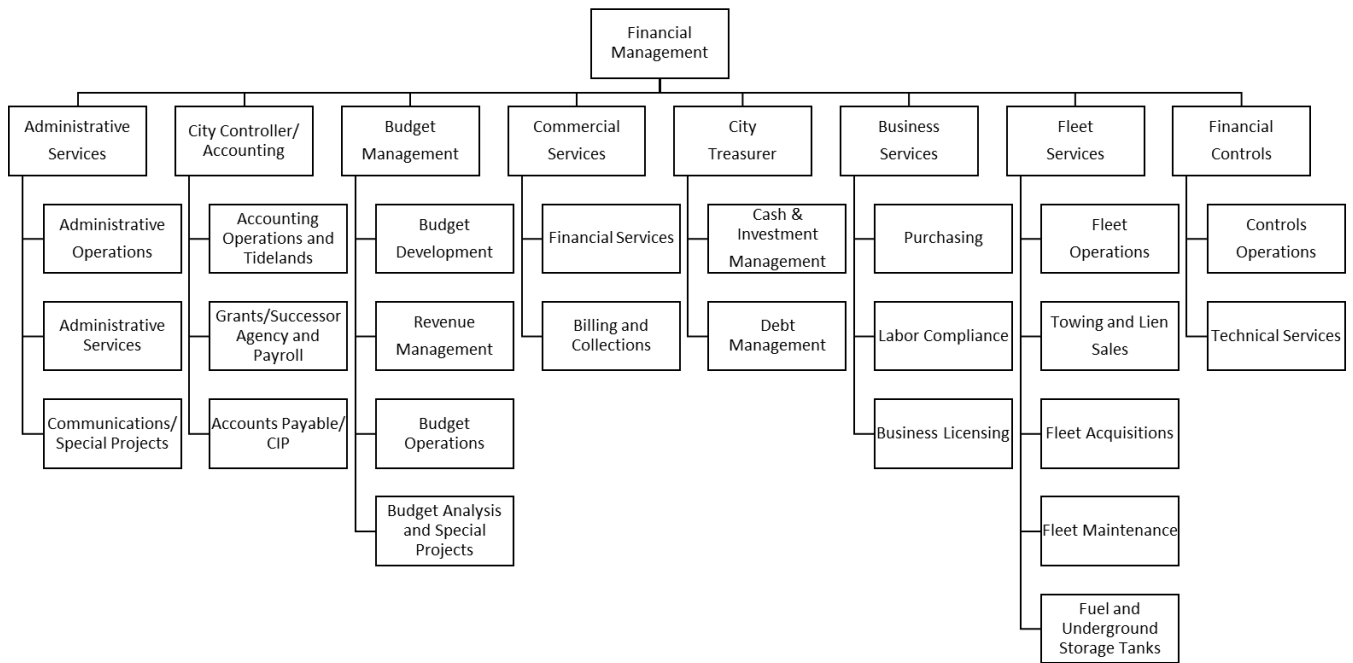


Financial Management



John Gross, Director of Financial Management

Lea Eriksen, Assistant Finance Director, Budget Management Bureau

Stephen Hannah, City Controller

David Nakamoto, City Treasurer

Pamela Horgan, Manager, Commercial Services Bureau

Sandy Tsang-Palmer, Manager, Business Services Bureau

Dan Berlenbach, Manager, Fleet Services Bureau

Elizabeth Haynes, Manager, Financial Controls Bureau

Department Overview

Mission:

The mission of the Financial Management Department is to serve the people of Long Beach by keeping the City financially strong, supplying an excellent fleet system and services, and delivering outstanding service to elected officials, City management, and external and internal customers. This is achieved by: providing a sound budget process; enabling budgetary decisions that serve the best interests of the City; providing transparent financial reporting; managing City financial operations and systems; delivering collection and business services in a manner that serves City goals; providing an efficient and effective City vehicle fleet system; and deliver services to residents, businesses and internal customers, that is friendly, respectful, prompt and minimizes customer effort.

