



DEPARTMENT SUMMARY

Finance

Provide financial guidance to City Council and departments and manage the City's financial operations.

About Finance

The Finance Department is responsible for providing financial expertise and guidance to the City Council and departments, managing the City's daily financial operations, and maintaining the financial integrity of the City. The department's major functional areas include accounting, revenue management, budget, payroll, purchasing, and investment management. The department also administers two internal service funds: The Risk Management Fund manages the City's insurance portfolio and workers' compensation program, and the Duplications and Mail Services Fund operates a full-service print shop and provides mail service to all City departments and facilities. Finance also provides financial services to the California Law Enforcement Telecommunications System (CLETS).



Fiscal Year 2005 Budget Highlights

The Finance Department scaled back its General Fund budgeted expenditures for fiscal year 2005 by almost \$70,000 to help balance the overall General Fund budget, without significantly impacting the department's level of services. In its continuing efforts to cut costs and do "more with less", the Department is working on plans for a re-organization of the department that will shift resources where they are most needed and improve overall efficiency.

The Risk Management Fund continues to face uncertainty with its property and liability insurance and workers' compensation costs that will continue to escalate again in fiscal year 2005.



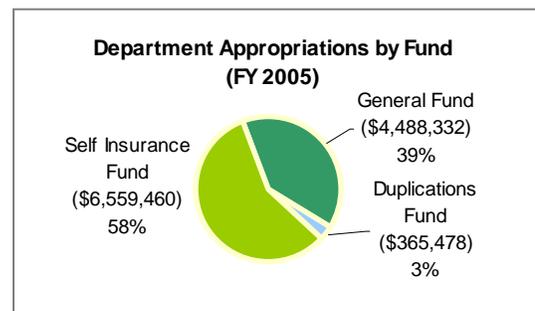
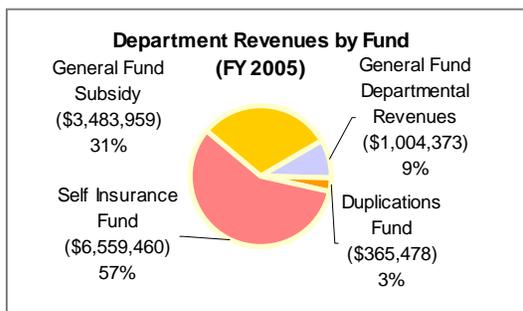
DEPARTMENT SUMMARY

Finance

Department Financial and Staffing Summary

| | Actual FY 2003 | Amended FY 2004 | Projected FY 2004 | Adopted FY 2005 |
|--------------------------------------|-----------------------|----------------------|----------------------|----------------------|
| Authorized Positions | 47.00 | 47.00 | 47.00 | 46.00 |
| Non-Permanent Employee Hours | n/a | n/a | n/a | - |
| Revenues | | | | |
| Fees and Services Charges | 929,193 | 902,500 | 927,500 | 911,450 |
| Franchise Fees - Cable Television | 164,512 | 322,272 | 322,272 | 326,873 |
| Workers Compensation Premiums | 3,552,517 | 3,453,228 | 3,453,228 | 3,599,460 |
| Insurance Premiums | 2,322,481 | 2,554,214 | 2,554,214 | 2,650,000 |
| Interest Income | 2,856 | 120,000 | 120,000 | 120,000 |
| ACCEL- Return of Premium | 200,000 | 222,350 | 238,490 | 190,000 |
| Other | 230,083 | 125,978 | 125,978 | 131,528 |
| General Fund Subsidy | 2,586,952 | 3,551,729 | 3,206,395 | 3,483,959 |
| Total Department Revenue | \$ 9,988,594 | \$ 11,252,271 | \$ 10,948,077 | \$ 11,413,270 |
| Expenditures | | | | |
| Salaries and Benefits | 3,232,726 | 3,478,072 | 3,192,456 | 3,634,141 |
| Supplies and Services | 2,553,129 | 3,970,307 | 3,712,780 | 3,514,214 |
| Special Projects | 6,716,757 | 3,825,736 | 3,409,967 | 4,239,397 |
| Transfers Out | - | - | - | 1,818 |
| Non-Capital Equipment | 34,100 | 24,200 | 19,435 | 12,200 |
| Equipment Capital | 1,933 | - | - | - |
| Tax Expense | - | 11,500 | 13,571 | 11,500 |
| Total Department Expenditures | \$ 12,538,645 | \$ 11,309,815 | \$ 10,348,209 | \$ 11,413,270 |
| Addition to (Use of) Reserves | \$ (2,550,051) | \$ (57,544) | \$ 599,868 | \$ - |

Department Fund Composition

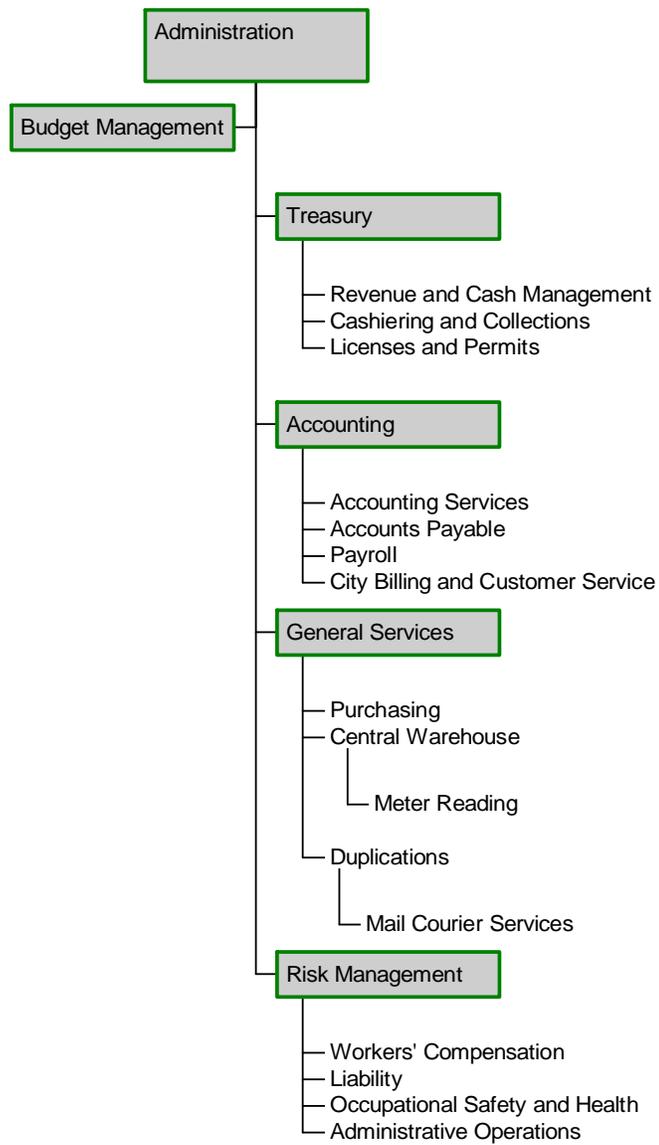




DEPARTMENT SUMMARY

Finance

Program Organizational Chart



PROGRAMS & SERVICES

FINANCE PROGRAMS

➤ Administration

- Revenue & Cash Management
- Cashiering & Collections
- Licenses & Permits
- Budget Management
- Accounting Services
- Payroll
- Accounts Payable
- City Billing & Customer Service
- Purchasing
- Central Warehouse
- Meter Reading
- Duplications
- Mail Courier Services
- Risk Management – Workers' Compensation
- Risk Management – Liability
- Risk Management – Occupational Safety & Health
- Risk Management – Administrative Operations



RECENT PROGRAM ACHIEVEMENTS

Issued \$34.8 million in Redevelopment Agency Tax Allocation Bonds to fund capital improvements, including construction of the Granda Garage.

Administration

(Program No. 1411)

Mission Statement

Provide management and administrative support to Finance programs and provide the City Council and departments with responsive financial expertise and analysis to ensure that the City's financial interests are protected and enhanced.

Program Activities

- Manage the operations of the department.
- Ensure management and the City Council are informed of all matters materially affecting the financial health of the City.
- Assist with City Administration policy formulation and implementation of Council direction.
- Provide staff support to the City Council Finance Committee.
- Provide financial and budgetary support and guidance to all City departments.
- Provide oversight of the City's \$140 million investment portfolio.
- Manage the City's long-term debt, including new-money and refunding debt.
- Manage the City's Employee Mortgage Loan Assistance Program (EMLAP).
- Administer the City's cable television franchise.

