy tax, and special assessment programs. Invests funds in accordance with the City's investment policy. Administers the City's purchasing ordinance and all municipal codes pertaining to procurement.

| | Fiscal Year 2012 Actuals | Fiscal Year 2013 | | | Fiscal Year |
|---|--------------------------------|--------------------------------|--------------------------------|-------------------------------|--------------------------------|
| | | Adopted Budget | Amended Budget | Estimated Actual | 2014 Proposed Budget |
| EXPENDITURES BY ACTIVITY: | | | | | |
| Personnel Services Services, Supplies, and Other Charges Capital Outlay | 2,259,862 228,458 253 | 2,462,553 319,738 40,000 | 2,462,553 333,728 40,000 | 2,266,174 282,873 5,250 | 2,640,403 347,527 50,000 |
| Total Expenditures | 2,488,573 | 2,822,291 | 2,836,281 | 2,554,297 | 3,037,930 |
| ACTIVITY RESOURCES: | | | | | |
| Charges for Services Fines and Forfeitures Rents, & Misc Revenues | 1,330,160 990 7,937 | 1,257,900 - 4,000 | 1,257,900 - 4,000 | 1,257,900 - 8,200 | 1,271,900 - 5,000 |
| Total Resources | 1,339,087 | 1,261,900 | 1,261,900 | 1,266,100 | 1,276,900 |

FOOTNOTE: 1. The Finance Department reorganized to absorb an Economic Development position and consolidate Risk Management.

^{*}Sums may have discrepancies due to rounding

Liability Insurance

Activity Number: 7821 ACTIVITY SUMMARY

Fund(s): Liability Insurance (842)

Department: Finance

Activity Description:

The City has general liability and property insurance coverage. The City retains loss exposure for the first \$1,000,000 of each liability claim. This activity provides funds to cover premiums, claims payable, administration, and legal services. Funding for program requirements comes from apportioned charges to departments based on gross wages, special assessments based on claims experience, and from accumulated liability insurance reserves. During FY 2013, this function was transitioned from the Administrative Services Department over to the Finance Department.

| | Fiscal Year 2012 Actuals | Fiscal Year 2013 | | | Fiscal Year |
|---------------------------------------|--------------------------------|-------------------|-------------------|---------------------|----------------------------|
| | | Adopted Budget | Amended Budget | Estimated Actual | 2014 Proposed Budget |
| EXPENDITURES BY ACTIVITY: | | | | | |
| Personnel Services | - | - | - | 113,779 | 261,674 |
| Services, Supplies, and Other Charges | | | | 1,293,601 | 3,329,278 |
| Total Expenditures | | | <u> </u> | 1,407,380 | 3,590,952 |
| ACTIVITY RESOURCES: | | | | | |
| Charges for Services | | | <u> </u> | 1,798,675 | 1,798,675 |
| Total Resources | - | - | _ | 1,798,675 | 1,798,675 |
| | | | | | |

FOOTNOTE: 1. The Finance Department reorganized to absorb an Economic Development position and consolidate Risk Management.

^{*}Sums may have discrepancies due to rounding