Core Services:

- CFO functions and administrative support
- Accounting and financial reporting
- Payroll management
- Accounts payable
- Budget analysis, development and management
- Billing and collection services
- Central cashiering
- Cash and investment management
- Debt management
- Marijuana licensing and enforcement
- Procurement services
- Business licensing and tax collection
- Labor compliance
- Fleet operations
- Towing and lien sales
- Financial controls operations and technical services

FY 18 Focus:

The primary focus and priority of the Financial Management Department will be the successful implementation of a new financial/human resources system (ERP) otherwise known as LB COAST (Long Beach City Operations and Strategic Technologies) over the next two years. The implementation of LB COAST will require tremendous effort, time and energy by department staff. The new system is expected to have better reliability, efficiencies, controls, reporting, and improved transparency capabilities. In addition to this primary focus, the Department will also continue to emphasize strong budget and fiscal policy.

With the passage of Measure A, Measure MA and Measure MM, the Department will be providing support for Measure A administration and tax revenue tracking and reporting, and enforcement of unlicensed marijuana businesses in the City. Additionally, the Department will continue to focus on finding solutions to the City's financial needs, both immediate and future, and will continue to look for cost savings efficiencies.

Department Performance Measures

Key Measure	FY 16 Actual	FY 17 Target	FY 17 Estimate	FY 18 Projection
Purchasing - Percentage of dollars spent with Long Beach businesses	28%	35%	32%	32%

The City of Long Beach, through its Purchasing Division, conducts various outreach activities to local businesses to increase their participation in City procurements. These efforts include weekly updates to 24 local, minority and women-owned business groups to communicate open bid opportunities, assisting businesses to register on the City's electronic bidder's database to download bid specifications, and attending local trade shows and industry fairs. FY 17 spending with local businesses is trending higher than that of FY 16. The FY 18 projection reflects the Division's commitment to further strengthen outreach to local businesses in order to continue to grow their participation and success in our procurements.

Key Measures	FY 16 Actual	FY 17 Target	FY 17 Estimate	FY 18 Projection
Fleet Services – Percentage of preventive maintenance services for City vehicles completed on-time	New Measure	New Measure	65%	75%
Fleet Services – Average response time for light duty vehicle tows	New Measure	New Measure	22.2 minutes	20 minutes
Fleet Services - Percentage of alternative fueled vehicles in the Fleet	24.6%	30.6%	39.3%	42.7%

The Fleet Services Bureau strives to perform services consistent with industry standards and best practices. On-time Preventive Maintenance is vital to keep the City's fleet safe and economical to operate and is a new measure for Fleet Services that depends on interdepartmental cooperation as well as Fleet's efforts. Average towing response time is also a new measure that tracks staff's service in support of towing requests. Finally, as part of the City's effort to improve air quality and reduce emissions, older vehicles are replaced with cleaner, alternative fuel units whenever feasible. The addition of renewable diesel to the fleet's fuel portfolio in FY 17 explains the increase from FY17's target for alt-fueled vehicles and is expected to continue along with expansion of other alternative fuels.

Key Measure	FY 16 Actual	FY 17 Target	FY 17 Estimate	FY 18 Projection
Commercial Services - Percentage of ambulance fees collected within the first eighteen months	55%	54%	55%	55%

In FY 16, the Commercial Services Bureau collected an average of 55 percent of Advanced Life Support (ALS) and Basic Life Support (BLS) ambulance transport fees within the first eighteen months from dates of service in early 2014 and early 2015. Collection rates for ambulance bills are relatively low throughout the industry; however, the rate has improved since collections were brought in-house. While the majority of the revenue is collected within the first eighteen months after date of ambulance service, unpaid accounts continue to be pursued for up to three years and as many as ten years with a small claims judgment. The City's final collection rate continues to significantly improve through activities including filing small claims court actions, intercepting state income tax refunds, and credit reporting by the collection agency. The City's collection rate is comparable to other agencies that have similar demographics and it is based on the type of insurance coverage from its patients.

FY 17 Accomplishments

Controller's Office / Accounting Bureau

- Completed FY 16 Comprehensive Annual Financial Report (CAFR), dated March 27, 2017, with an unmodified opinion.
- Received the Government Finance Officers' Association's Certificate of Achievement for Excellence in Financial Reporting for the City's FY 15 Comprehensive Annual Financial Report (CAFR).