Objectives for Fiscal Year 2005

- Ensure that Finance programs meet 75% of program objectives.
- Respond to 98% of cable service customer inquiries within 1 business day of receipt.

Financial and Staffing Information

| | Actual FY 2003 | Amended FY 2004 | Projected FY 2004 | Adopted FY 2005 |
|-------------------------------------|-------------------|--------------------|----------------------|--------------------|
| Authorized Positions | 5.00 | 2.20 | 2.20 | 1.95 |
| Non-Permanent Employee Hours | n/a | n/a | n/a | - |
| Revenues | | | | |
| Franchise Fees - Cable Television | 164,512 | 322,272 | 322,272 | 326,873 |
| General Fund Subsidy | 710,241 | 491,283 | 414,760 | 261,504 |
| Total Revenue | \$ 874,753 | \$ 813,555 | \$ 737,032 | \$ 588,377 |
| Expenditures | | | | |
| Salaries and Benefits | 497,062 | 231,735 | 217,769 | 210,816 |
| Supplies and Services | 181,531 | 32,255 | 73,420 | 34,188 |
| Special Projects | 173,320 | 523,690 | 422,272 | 326,873 |
| Non-Capital Equipment | 22,840 | 14,375 | 10,000 | 5,000 |
| Tax Expense | - | 11,500 | 13,571 | 11,500 |
| Total Expenditures | \$ 874,753 | \$ 813,555 | \$ 737,032 | \$ 588,377 |

Program Performance Measures

| | Adopted FY 2004 | Projected FY 2004 | Adopted FY 2005 |
|--|--------------------|----------------------|--------------------|
| Percent of Finance program objectives met | 80% | 75% | 75% |
| Percent of customer service inquiries receiving initial response within 1 business day | 98% | 87% | 98% |
| EMLAP loans administered | 7 | 15 | 19 |

PROGRAMS & SERVICES

FINANCE PROGRAMS

- Administration
- Revenue & Cash Management
 - Cashiering & Collections
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 - Purchasing
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 - Duplications
 - Mail Courier Services
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 - Risk Management – Liability
 - Risk Management – Occupational Safety & Health
 - Risk Management – Administrative Operations



RECENT PROGRAM ACHIEVEMENTS

Negotiated multi-year bank contract that included significant enhancements to cash management and accounting activities.

Revenue & Cash Management

(Program No. 1412)

Mission Statement

Invest public funds in a manner that will provide maximum security, adequate liquidity and sufficient yield, while conforming to relevant statutes and regulations, and ensure all revenues are received timely and recorded properly.

Program Activities

- Manage investment portfolio of approximately \$136 million.
- Prepare and present monthly investment reports to Finance Committee and City Council.
- Manage the City's banking relationships.
- Ensure timely reconciliation of all cash transactions.
- Assist departments in establishing appropriate controls and procedures for the receipt of cash and for petty cash disbursements.
- Provide ongoing analysis of City revenues.
- Forecast and manage cash to ensure adequate liquidity for expenditure requirements.

Objectives for Fiscal Year 2005

- Maintain a minimum average "AA" credit quality for securities in the portfolio.
- Meet or exceed the Local Agency Investment Fund (LAIF) book rate of return on an annual basis.
- Present 100% of monthly investment reports to the Finance Committee and City Council within 30 days of month-end.
- With the implementation of an automated system, improve the accuracy of daily deposit reconciliation resulting in no greater than 24 corrections.
- Automate daily deposit reconciliation to improve efficiency and accuracy by September 30, 2004.
- Determine feasibility of updating City records with check clearing data from bank on a daily basis, instead of a monthly basis by September 30, 2004.
- Conduct a monthly analysis of all City revenues.

Objectives for Fiscal Year 2005 (continued)

- Provide a comprehensive analysis of General Fund revenues to the Finance Committee on a quarterly basis.
- Purchase investments for the City and Redevelopment Agency that are consistent with investment objectives.

Financial and Staffing Information

| | Actual FY 2003 | Amended FY 2004 | Projected FY 2004 | Adopted FY 2005 |
|-------------------------------------|-------------------|--------------------|----------------------|--------------------|
| Authorized Positions | 2.75 | 2.05 | 2.05 | 2.05 |
| Non-Permanent Employee Hours | n/a | n/a | n/a | - |
| Revenues | | | | |
| General Fund Subsidy | 251,688 | 322,538 | 295,880 | 337,983 |
| Total Revenue | \$ 251,688 | \$ 322,538 | \$ 295,880 | \$ 337,983 |
| Expenditures | | | | |
| Salaries and Benefits | 228,892 | 175,779 | 169,967 | 188,529 |
| Supplies and Services | 22,796 | 146,759 | 125,913 | 149,454 |
| Total Expenditures | \$ 251,688 | \$ 322,538 | \$ 295,880 | \$ 337,983 |

Program Performance Measures

| | Adopted FY 2004 | Projected FY 2004 | Adopted FY 2005 |
|---|--------------------|----------------------|--------------------|
| Credit rating of portfolio holdings | AA | AA | AA |
| Portfolio book rate of return compared to LAIF | +1.00% | +1.53% | > LAIF |
| Months in which investment report is presented within 30 days | n/a | 11 | 12 |
| Corrections to the general ledger | n/a | 60 | 24 |
| Average portfolio balance | \$140,000,000 | \$136,000,000 | \$136,000,000 |
| Average days to maturity of the portfolio | 550 | 488 | 550 |
| Average daily dollar amount of bank credits | \$750,000 | \$850,000 | \$850,000 |
| Average daily dollar amount of bank debits | \$750,000 | \$850,000 | \$850,000 |

PROGRAMS & SERVICES

FINANCE PROGRAMS

Administration

Revenue & Cash
Management

➤ **Cashiering & Collections**

Licenses & Permits

Budget Management

Accounting Services

Payroll

Accounts Payable

City Billing & Customer
Service

Purchasing

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Meter Reading

Duplications

Mail Courier Services

Risk Management – Workers'
Compensation

Risk Management – Liability

Risk Management –
Occupational Safety &
Health

Risk Management –
Administrative Operations



RECENT PROGRAM ACHIEVEMENTS

Utilized advanced technology for processing of utility payments via bank lockbox.

Cashiering & Collections

(Program No. 1413)

Mission Statement

Centrally process monies, ensuring funds are received when due, properly accounted for, and safeguarded and provide prompt, courteous customer service.

Program Activities

- Operate a City Hall cashiering function.
- Process payments received from the public and City departments and process bank wires and transfers.
- Prepare daily deposits and related accounting documents.
- Verify payment data from the utility billing lock-box operation.
- Record and reconcile major sources of revenue.
- Audit petty cash claims and assist departments in petty cash procedures.

Objectives for Fiscal Year 2005

- Accurately process 99.95% of treasury receipts on the day received.
- Accurately prepare deposit summary and daily bank deposit.
- Complete an analysis of options for electronic payments and credit cards and report implementation recommendations by March 31, 2005.
- Administer a customer service survey to assess public satisfaction with customer service at the cashiering counter and use survey results to initiate improvements by September 30, 2004.
- Complete cross-training of staff on various cashiering functions to better assist the public by March 31, 2005.

Financial and Staffing Information

| | Actual FY 2003 | Amended FY 2004 | Projected FY 2004 | Adopted FY 2005 |
|-------------------------------------|-------------------|--------------------|----------------------|--------------------|
| Authorized Positions | 3.65 | 4.50 | 4.50 | 3.75 |
| Non-Permanent Employee Hours | n/a | n/a | n/a | - |
| Revenues | | | | |
| Fees and Service Charges | 287,740 | 115,181 | 128,367 | 123,315 |
| General Fund Subsidy | 4,337 | 241,357 | 186,758 | 147,604 |
| Total Revenue | \$ 292,077 | \$ 356,538 | \$ 315,125 | \$ 270,919 |
| Expenditures | | | | |
| Salaries and Benefits | 288,388 | 318,291 | 279,735 | 235,057 |
| Supplies and Services | 3,091 | 37,647 | 34,790 | 35,262 |
| Non-Capital Equipment | 598 | 600 | 600 | 600 |
| Total Expenditures | \$ 292,077 | \$ 356,538 | \$ 315,125 | \$ 270,919 |

Program Performance Measures

| | Adopted FY 2004 | Projected FY 2004 | Adopted FY 2005 |
|--|--------------------|----------------------|--------------------|
| Percentage of treasury receipts processed each day | 100% | 99% | 99.95% |
| Correcting entries needed | n/a | n/a | < 25 |
| Payments processed at public counter | 55,000 | 54,388 | 55,000 |
| Utility billing lockbox payments processed | 233,000 | 239,492 | 239,000 |
| Transient Occupancy Tax (TOT) payments recorded and reconciled monthly | 67 | 68 | 67 |
| Utility Users Tax (UUT) payments recorded and reconciled monthly | 111 | 128 | 128 |
| Satisfaction rating by Cashiering and Collections customers | 75% | n/a | 75% |
| Petty cash audits performed | 33 | 33 | 33 |

PROGRAMS & SERVICES

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RECENT PROGRAM ACHIEVEMENTS

Implemented Finance and Land Development Team business license application processing; applications are reviewed for building, fire and zoning ordinance compliance.

Licenses & Permits

(Program No. 1414)

Mission Statement

Administer the collection and audit of business taxes, permits, and assessments to ensure compliance with the Santa Barbara Municipal Code (SBMC).

Program Activities

- Manage the Business Tax and Permit Program.
- Administer the billing and collection of Transient Occupancy Tax, Parking and Business Improvement Area (PIA) assessments, Old Town and Downtown Business Improvement District assessments and Fire Inspection Fees.
- Process delinquency notices and initiate collection efforts for past due accounts.
- Process and issue over 13,000 City licenses and permits.
- Process applications for exemption from Utility Users Tax on water billings and coordinate with other utilities for this exemption.
- Review outside sources and publications to identify unlicensed businesses.

Objectives for Fiscal Year 2005

- Locate 100 unlicensed businesses as a result of the field inspection program.
- Locate 100 unlicensed businesses using periodicals, Franchise Tax Board and State Board of Equalization sources.
- Complete 5 Transient Occupancy Tax (TOT) audits and assess options to expand the program.
- Present fee recommendations for issuing miscellaneous licenses and permits to City Council or Ordinance Committee based on fee study completed in fiscal year 2004 by December 31, 2004.
- Revise the Paratransit Ordinance to improve permitting processes and procedures, with assistance from the Police and City Attorney Departments by September 30, 2004.
- Develop automated process for locating unlicensed businesses by comparing Franchise Tax Board records with City business license records by October 31, 2004.

Objectives for Fiscal Year 2005 (cont.)

- Compare gross receipts reported for business license taxes to State Board of Equalization data for top 100 retail businesses by December 31, 2004.
- Administer a customer service survey to assess applicant satisfaction with information, forms, and processes for obtaining various licenses and permits and use survey to initiate improvements by December 31, 2004.

Financial and Staffing Information

| | Actual FY 2003 | Amended FY 2004 | Projected FY 2004 | Adopted FY 2005 |
|-------------------------------------|-------------------|--------------------|----------------------|--------------------|
| Authorized Positions | 2.60 | 4.20 | 4.20 | 4.45 |
| Non-Permanent Employee Hours | n/a | n/a | n/a | - |
| Revenues | | | | |
| General Fund Subsidy | 178,954 | 330,908 | 275,730 | 370,214 |
| Fees and Service Charges | 17,813 | 2,500 | 2,500 | 2,500 |
| Total Revenue | \$ 196,767 | \$ 333,408 | \$ 278,230 | \$ 372,714 |
| Expenditures | | | | |
| Salaries and Benefits | 173,663 | 249,321 | 208,390 | 295,848 |
| Supplies and Services | 23,104 | 84,087 | 69,840 | 76,266 |
| Non-Capital Equipment | - | - | - | 600 |
| Total Expenditures | \$ 196,767 | \$ 333,408 | \$ 278,230 | \$ 372,714 |

Program Performance Measures

| | Adopted FY 2004 | Projected FY 2004 | Adopted FY 2005 |
|---|--------------------|----------------------|--------------------|
| New businesses located from field inspection | 100 | 100 | 100 |
| New businesses located from reference sources | n/a | n/a | 100 |
| New business licenses issued | 1,750 | 1,900 | 1,900 |
| Business license renewals | 10,100 | 10,100 | 10,200 |
| Business license delinquency notices | 2,525 | 2,525 | 2,550 |
| Percent of business licenses paid by due date | 75% | 75% | 75% |
| Assessment district billings | 4,000 | 4,000 | 4,000 |
| Assessment district delinquency notices | 1,000 | 1,000 | 1,000 |
| Percent of PBIA assessments paid by due date | 75% | 75% | 75% |
| Percent of accounts sent to collections | 2% | 2% | 2% |
| Satisfaction rating by License and Permit customers | 80% | 80% | 80% |

PROGRAMS & SERVICES

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- Risk Management – Administrative Operations



RECENT PROGRAM ACHIEVEMENTS

Received the GFOA Distinguished Budget Award for the newly designed budget document for fiscal year 2004.

Budget Management

(Program No. 1415)

Mission Statement

Manage the development and implementation of the City's Two-Year Financial Plan and Annual Budget to support effective decision-making and public communication.

Program Activities

- Manage the City's annual budget process, including training and support to departments, analysis of department budget requests, and public presentation of the recommended budget.
- Project non-departmental revenue estimates and provide guidance to departments on departmental revenue estimates.
- Provide expertise to City Council and departments on economic and financial conditions and policy issues affecting the budget.
- Provide ongoing budgetary guidance and support to all City departments in implementing the annual budget.
- Publish the City's Two-Year Financial Plan and Annual Budget and the popular Budget-at-a-Glance, including CD-ROM and posting on the City's web site.

Objectives for Fiscal Year 2005

- Complete 80% of all budget journal entries to record the Council-approved budget amendments within 7 working days of approval.
- Receive the Government Finance Officers Association (GFOA) Distinguished Budget Award.
- Project General Fund non-departmental revenues within a 2% margin in relation to mid-year projections.
- Post the fiscal year 2006 Recommended Budget on the Internet within 15 days following filing date.
- Submit the fiscal year 2006 Recommended Budget to Council and City Clerk by April 12, 2005.
- Produce the fiscal year 2005 Adopted Budget within 30 days after year-end.
- Ensure that policy reserves are calculated and met each year.

Financial and Staffing Information

| | Actual FY 2003 | Amended FY 2004 | Projected FY 2004 | Adopted FY 2005 |
|-------------------------------------|-------------------|--------------------|----------------------|--------------------|
| Authorized Positions | 0.00 | 2.85 | 2.85 | 2.80 |
| Non-Permanent Employee Hours | n/a | n/a | n/a | - |
| Revenues | | | | |
| General Fund Subsidy | - | 367,582 | 366,025 | 382,161 |
| Total Revenue | \$ - | \$ 367,582 | \$ 366,025 | \$ 382,161 |
| Expenditures | | | | |
| Salaries and Benefits | - | 286,752 | 293,777 | 305,145 |
| Supplies and Services | - | 80,830 | 71,822 | 77,016 |
| Non-Capital Equipment | - | - | 426 | - |
| Total Expenditures | \$ - | \$ 367,582 | \$ 366,025 | \$ 382,161 |

Program Performance Measures

| | Adopted FY 2004 | Projected FY 2004 | Adopted FY 2005 |
|---|--------------------|----------------------|--------------------|
| Percent of budget journal entries entered within 7 days | n/a | 65% | 80% |
| Consecutive biennial GFOA Distinguished Budget Awards | 4 | 4 | 5 |
| Adopted budgets distributed on CD-ROM | n/a | n/a | 25 |
| Recommended budgets distributed on CD-ROM | n/a | n/a | 25 |
| Budget adjustments | 75 | 60 | 75 |
| Days to produce the City's adopted budget after fiscal year-end | 30 | 95 | 30 |
| Days to post the City's recommended budget to Internet | 15 | 15 | 15 |

PROGRAMS & SERVICES

FINANCE PROGRAMS

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Cashiering & Collections
Licenses & Permits
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Risk Management – Liability
Risk Management –
Occupational Safety &
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Risk Management –
Administrative Operations



RECENT PROGRAM ACHIEVEMENTS

The City and
Redevelopment Agency
audits were completed
on time with limited staff.
The respective CAFRs
were issued with an
unqualified audit opinion
ahead of schedule.

Accounting Services

(Program No. 1431)

Mission Statement

Maintain and ensure integrity of the City's financial records and audits and report financial information to Council, the public and to State and Federal regulatory agencies in an accurate and timely manner.

Program Activities

- Establish and maintain an accounting system of funds, accounts and internal controls in accordance with Governmental Accounting Standards Board standards and Generally Accepted Accounting Principles.
- Prepare year-end closing entries, balance and reconcile all funds and accounts, coordinate and communicate with City's independent auditors, and prepare the Comprehensive Annual Financial Reports for the City and the Redevelopment Agency.
- Prepare and submit fiscal reports, including compliance audits of grant funds to State and Federal agencies, in an accurate and timely manner.
- Provide financial analysis and fiscal information to departmental users, management, and the City Council as needed.