Budget Management Bureau

- Delivered a structurally balanced General Fund proposed budget for the eleventh consecutive year, in an effort to achieve fiscal sustainability for the City.
- Enhanced citizen engagement of the City's budget through both the use of an online budget priority survey and participation in 22 separate opportunities for in-person public feedback, deliberation and input.
- Enhanced citizen understanding of the City's budget through the use of OpenGov budget transparency software, which allowed citizens to view the proposed budget visually.
- Provided financial analysis to support labor negotiations with all of the City's bargaining units.
- Provided financial analysis and support for the Measure A funded infrastructure and public safety investments and provided staff support and analysis for the newly formed Transaction & Use Tax Citizens' Advisory Committee.

Commercial Services Bureau

- Used the State Franchise Tax Board Intercept Program to recover unpaid utility bills, ambulance transport charges, parking citations, business license fees, and other bad debts from State income tax refunds.
- Filed 240 Small Claims Court actions in the first six months of FY 17. The majority of the cases were delinquent utility bills, business licenses, and ambulance transports.

Treasury Management Bureau

- In 2016, Treasury refunded \$25.03 million of 2006 Series A, Rainbow Harbor Bonds resulting in \$3.3 million, or 13.2 percent, present value savings.

Business Services Bureau

- Increased businesses registered in the City's Online Bidder's database, PlanetBids, to 19,540 registered businesses, a 7.29 percent increase from the previous year.
- In collaboration with Public Works, organized and sponsored ongoing Contract Management Training for departments citywide.
- As of April 2017, issued 2,435 new Business Licenses, three new Entertainment Permits, 190 One-Time Permits, and 528 Alarm Permits.
- Continued the implementation of the Small Business Enterprise Program. As of July 2017, there are 4,713 Certified Small Business Enterprises, which is an increase of 380, or 9 percent, from FY 16.
- Completed two additional Project Labor Agreement (PLA) projects following the execution of the Citywide PLA for a total of three completed projects, and implemented monitoring on subsequent subject projects. Released the first annual report on progress towards the PLA goals.
- Administered tracking of the first twenty projects within the City's newly implemented Labor Compliance software, which tracks documents that contractors are required to submit in order to comply with various regulations.

FY 17 Accomplishments

Fleet Services Bureau

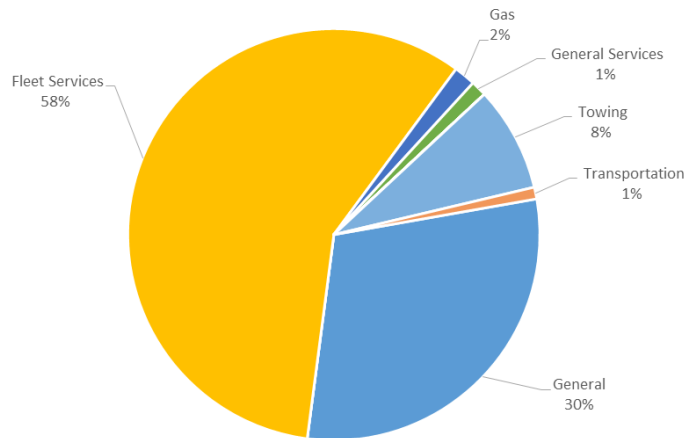
- Government Fleet and the American Public Works Association recognized the City of Long Beach as the 10th Leading Fleet in the United States for 2017.
- The City of Long Beach was recognized in Heavy Duty Trucking's 2016 Top 50 Green Fleets award for leading the industry in the adoption of green, sustainable practices, policies, and technologies.
- Initiated installation of a new fuel dispensing system with RFID-based technology that improves accuracy, strengthens control over fuel, and reduces labor. All vehicles in the City's fleet will be equipped with telematics devices that wirelessly provide fuel, maintenance, location, safety, and efficiency data to the maintenance database.
- Completed construction of a state of the art time-fill CNG fueling station at the Temple-Willow yard to fuel the City's new fleet of CNG-powered refuse trucks and street sweepers.
- Recertified by the National Institute for Automotive Service Excellence (ASE) as a certified Blue Seal Repair Shop.
- Upgraded refuse, street sweeping, and towing operations to cleaner burning CNG-powered trucks and sweepers, reducing fuel costs and the City's carbon footprint.
- Increased alternative fuel vehicle purchasing to 54 percent fleet-wide.