Objectives for Fiscal Year 2005

- Compile, produce and issue the fiscal year 2004 Comprehensive Annual Financial Reports (CAFRs) for the City and the Redevelopment Agency within 150 days of fiscal year-end.
- Receive an unqualified audit opinion for the fiscal year 2004 financial statement audit.
- Receive Government Finance Officers Association (GFOA) and California Municipal Finance Officers (CSMFO) awards for achievement in financial reporting for the City's CAFR.
- Complete 83% of monthly bank reconciliations within 30 days of receiving bank statements.
- Complete 92% of general ledger monthly closings within 5 working days of month-end.
- Complete and submit 92% of monthly interim financial reports to City Council within 30 days of month-end.
- Complete and file the required disclosure reports for the 2002 Certificates of Participation (COPS) for the Waterfront, Water, and General Funds prior to the March 8, 2005 deadline.

Objectives for Fiscal Year 2005 (cont.)

- Implement conversion to new Capital Asset Management Software and perform departmental inventory of fixed assets to verify completeness of current fixed asset listing.
- Complete infrastructure asset capitalization conversion and reporting as required by GASB 34.
- Conduct a training workshop for City employees to access and utilize financial reports and information from the Financial Management System.

Financial and Staffing Information

| | Actual FY 2003 | Amended FY 2004 | Projected FY 2004 | Adopted FY 2005 |
|-------------------------------------|-------------------|--------------------|----------------------|--------------------|
| Authorized Positions | 2.40 | 2.20 | 2.20 | 2.85 |
| Non-Permanent Employee Hours | n/a | n/a | n/a | - |
| Revenues | | | | |
| General Fund Subsidy | 217,014 | 311,605 | 248,094 | 371,736 |
| Total Revenue | \$ 217,014 | \$ 311,605 | \$ 248,094 | \$ 371,736 |
| Expenditures | | | | |
| Salaries and Benefits | 205,180 | 184,700 | 118,459 | 254,122 |
| Supplies and Services | 11,276 | 125,805 | 129,635 | 117,614 |
| Non-Capital Equipment | 558 | 1,100 | - | - |
| Total Expenditures | \$ 217,014 | \$ 311,605 | \$ 248,094 | \$ 371,736 |

Program Performance Measures

| | Adopted FY 2004 | Projected FY 2004 | Adopted FY 2005 |
|---|--------------------|----------------------|--------------------|
| Days after June 30 to issue City and RDA CAFRs | 150 | 146 | 150 |
| Unqualified audit opinions | n/a | 1 | 1 |
| Awards for achievement in financial reporting | n/a | 1 | 2 |
| Percent of bank statements completed within 30 days of month end | 100% | 25% | 83% |
| Percent of general ledger closings completed within 5 working days of month-end | 92% | 83% | 92% |
| Percent of interim reports submitted to Council within 45 days | n/a | n/a | 92% |
| Audit adjustments required by independent auditor | 3 | 3 | 3 |

PROGRAMS & SERVICES

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RECENT PROGRAM ACHIEVEMENTS

97% of responses to the Payroll Customer Satisfaction Survey were very complementary about Payroll's customer service.

Payroll

(Program No. 1432)

Mission Statement

Pay City employees and benefit providers accurately and timely and ensure compliance with Federal and State laws and regulations.

Program Activities

- Perform audit and data entry of timesheets.
- Initiate tax payments and issue quarterly tax reports.
- Reconcile payroll deductions and benefits payable to the general ledger.
- Reconcile billing statements with receivables and payroll withholdings by person for employees, retirees, and cobra members.
- Initiate claims for payment to benefit providers.
- Initiate Public Employees Retirement System (PERS) payments and perform a reconciliation to reports and payroll withholdings.
- Update the payroll system tables to reflect annual changes in tax tables, employee contracts, dues, or other items for paycheck accuracy.
- Perform electronic fund transfers for direct deposits, PERS, deferred compensation, and taxes.
- Provide customer service to all City employees, departments and benefit providers.
- Implement technological enhancements to improve payroll processing efficiency.

Objectives for Fiscal Year 2005

- Process and pay payroll accurately and timely 99.9% of the time.
- Achieve a 93% accuracy rate of department-submitted timesheets by the end of fiscal year.
- Audit and update, if necessary, 40 of 92 payroll reports to improve effectiveness and usefulness of reports.
- Complete the development of electronic system to archive daily work records.
- Implement 2 new automated procedures as requested by employees in the payroll survey.

Objectives for Fiscal Year 2005 (cont.)

- Prepare the calendar year 2004 W-2 forms for distribution by January 14, 2005.
- Conduct a payroll-training workshop as part of Learning for Excellence and Achievement Program.

Financial and Staffing Information

| | Actual FY 2003 | Amended FY 2004 | Projected FY 2004 | Adopted FY 2005 |
|-------------------------------------|-------------------|--------------------|----------------------|--------------------|
| Authorized Positions | 2.40 | 2.45 | 2.45 | 2.45 |
| Non-Permanent Employee Hours | n/a | n/a | n/a | - |
| Revenues | | | | |
| General Fund Subsidy | 183,564 | 313,273 | 305,909 | 370,824 |
| Total Revenue | \$ 183,564 | \$ 313,273 | \$ 305,909 | \$ 370,824 |
| Expenditures | | | | |
| Salaries and Benefits | 165,515 | 176,201 | 165,204 | 186,617 |
| Supplies and Services | 18,049 | 137,072 | 140,705 | 184,207 |
| Total Expenditures | \$ 183,564 | \$ 313,273 | \$ 305,909 | \$ 370,824 |

Program Performance Measures

| | Adopted FY 2004 | Projected FY 2004 | Adopted FY 2005 |
|---|--------------------|----------------------|--------------------|
| Accuracy rate of timesheet data entry | 99.9% | 99.9% | 99.9% |
| Accuracy rate of timecards submitted by departments | 85% | 92.5% | 93% |
| Payroll reports audited and updated for effectiveness | n/a | n/a | n/a |
| Dollar value of benefits and withholding accounts reconciled bi-weekly per payroll staff member | \$3,000,000 | \$2,745,508 | \$2,985,000 |
| City employees per payroll staff | 535 | 725 | 652 |
| Program cost per paycheck issued | n/a | \$7.50 | \$7.50 |
| W-2's issued annually | 2,000 | 2,032 | 2,000 |
| Percent of staff hours worked per quarter | n/a | n/a | 85% |

PROGRAMS & SERVICES

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RECENT PROGRAM ACHIEVEMENTS

Annual 1099-MISC forms were printed and distributed within 6 working days after the close of calendar year 2003.

Accounts Payable

(Program No. 1433)

Mission Statement

Process and issue payments to City vendors to ensure the timely and accurate payment for materials, supplies and services received.

Program Activities

- Perform audit and data entry of claims submitted for payment.
- Implement State sales tax payments and quarterly reports.
- Initiate monthly independent contractor reporting by diskette.
- Review claims for accounts payable and purchasing policy compliance.
- Maintain files for all City payments to vendors.
- Review and adjust claims for vendor discounts when available.
- Provide customer service to departments and vendors.
- Perform daily 'Positive Pay' check disbursement reports to the bank.

Objectives for Fiscal Year 2005

- Issue 99% of warrants within 2 working days of receipt of claim for payment.
- Audit and update, if necessary, 5 accounts payable reports to improve effectiveness and usefulness of reports.
- Complete update of accounts payable database to change primary payment address to vendor selection address.

Financial and Staffing Information

| | Actual FY 2003 | Amended FY 2004 | Projected FY 2004 | Adopted FY 2005 |
|-------------------------------------|-------------------|--------------------|----------------------|--------------------|
| Authorized Positions | 1.80 | 1.75 | 1.75 | 1.75 |
| Non-Permanent Employee Hours | n/a | n/a | n/a | - |
| Revenues | | | | |
| General Fund Subsidy | 123,409 | 185,555 | 186,182 | 191,438 |
| Total Revenue | \$ 123,409 | \$ 185,555 | \$ 186,182 | \$ 191,438 |
| Expenditures | | | | |
| Salaries and Benefits | 107,683 | 112,811 | 111,607 | 120,187 |
| Supplies and Services | 15,726 | 72,744 | 74,575 | 71,251 |
| Total Expenditures | \$ 123,409 | \$ 185,555 | \$ 186,182 | \$ 191,438 |

Program Performance Measures

| | Adopted FY 2004 | Projected FY 2004 | Adopted FY 2005 |
|---|--------------------|----------------------|--------------------|
| Percent of warrants issued within 2 working days after receipt of claim | n/a | 96.1% | 99% |
| Accounts payable reports audited and updated for effectiveness | n/a | n/a | 5 |
| Percent of warrants issued error free per month | n/a | 99% | 99% |
| Percent of available discounts taken by departments | 25% | 14.4% | 40% |
| Percent of available discounts taken by Accounts Payable staff | 62% | 85.6% | 90% |
| Program cost per check issued | n/a | \$7.16 | \$7.50 |
| Invoices processed | n/a | n/a | 62,000 |

PROGRAMS & SERVICES

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- Risk Management – Liability
- Risk Management – Occupational Safety & Health
- Risk Management – Administrative Operations



RECENT PROGRAM ACHIEVEMENTS

Administered a customer satisfaction service survey to approximately 29,000 utility customers in fiscal year 2004.

City Billing & Customer Service

(Program No. 1434)

Mission Statement

To accurately bill customers on behalf of City departments to ensure the timely collection of related revenues and respond to customer inquiries in a courteous and professional manner.

Program Activities

- Prepare and mail approximately 360,000 utility bills annually, including bills for water, wastewater and refuse collection services.
- Prepare and mail approximately 27,000 additional bills for a variety of City fees, services and reimbursements annually, working closely with other City departments.
- Provide customer service by handling approximately 25,000 customer inquiries annually via telephone and walk-in counter support.
- Maintain and manage an automatic payment option for customers to have their bills paid automatically from their checking account.
- Process approximately 10,000 service orders to utility customers accounts, including customer updates, water meter reading verification, bill collection efforts, and water service changes.

Objectives for Fiscal Year 2005

- Issue refund warrants on closed water accounts within 30 days of month-end.
- Accurately input 90% of newly created autopayment account information for utility billing and harbor slip customers.
- Sort and file 95% of cleared warrants within 30 days of receipt.
- Process customer address changes before the account's next monthly bill is issued.
- Cross-train all program staff in use of data archive computer software program.
- Analyze results of customer satisfaction survey and prioritize comments for system improvements.
- Develop a payment arrangement policy to standardize how customers can extend their payment.

Financial and Staffing Information

| | Actual FY 2003 | Amended FY 2004 | Projected FY 2004 | Adopted FY 2005 |
|-------------------------------------|-------------------|--------------------|----------------------|--------------------|
| Authorized Positions | 5.20 | 3.60 | 3.60 | 3.60 |
| Non-Permanent Employee Hours | n/a | n/a | n/a | - |
| Revenues | | | | |
| Fees and Service Charges | 373,851 | 534,819 | 546,633 | 551,685 |
| Total Revenue | \$ 373,851 | \$ 534,819 | \$ 546,633 | \$ 551,685 |
| Expenditures | | | | |
| Salaries and Benefits | 135,367 | 235,367 | 223,824 | 252,745 |
| Supplies and Services | 238,484 | 299,452 | 322,809 | 298,940 |
| Total Expenditures | \$ 373,851 | \$ 534,819 | \$ 546,633 | \$ 551,685 |

Program Performance Measures

| | Adopted FY 2004 | Projected FY 2004 | Adopted FY 2005 |
|--|--------------------|----------------------|--------------------|
| Percent of water refund warrants issued within 30 days of account being closed | n/a | n/a | 90% |
| Accuracy rate of customer account autopayment data entry | n/a | n/a | 90% |
| Percent of cleared bank warrants filed within 30 days of receipt | n/a | n/a | 95% |
| Percent of address changes input before account's next billing | n/a | n/a | 90% |
| Utility bills issued | n/a | 358,560 | 358,560 |
| Miscellaneous bills issued | n/a | 26,400 | 26,400 |
| Service orders prepared | n/a | 12,000 | 12,000 |
| Phone calls received from customers | n/a | 31,200 | 31,200 |
| Customers on automatic pay including utility bills and harbor slips | n/a | 51,600 | 51,600 |
| Customers assisted at the counter | n/a | 1,100 | 1,100 |
| Cost per bill issued | \$0.86 | \$1.42 | \$1.42 |

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RECENT PROGRAM ACHIEVEMENTS

With assistance from Information Systems, all purchase order types are now electronically captured and sorted in the FMS.

Purchasing

(Program No. 1441)

Mission Statement

Competitively purchase quality goods and services that meet department specifications in a timely and cost effective manner in accordance with the Municipal Code.

Program Activities

- Prepare Quick Quote, Bid and Proposal packages, advertise and solicit for competitive bids to supply goods, materials and services to meet the City's needs.
- Utilize State contracts for cooperative purchases when State goods and materials meet department specifications and needs.
- Routinely review warehouse stock for quantity re-order levels and adjust as appropriate.
- Dispose of surplus City property.

Objectives for Fiscal Year 2005

- Re-bid 100% of the Blanket Purchase Orders (BPOs) over \$50,000 to ensure that the City receives competitively priced services and materials.
- Present Purchasing Code revisions to the Ordinance Committee to raise purchasing amount and authority limits.
- Track the percentage of complete Requisitions over \$1,000 received citywide and by department.
- Develop a computerized "Bidder's List" by December 31, 2004.
- Analyze customer satisfaction survey for Purchasing operations and implement changes or improvements as appropriate and necessary.
- Provide purchasing training workshop to employees as part of the City's Learning for Excellence and Achievement Program (LEAP).
- Develop measures of effectiveness and efficiency for purchasing operations by December 31, 2004.

Financial and Staffing Information

| | Actual FY 2003 | Amended FY 2004 | Projected FY 2004 | Adopted FY 2005 |
|-------------------------------------|-------------------|--------------------|----------------------|--------------------|
| Authorized Positions | 5.75 | 5.75 | 5.75 | 4.75 |
| Non-Permanent Employee Hours | n/a | n/a | n/a | - |
| Revenues | | | | |
| General Fund Subsidy | 309,914 | 383,152 | 333,202 | 506,738 |
| Total Revenue | \$ 309,914 | \$ 383,152 | \$ 333,202 | \$ 506,738 |
| Expenditures | | | | |
| Salaries and Benefits | 290,085 | 305,618 | 260,168 | 430,554 |
| Supplies and Services | 19,829 | 77,534 | 73,034 | 76,184 |
| Equipment Capital | - | - | - | - |
| Total Expenditures | \$ 309,914 | \$ 383,152 | \$ 333,202 | \$ 506,738 |

Program Performance Measures

| | Adopted FY 2004 | Projected FY 2004 | Adopted FY 2005 |
|---|--------------------|----------------------|--------------------|
| Percent of Blanket Purchase Orders (BPOs) over \$50,000 rebid | n/a | 20% | 100% |
| Purchase orders issued for all categories | 940 | 6,000 | 6,300 |
| Cash Purchase Orders (CPO) issued for routine services and supplies under \$500 | 4,900 | 1,600 | 1,850 |
| Purchase Orders (PO) issued for routine services and supplies over \$500 | 4,000 | 1,800 | 1,800 |
| Blanket Purchase Orders (BPO) issued for ordinary services and supplies | n/a | 1,200 | 1,200 |
| Purchase Orders (PS) issued for professional services | 500 | 350 | 350 |
| Change Orders (CO) issued | n/a | 1,050 | 1,150 |
| Request for Proposals/Qualifications (RFPs/RFQs) advertised | 100 | 8 | 8 |
| Bids for Ordinary Services and/or Materials | n/a | n/a | 90 |
| Average Purchase Orders processed per buyer | 3,133 | 1,650 | 2,100 |
| Percent of complete requisitions over \$1,000 received citywide and by department | n/a | n/a | 75 |

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RECENT PROGRAM ACHIEVEMENTS

The Warehouse staff sustained no injuries in the past year due to increased awareness of safety rules and regulations and practice of the same.

Central Warehouse

(Program No. 1442)

Mission Statement

Competitively purchase inventory and issue quality goods that meet department specifications to support City operations and emergencies and dispose of City surplus in accordance with the Municipal Code.

Program Activities

- Prepare Quick Quote, Bid and Proposal packages, advertise and solicit for competitive bids to supply goods, materials and services to meet the City's needs.
- Utilize State contracts for cooperative purchases when State goods and materials meet department specifications and needs.
- Routinely review warehouse stock for quantity re-order levels and adjust as appropriate.
- Dispose of surplus City property.

Objectives for Fiscal Year 2005

- Maintain the accuracy of the monthly inventory count within 2%.
- Process and fill 98% of issue requisitions within the promised timeframe.
- Complete monthly inventory within 1 working day.
- Develop a measurement for warehouse inventory turnover rate by December 31, 2004.
- Re-label stock shelves with proper stock numbers and descriptions by December 31, 2004.