Financial Controls and Technical Services Bureau

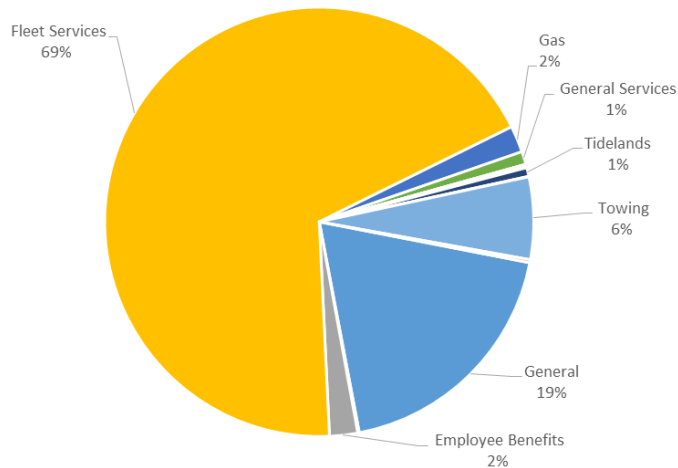
- Provided significant support for the LB COAST project including project planning and oversight, chart of account development process design, financial business process analysis and redesign, conversion analysis and oversight, interface review, configuration analysis, user security, data access and workflow redesign, reporting analysis, and change management assistance as needed.
- Provided on-going system administration, help desk, customer support, custom report development and user training for over 400 financial systems users.

FY 18 Budget

FY 18 Revenues by Fund



FY 18 Expenditures by Fund



Fund Impact

Fund	Revenues	Expenditures	Fund Impact
General	21,090,256	16,408,234	4,682,022
Community Development Grants	-	100,842	(100,842)
Employee Benefits	-	1,830,651	(1,830,651)
Fleet Services	41,015,783	59,267,003	(18,251,220)
Gas	1,198,476	1,729,824	(531,348)
General Services	878,994	845,779	33,215
Health	-	10,753	(10,753)
Housing Authority	-	14,085	(14,085)
Housing Development	-	28,561	(28,561)
Insurance	-	172,196	(172,196)
Tidelands	-	571,955	(571,955)
Successor Agency	-	30,356	(30,356)
Towing	5,823,529	5,359,750	463,779
Transportation	653,500	200,000	453,500
Total	70,660,539	86,569,989	(15,909,451)

Summary of Adopted Changes*

GENERAL FUND	Impact	Positions
Add a License Inspector I to Business Services to increase compliance within Business Licensing, offset by an increase in license revenue.	(76,014)	1.00
One-time funding for acquisition of a vehicle for the new Business License Inspector I.	30,000	-
Implement various organizational, staffing and materials budget changes to assist with operational and budget management.	(51,414)	0.27
Increase budget to purchase parking citation envelopes in Commercial Services, required in order to comply with in-house parking citation processing.	26,600	-
Upgrade a Customer Service Supervisor I to an Officer in the Commercial Services Bureau, to provide increased staff oversight, efficiency and continuity of operations.	4,986	-
Add an Assistant Administrative Analyst II to support various Business Services Bureau functions such as the development and ongoing maintenance of procedural documentation, training materials, and website content.	99,583	1.00

FLEET FUND	Impact	Positions
Increase contract budget in Fleet Services to align budget with actual expenses for environmental consulting, site inspections, and Long Beach CUPA Fees.	191,600	-
Add a Fleet Services Supervisor I in Fleet Services to supervise newly-established swing shift for refuse vehicles.	98,308	1.00
One-time funding in Fleet Services to accelerate remediation of former Underground Storage Tank (UST) sites, which will save on future monitoring costs.	200,000	-

TOWING FUND	Impact	Positions
Add a Customer Service Representative II and a Maintenance Assistant II in the Towing Division to support increased tow volume.	-	2.00
Implement various organizational, staffing and materials budget changes to assist with operational and budget management.	(9,681)	(0.30)

*For ease of review, reallocations of resources within departments, offsets, adjustments, and minor changes have not been included. As figures reflect the net impact to a fund, an increase in expense is shown as a positive number (cost/hit to fund) and a decrease in expense is shown as a negative number (savings/benefit to fund). Accordingly, a decrease in revenue is shown as a positive number (cost/hit to fund), and an increase in revenue is shown as a negative number (savings/benefit to fund).