Financial and Staffing Information

| | Actual FY 2003 | Amended FY 2004 | Projected FY 2004 | Adopted FY 2005 |
|-------------------------------------|-------------------|--------------------|----------------------|--------------------|
| Authorized Positions | 1.20 | 1.55 | 1.55 | 1.65 |
| Non-Permanent Employee Hours | n/a | n/a | n/a | - |
| Revenues | | | | |
| General Fund Subsidy | 226,699 | 219,385 | 211,489 | 136,177 |
| Total Revenue | \$ 226,699 | \$ 219,385 | \$ 211,489 | \$ 136,177 |
| Expenditures | | | | |
| Salaries and Benefits | 207,844 | 188,373 | 183,373 | 103,308 |
| Supplies and Services | 17,981 | 31,012 | 28,116 | 32,869 |
| Equipment Capital | 874 | - | - | - |
| Total Expenditures | \$ 226,699 | \$ 219,385 | \$ 211,489 | \$ 136,177 |

Program Performance Measures

| | Adopted FY 2004 | Projected FY 2004 | Adopted FY 2005 |
|---|--------------------|----------------------|--------------------|
| Accuracy percentage of monthly inventory | n/a | 98% | 98% |
| Percent of issue requisitions processed within the promised timeframe | n/a | n/a | 98% |
| Monthly inventories completed within 1 working day | n/a | n/a | 10 |
| Different categories of items in warehouse inventory | 1,760 | 1,400 | 1,400 |
| Labor cost as a percentage of surplus revenue | 7% | 6% | 6% |

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RECENT PROGRAM ACHIEVEMENTS

Meter readers reduced the number of vehicle accidents to zero in the past year.

Meter Reading

(Program No. 1443)

Mission Statement

Read water meters in the City for accurate and timely utility billings, and respond to field service requests in a timely, courteous, efficient and safe manner.

Program Activities

- Read approximately 26,000 water meters every 27-33 days.
- Process approximately 10,000 service orders to begin and terminate service.
- Maintain water meters and make recommendations for replacement.
- Download daily route meter reading data to the centralized utility billing system.
- Field check new water meter installations.
- Maintain and manage an active water meter inventory.
- Provide information to public service providers regarding unusual circumstances affecting the elderly through the Gatekeeper Program.

Objectives for Fiscal Year 2005

- Respond to 100% of service orders within 1 working day.
- Maintain a 99.9% or better meter reading accuracy rate.
- Read 100% of water meters according to an approved monthly schedule.
- Update the Financial Management System (FMS) with current water meter locations.
- Conduct a customer satisfaction survey for water meter reading operations.

Financial and Staffing Information

| | Actual FY 2003 | Amended FY 2004 | Projected FY 2004 | Adopted FY 2005 |
|-------------------------------------|-------------------|--------------------|----------------------|--------------------|
| Authorized Positions | 6.20 | 5.60 | 5.60 | 5.65 |
| Non-Permanent Employee Hours | n/a | n/a | n/a | - |
| Revenues | | | | |
| General Fund Subsidy | 381,132 | 385,090 | 382,366 | 407,580 |
| Total Revenue | \$ 381,132 | \$ 385,090 | \$ 382,366 | \$ 407,580 |
| Expenditures | | | | |
| Salaries and Benefits | 350,784 | 338,120 | 338,120 | 360,556 |
| Supplies and Services | 30,348 | 46,970 | 44,246 | 47,024 |
| Total Expenditures | \$ 381,132 | \$ 385,090 | \$ 382,366 | \$ 407,580 |

Program Performance Measures

| | Adopted FY 2004 | Projected FY 2004 | Adopted FY 2005 |
|--|--------------------|----------------------|--------------------|
| Percent of service calls responded to within 1 working day | 100% | 100% | 100% |
| Percent of accuracy rate of meters read | 99% | 99.9% | 99.9% |
| Percent of meters read according to schedule | 100% | 100% | 100% |
| Percent of missed reads completed within 2 working days | 100% | 100% | 100% |
| Return visits for missed reads | n/a | 800 | 800 |
| Meters turned off for non-payment | 2,000 | 1,200 | 1,200 |
| Meters read annually | n/a | n/a | 310,680 |
| Meters read per month by meter reader | n/a | n/a | 6,100 |

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RECENT PROGRAM ACHIEVEMENTS

Duplications staff completed 95% of all printing and copying orders within the promised timeframe.

Duplications

(Program No. 1451)

Mission Statement

Provide quality, full-service printing, copying and post-press services through a combination of both in-house and contract resources in a timely, confidential and cost-effective manner.

Program Activities

- Provide typesetting, design and layout services.
- Produce brochures, flyers, forms, manuals and stationery for all city departments.
- Perform finishing operations such as folding, collating, stapling, drilling and binding.
- Write specifications for printing orders sent to outside vendors.
- Prepare cost estimates and bill departments for services provided.
- Print utility billings and prepare them for mailing.
- Review informational brochure outlining services provided by Duplications and update as necessary.

Objectives for Fiscal Year 2005

- Process at least 97% of service requests in-house to ensure effective utilization of Duplicating staff.
- Complete 95% of printing and copying orders within the promised timeframe.
- Update the fiscal year 2006 fee schedule for duplicating services by June 15, 2005.
- Implement service improvements for duplicating services based on comments received from a customer satisfaction survey.

Financial and Staffing Information

| | Actual FY 2003 | Amended FY 2004 | Projected FY 2004 | Adopted FY 2005 |
|--------------------------------------|-------------------|--------------------|----------------------|--------------------|
| Authorized Positions | 2.05 | 2.10 | 2.10 | 2.00 |
| Non-Permanent Employee Hours | n/a | n/a | n/a | - |
| Revenues | | | | |
| Fees and Services Charges | 249,789 | 250,000 | 250,000 | 233,950 |
| Other | 36,132 | 66,132 | 66,132 | 64,658 |
| Total Revenue | \$ 285,921 | \$ 316,132 | \$ 316,132 | \$ 298,608 |
| Expenditures | | | | |
| Salaries and Benefits | 133,697 | 142,332 | 140,420 | 144,175 |
| Supplies and Services | 135,750 | 197,048 | 202,225 | 153,983 |
| Transfers Out | - | - | - | 450 |
| Equipment Capital | 1,059 | - | - | - |
| Total Expenditures | \$ 270,506 | \$ 339,380 | \$ 342,645 | \$ 298,608 |
| Addition to (Use of) Reserves | \$ 15,415 | \$ (23,248) | \$ (26,513) | \$ - |

Program Performance Measures

| | Adopted FY 2004 | Projected FY 2004 | Adopted FY 2005 |
|--|--------------------|----------------------|--------------------|
| Percent of service requests processed in-house | 95% | 95% | 97% |
| Percent of printing and copying orders completed within promised timeframe | 96% | 95% | 95% |
| Duplications service requests | 2,000 | 1,500 | 1,500 |
| Total number of copies | 3,000,000 | 2,200,000 | 2,500,000 |
| Utility billing printing cycles | 900 | 900 | 900 |
| Total number of pieces processed | 420,000 | 405,000 | 405,000 |
| Average cost per black and white copy | \$0.06 | \$0.06 | \$0.45 |
| Average cost per color copy | \$0.30 | \$0.48 | \$0.48 |
| Average days to complete service orders | 2.5 days | 2.75 days | 2.75 days |

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RECENT PROGRAM ACHIEVEMENTS

No accidents or injuries
have occurred on an
extensive daily mail
courier route.

Mail Courier Services

(Program No. 1452)

Mission Statement

Collect and distribute U.S. Postal Service and interdepartmental mail to all City departments for efficiency, convenience and savings realized through bulk and presort mail rates.

Program Activities

- Collect the City's United States Postal Service (U.S.P.S.) mail from the U.S. Post Office twice daily.
- Provide interoffice mail courier service to City offices and selected outside agencies.
- Process outgoing U.S.P.S. mail daily, utilizing presort standards on mail qualifying for discount rates.
- Review informational brochure outlining mail courier services and update as necessary.

Objectives for Fiscal Year 2005

- Send 85% of outgoing U.S.P.S. mail at the discounted presort rate.
- Provide mail courier services according to an approved mail service schedule 96% of the time.
- Implement service improvements for mail courier services based on comments received from a customer satisfaction service survey.
- Determine the potential savings to the City through the use of other delivery services (UPS).
- Complete an evaluation of the effectiveness of merging the Mail Courier services program with the Warehouse program by December 31, 2004.

Financial and Staffing Information

| | Actual FY 2003 | Amended FY 2004 | Projected FY 2004 | Adopted FY 2005 |
|-------------------------------------|-------------------|--------------------|----------------------|--------------------|
| Authorized Positions | 1.00 | 1.00 | 1.00 | 1.10 |
| Non-Permanent Employee Hours | n/a | n/a | n/a | - |
| Revenues | | | | |
| Other | 55,254 | 59,846 | 59,846 | 66,870 |
| Total Revenue | \$ 55,254 | \$ 59,846 | \$ 59,846 | \$ 66,870 |
| Expenditures | | | | |
| Salaries and Benefits | 34,245 | 41,826 | 39,643 | 49,405 |
| Supplies and Services | 10,682 | 18,020 | 15,550 | 17,465 |
| Total Expenditures | \$ 44,927 | \$ 59,846 | \$ 55,193 | \$ 66,870 |

Program Performance Measures

| | Adopted FY 2004 | Projected FY 2004 | Adopted FY 2005 |
|--|--------------------|----------------------|--------------------|
| Percent of mail processed at presort rate | 80% | 80% | 85% |
| Percent of mail stops completed | 96% | 96% | 96% |
| Pieces of outgoing U.S.P.S. mail processed | 370,000 | 370,000 | 370,000 |
| Pieces of interoffice mail and correspondence | 25,000 | 25,000 | 25,000 |
| Dollar savings to City using presort mailings | \$5,600 | \$5,600 | \$5,600 |
| Labor cost per piece of outgoing U.S.P.S. mail | \$0.024 | \$0.10 | \$0.10 |

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RECENT PROGRAM ACHIEVEMENTS

Medical costs savings of 50% over billed amount. Closed 94 claims. Placed 70 out of 74 eligible employees to a temporary modified work assignment.

Workers' Compensation

(Program No. 1461)

Mission Statement

Provide workers' compensation benefits to eligible employees, ensure compliance with Federal and State regulations, and minimize associated costs.

Program Activities

- Collect, maintain, and analyze loss data.
- Ensure compliance with Federal and California laws and monitor legislation, legal opinions, and case law for changes in the law.
- Investigate, evaluate, and authorize all new lost time claims.
- Approve the use of salary continuation.
- Approve expenditures, evaluate and recommend settlement proposals, and obtain approval for settlement payments.
- Ensure that the third party administrator completes all required elements of contracts.
- Assist outside legal counsel to defend claims and coordinate subrogation recovery.
- Notify management of any permanent work restriction for injured employees and evaluate industrial disability retirement applications.
- Assist managers and supervisors to return an injured employee to regular or modified duty and develop a modified duty contract.
- Respond to employee, supervisor, and management inquiries and provide training on workers' compensation.

Objectives for Fiscal Year 2005

- Conduct semi-annual claim reviews with the management staff of the 4 departments with the highest claim frequency during fiscal year 04 (Fire, Police, Public Works, and Parks & Recreation).
- Evaluate 100% of employees eligible for modified duty.
- Investigate 50% of industrial injuries with lost time within 45 days of the date of knowledge.
- Complete audit of Third Party Administrator by 12/31/2004.
- Complete benchmark comparison on vendor services by 12/31/2004.
- Develop the Risk Awareness curriculum for the LEAP Program by 10/31/2004.
- Conduct 2 Risk Awareness classes for the LEAP Program by 6/30/05.

Financial and Staffing Information

| | Actual FY 2003 | Amended FY 2004 | Projected FY 2004 | Adopted FY 2005 |
|--------------------------------------|-----------------------|---------------------|----------------------|---------------------|
| Authorized Positions | 1.70 | 1.75 | 1.75 | 1.75 |
| Non-Permanent Employee Hours | n/a | n/a | n/a | - |
| Revenues | | | | |
| Workers Compensation Premiums | 3,552,517 | 3,236,152 | 3,236,152 | 3,370,716 |
| Interest Income | - | - | - | 61,354 |
| Other | 2,255 | - | - | - |
| Total Revenue | \$ 3,554,772 | \$ 3,236,152 | \$ 3,236,152 | \$ 3,432,070 |
| Expenditures | | | | |
| Salaries and Benefits | 137,543 | 151,513 | 152,000 | 158,078 |
| Supplies and Services | 142,974 | 207,056 | 251,738 | 283,600 |
| Special Projects | 5,551,507 | 2,793,046 | 2,587,695 | 2,987,524 |
| Transfers Out | - | - | - | 1,368 |
| Non-Equipment Capital | 3,872 | - | 409 | 1,500 |
| Total Expenditures | \$ 5,835,896 | \$ 3,151,615 | \$ 2,991,842 | \$ 3,432,070 |
| Addition to (Use of) Reserves | \$ (2,281,124) | \$ 84,537 | \$ 244,310 | \$ - |

Program Performance Measures

| | Adopted FY 2004 | Projected FY 2004 | Adopted FY 2005 |
|--|--------------------|----------------------|--------------------|
| Conduct semi-annual review of the open claims with the departments | n/a | n/a | 8 |
| Contact manager, supervisor, and injured employee to help facilitate return to modified duty where appropriate | n/a | n/a | 100% |
| Percent of industrial injuries with lost time investigated within 45 days | 50% | 50% | 50% |
| Total annual claim costs (paid and reserved) | \$2,400,000 | \$1,853,882 | \$1,280,000 |
| Annual gross amount of medical costs billed | n/a | n/a | \$2,100,000 |
| Annual gross medical costs paid | \$2,500,000 | \$1,072,825 | \$1,250,000 |
| Annual cost of professional medical review services | \$101,000 | \$100,465 | \$101,000 |
| Claims filed during current fiscal year | n/a | 226 | 190 |
| Open claims all years at fiscal year-end | n/a | n/a | 225 |
| Active litigated claims | n/a | n/a | 40 |
| Litigation ratio percent active litigated claims to open claims | n/a | n/a | 20% |
| Percent of claims filed without lost time | 40% | 40% | 40% |
| Employees who receive TTD all years | n/a | n/a | 100 |
| Temporary modified work placements | 40 | 63 | 70 |
| Percent of eligible employees with an industrial injury placed in a Modified Duty assignment | 50% | 96% | 65% |

PROGRAMS & SERVICES

FINANCE PROGRAMS

Administration
Revenue & Cash
Management
Cashiering & Collections
Licenses & Permits
Budget Management
Accounting Services
Payroll
Accounts Payable
City Billing & Customer
Service
Purchasing
Central Warehouse
Meter Reading
Duplications
Mail Courier Services
Risk Management – Workers'
Compensation
➤ Risk Management – Liability
Risk Management –
Occupational Safety &
Health
Risk Management –
Administrative Operations



RECENT PROGRAM ACHIEVEMENTS

Increased number of defensive driver training classes and attendees. Obtained defensive verdicts in all Small Claims Court actions.

Liability (Program No. 1462)

Mission Statement

Identify and correct potential hazards, provide loss prevention training, and prudently adjust damage claims.

Program Activities

- Administer incident and claims procedures.
- Investigate departmental activities relative to claimed damages.
- Pay or deny claims and communicate findings to claimants.
- Represent the City in Small Claims court.
- Request and track hazard mitigation throughout City activities.
- Provide tailored loss prevention classes to City personnel.
- Consult with departments to assess workplace security needs.
- Prepare preventability reports of vehicle and equipment damage.
- Organize defensive driving classes and materials.
- Notarize City and employee documents.
- Report loss amounts monthly and annually.
- Assess and provide needed Loss Prevention Training.

Objectives for Fiscal Year 2005

- Reduce preventable fleet collisions by 5%.
- Complete 85% of claim investigations within 45 days.
- Conduct 2 departmental workplace security assessments and implement recommendations.
- Develop the Risk Awareness curriculum for the Learning for Excellence Achievement Program (LEAP) by October 31, 2004.
- Conduct 2 Risk Management classes for the LEAP Program by June 30, 2005.