Administration

Key Services:

1. CFO Functions and Administrative Services

- CFO functions including financial planning, financial strategies and solutions
- Compensation/benefit management
- Disability/leave coordination
- Performance and conduct management
- Workplace investigations
- Development of job descriptions
- Position control and reporting
- Recruitment and selection support
- Worker's Compensation management
- Safety compliance and inspections
- Quality control oversight of department documents and Council letters
- Response and coordination of Public Records Act and subpoena requests
- Interdepartmental communications Measure A administration, reporting and communication
- Department budget development and management
 - Resource analysis
 - Budget proposal development
 - Monitoring of actual expense/revenue

FY 18 Funding Source: General Fund 100%

Administration	Actuals FY 16	Adjusted* FY 17	Adopted** FY 18
Revenues	1,169	-	-
Expenditures	104,043	40,765	(0)
FTEs	5.50	6.50	6.50

* Amounts as published in the FY 18 Proposed Budget released July 3, 2017.

** Amounts exclude all-years carryover.

Narrative:

The Administration Bureau provides support and coordination for the other seven Bureaus within Financial Management. The Bureau provides extensive financial reporting, processing, reporting and forecasting support within the Department. It plays a key role in departmental strategic planning, research efforts and in exploring new methods for maximizing efficiencies and reducing ongoing costs. The budget for this operation is charged to the other Bureaus in Financial Management.

Accounting Bureau

Key Services:

1. Accounting and Financial Reporting

- Review financial records/transactions
- Annual audits management, response and reporting
- Procedural/system control enhancement
- CAFR report preparation and other State and on-demand regulatory reports
- GASB and other authoritative standard interpretation and implementation
- General Citywide training and department audit consulting
- FM accounting staff development
- Grants and CIP accounting and billings
- Oil and Oil Production
- Indirect Cost Plan
- Tidelands and Successor Agency

- Single and Program Audits
- Emergency management accounting

2. Payroll Management

- Payroll processing
- Implementation of regulatory changes
- System updates and maintenance
- CalPers/Federal/State reporting
- Benefits rate monitoring/development
- Employee withholding processing

3. Accounts Payable

- 1099 generation and reporting
- Payment processing review
- Sales and use tax reporting
- Document management
- W9 verification and tracking

FY 18 Funding Sources: General Fund 55%, Employee Benefits Fund 27%, Tidelands Operations Fund 7%, Community Development Grants Fund 2%, Insurance Fund 4%, Tidelands Area Fund 4%, Housing Development Fund 1%, Successor Agency Fund 1%, Housing Authority < 1%, Health Fund < 1%

Accounting	Actuals FY 16	Adjusted* FY 17	Adopted** FY 18
Revenues	2,130	2,100	2,100
Expenditures	4,066,598	4,482,640	4,592,231
FTEs	29.45	29.49	29.49

* Amounts as published in the FY 18 Proposed Budget released July 3, 2017.

** Amounts exclude all-years carryover.

Narrative:

The City Controller's Office/Accounting Bureau continues to provide services to the City's 23 distinct departments and their subsidiaries across 38 funds. (The funds listed in the City's Comprehensive Annual Financial Report (CAFR) vary from the Budget Book based on different categorizations.) The Bureau's main focus is to (a) ensure compliance with statutes, regulations, Generally Accepted Accounting Principles (GAAP), Governmental Accounting Standards Board (GASB) pronouncements and governmental auditing standards and (b) provide guidance and support to departments citywide. The ongoing receipt of the GFOA Certificate for Excellence in Financial Reporting is an indication of the quality of the reports produced. Preparation, participation and execution of a successful LB COAST implementation will be the primary focus for FY 18.