Financial and Staffing Information

| | Actual FY 2003 | Amended FY 2004 | Projected FY 2004 | Adopted FY 2005 |
|--------------------------------------|---------------------|--------------------|----------------------|---------------------|
| Authorized Positions | 1.25 | 1.30 | 1.30 | 1.30 |
| Non-Permanent Employee Hours | n/a | n/a | n/a | - |
| Revenues | | | | |
| Liability Insurance Premiums | 704,425 | 765,892 | 765,892 | 1,224,163 |
| ACCEL- Return of Premium | 200,000 | 16,140 | 16,140 | - |
| Other | 135,987 | - | - | - |
| Total Revenue | \$ 1,040,412 | \$ 782,032 | \$ 782,032 | \$ 1,224,163 |
| Expenditures | | | | |
| Salaries and Benefits | 103,468 | 128,453 | 129,000 | 125,989 |
| Supplies and Services | 140,582 | 156,738 | 97,154 | 171,674 |
| Special Projects | 991,930 | 509,000 | 400,000 | 925,000 |
| Non-Capital Equipment | 3,981 | 4,125 | 4,000 | 1,500 |
| Total Expenditures | \$ 1,239,961 | \$ 798,316 | \$ 630,154 | \$ 1,224,163 |
| Addition to (Use of) Reserves | \$ (199,549) | \$ (16,284) | \$ 151,878 | \$ - |

Program Performance Measures

| | Adopted FY 2004 | Projected FY 2004 | Adopted FY 2005 |
|--|--------------------|----------------------|--------------------|
| Percent of preventable City vehicle collisions | 13% | 50% | 45% |
| Percent of claims investigated within 45 days | n/a | 85% | 85% |
| Liability claims filed during the quarter | 175 | 170 | 175 |
| Current open claims (all years) | n/a | n/a | 100 |
| Annual claim costs paid | n/a | n/a | \$74,115 |
| Percent of claims closed with no payment | 75% | 70% | 70% |
| Percent of claims filed resulting in litigation | n/a | n/a | 5% |
| Percent of claims filed during current and previous 2 fiscal years resulting in litigation | n/a | n/a | 10% |
| Percent of claims closed with no litigation | 95% | 93% | 95% |
| Percent of open claims litigated | n/a | 10% | 10% |
| Percent of claims closed within 11 months of filing | n/a | 85% | 85% |
| Loss Prevention classes conducted | n/a | n/a | 6 |
| Loss prevention classes attendees | 250 | 250 | 250 |
| Defensive Driver classes attendees | n/a | 50 | 50 |
| Reported vehicle collisions | n/a | n/a | 130 |
| Percent of vehicle collisions resulting in claims | 4% | 10% | 10% |
| Amount paid for preventable accidents | n/a | n/a | \$36,904 |

PROGRAMS & SERVICES

FINANCE PROGRAMS

Administration
Revenue & Cash
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Risk Management – Workers'
Compensation
Risk Management – Liability
➤ Risk Management –
Occupational Safety &
Health
Risk Management –
Administrative Operations



RECENT PROGRAM ACHIEVEMENTS

Occupational injuries
were reduced by 20%.

Occupational Safety & Health

(Program No. 1463)

Mission Statement

Ensure a safe work environment for the City's employees and preserve the City's financial resources through training, medical screening, and job safety analysis.

Program Activities

- Review and update the Injury Illness Prevention Program (IIPP) to conform with Occupational Safety and Health Act (OSHA) regulatory changes.
- Maintain and schedule master IIPP compliance activities and other safety training regulations according to State law.
- Provide training guidance and resources to supervisors.
- Conduct Job Safety Analysis for job classifications with most frequent work injuries.
- Respond to hazards and safety concerns identified by employees.
- Provide loss data for monthly and annual reports.
- Conduct departmental safety audits for program compliance.
- Identify job task hazards that cause the most frequent work injuries and recommend corrective actions.
- Maintain City network of internal occupational safety trainers.

Objectives for Fiscal Year 2005

- Reduce occupational injuries by 5%.
- Maintain compliance with State and Federal Occupational Safety and Health Association (OSHA) mandates.
- Conduct 2 departmental safety audits.

Financial and Staffing Information

| | Actual FY 2003 | Amended FY 2004 | Projected FY 2004 | Adopted FY 2005 |
|-------------------------------------|-------------------|--------------------|----------------------|--------------------|
| Authorized Positions | 1.25 | 1.30 | 1.30 | 1.30 |
| Non-Permanent Employee Hours | n/a | n/a | n/a | - |
| Revenues | | | | |
| Occupational Health and Safety Fees | - | 217,076 | 217,076 | 228,744 |
| Total Revenue | \$ - | \$ 217,076 | \$ 217,076 | \$ 228,744 |
| Expenditures | | | | |
| Salaries and Benefits | 94,692 | 119,625 | 69,000 | 121,818 |
| Supplies and Services | 42,980 | 110,452 | 67,201 | 105,426 |
| Non-Capital Equipment | 2,251 | - | - | 1,500 |
| Total Expenditures | \$ 139,923 | \$ 230,077 | \$ 136,201 | \$ 228,744 |

Program Performance Measures

| | Adopted FY 2004 | Projected FY 2004 | Adopted FY 2005 |
|---|--------------------|----------------------|--------------------|
| Occupational injury claims filed | n/a | 215 | 205 |
| Percent compliance with State and Federal OSHA mandates | n/a | < 100% | 100% |
| Employees attending Injury Illness Prevention Program training sessions | 1,000 | 1,000 | 1,000 |
| Ergonomic evaluations conducted | 40 | 40 | 30 |
| Safety audits conducted | 2 | 2 | 2 |
| Lost work days due to occupational injuries | 3,596 | 3,596 | 3,300 |
| Occupational Safety Trainers | 130 | 130 | 130 |

PROGRAMS & SERVICES

FINANCE PROGRAMS

- Administration
- Revenue & Cash Management
- Cashiering & Collections
- Licenses & Permits
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- Accounting Services
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- Accounts Payable
- City Billing & Customer Service
- Purchasing
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- Duplications
- Mail Courier Services
- Risk Management – Workers' Compensation
- Risk Management – Liability
- Risk Management – Occupational Safety & Health
- Risk Management – Administrative Operations



RECENT PROGRAM ACHIEVEMENTS

Implemented system for allocating risk management costs by fund. Launched interactive intranet site. Eliminated broker service fee on commercial insurance portfolio.

Administrative Operations

(Program No. 1464)

Mission Statement

Manage Risk division programs and assist operating departments to assess exposures to loss.

Program Activities

- Create and maintain risk management information system.
- Review and execute contracts, agreements, leases, and grants.
- Identify, evaluate, and rate all risks of accidental loss.
- Respond to citizen and public requests for assistance.
- Respond to employee, supervisor and management requests for assistance.
- Market and negotiate placement of commercial insurance policies.
- Initiate investigation and recovery of costs for loss or damage to City property caused by insurable perils or a negligent third party.

Objectives for Fiscal Year 2005

- Ensure completion of 80% of Risk Management Division program objectives.
- Route 90% of public hazard concerns to the appropriate department within 2 working days.
- Compile and distribute monthly and annual loss data reports to operating departments.
- Conduct actuarial study to determine funding and reserve levels for liability and workers' compensation costs.
- Create on-demand training attendance reports.

Financial and Staffing Information

| | Actual FY 2003 | Amended FY 2004 | Projected FY 2004 | Adopted FY 2005 |
|--------------------------------------|---------------------|---------------------|----------------------|---------------------|
| Authorized Positions | 0.80 | 0.85 | 0.85 | 0.85 |
| Non-Permanent Employee Hours | n/a | n/a | n/a | - |
| Revenues | | | | |
| Interest Income | 2,856 | 120,000 | 120,000 | 58,646 |
| Property Insurance Allocation | 1,618,056 | 1,788,322 | 1,788,322 | 1,425,837 |
| ACCEL- Return of Premium | - | 206,210 | 222,350 | 190,000 |
| Other | 455 | - | - | - |
| Total Revenue | \$ 1,621,367 | \$ 2,114,532 | \$ 2,130,672 | \$ 1,674,483 |
| Expenditures | | | | |
| Salaries and Benefits | 78,618 | 91,255 | 92,000 | 91,192 |
| Supplies and Services | 1,497,946 | 2,108,825 | 1,890,007 | 1,581,791 |
| Non-Capital Equipment | - | 4,000 | 4,000 | 1,500 |
| Total Expenditures | \$ 1,576,564 | \$ 2,204,080 | \$ 1,986,007 | \$ 1,674,483 |
| Addition to (Use of) Reserves | \$ 44,803 | \$ (89,548) | \$ 144,665 | \$ - |

Program Performance Measures

| | Adopted FY 2004 | Projected FY 2004 | Adopted FY 2005 |
|---|--------------------|----------------------|--------------------|
| Percent of division objectives accomplished | 80% | 80% | 80% |
| Percent of public hazard complaints routed to appropriate department within 2 working days of receipt | 100% | 90% | 90% |
| Loss data reports | 12 | 12 | 12 |
| Dollar value of property damage and workers' compensation expenses recovered from negligent third parties | \$100,000 | \$100,000 | \$100,000 |
| Total cost of risk as percentage of total City operating and capital expenditures | 3% | 3% | 3% |
| Public hazard concerns received | 72 | 72 | 70 |

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