Budget Management Bureau

Key Services:

1. Current Year Budget Management

- Budget adjustments
- Quarterly performance reports
- Debt allocation
- Preparation of year-end estimates
- Department monitoring

2. Budget Development

- Base budget preparation
- Review of department proposals
- Publication of community and budget books
- Forecasting of revenues
- Target and guidelines development
- Management of budget timeline/process
- Budget meetings

3. Departmental Budget Assistance

- Review of personnel requisitions
- Training and assistance for department budget staff
- Council letter review

4. Long Range Financial Forecasting and Planning

- Long-term forecasting
- Economic analysis
- Financial plan development
- Fiscal capacity analysis
- Financial policy monitoring

5. Special Analyses

- Exec management projects and reports
- Council requests
- Public records requests
- Labor negotiation analysis

6. Revenue Maintenance and Maximization

- Contract administration
- Sales/Transactions & Use tax monitoring
- Rebates processing
- Shared revenue agreement administration
- Fee updates and management

FY 18 Funding Sources: General Fund 75%, Employee Benefits Fund 21%, Tidelands Operations Fund 4%

Budget Management	Actuals FY 16	Adjusted* FY 17	Adopted** FY 18
Revenues	-	-	-
Expenditures	2,075,475	2,513,141	2,666,354
FTEs	12.00	13.00	13.00

* Amounts as published in the FY 18 Proposed Budget released July 3, 2017.

** Amounts exclude all-years carryover.

Narrative:

The Budget Office is responsible for developing the City's key annual policy document – the City Manager's Proposed Budget, and for monitoring the Adopted Budget. The Budget Office also provides long-term financial projections and recommendations for achieving long-term fiscal health and strength. As part of the Bureau's responsibility for Citywide budget development and monitoring, it provides a full menu of services citywide, including: developing the process for and then building a proposed budget in conformance with the direction of the City Manager; providing relevant, accurate and timely budgetary information; supporting the City Manager, City Council, the Budget Oversight Committee, the Citizens' Advisory Committee; providing community outreach on the City's budget; providing oversight of departmental budgetary actions and support and analysis of departmental financial and operational priorities.

The focus in FY 18 will be to continue to manage the reporting and tracking of the new Measure A tax revenue and provide support to the Citizens' Advisory Committee and to develop the budget module for the LB COAST project. The Bureau will also continue to: actively explore and develop opportunities to increase revenue for the City, including cost recovery through fees and sales tax and other revenue-sharing agreements with the private sector; emphasize streamlining and simplifying budgetary policies and procedures; and enhance the City's long-range financial forecasting capabilities to better assess financial risks and opportunities.

Commercial Services Bureau

Key Services:

1. Billing and Collection Services

- Centralized bill generation and dispute resolution
- Payment and refund processing
- Collect and research billing information
- Collection of unpaid City accounts
- Issue and monitor payment plans
- In-person customer service
- Parking services:
 - Receive/process citations from field staff
 - Research necessary billing information
 - In-person customer service
 - Disputed citation review and resolution
 - Payment and refund processing
 - Collection of unpaid parking citations
 - Remit revenues to issuing agencies

- Preferential Parking administration
- Provide parking services for other agencies
- Utility customer service:
 - In-person customer service
 - Bill dispute resolution
 - Payment and refund processing
 - Collection of unpaid City accounts

2. Central Cashiering

- In-person customer service
- Process mail and perform research
- Accept and verify deposits from City departments
- Secure money
- Reconcile with City financial systems
- Administer/monitor credit card processor and remote pay station contracts

FY 18 Funding Sources: General Fund 72%, Gas Fund 28%

Commercial Services	Actuals FY 16	Adjusted* FY 17	Adopted** FY 18
Revenues	6,966,277	6,951,829	6,781,034
Expenditures	5,735,954	6,534,568	6,288,961
FTEs	40.79	41.52	42.79

* Amounts as published in the FY 18 Proposed Budget released July 3, 2017.

** Amounts exclude all-years carryover.

Narrative:

The Commercial Services Bureau provides a range of customer and financial services to the City and its residents, including billing, collections, payment processing, and customer services. The Bureau provides collection activities for ambulance services, permits, business licensing, marina slip fees, utility services, and various other City services. For instance, the Bureau currently works with the State to recover funds from income tax returns on delinquent accounts for utility bills, ambulance services, business license fees, parking citation fees, etc.

The focus in FY 18 will be on implementing new electronic payment processing services including mobile technology payment options for City services. The FY 18 budget includes the addition of a Customer Service Officer position to improve the organizational structure and oversight in addition to additional customer service support. The new Officer position will provide increased leadership as the City migrates to new revenue systems. In addition, the position will expand Customer Service Representative trainings, identify redundancies between work groups, and establish goals and priorities across work groups. The position will focus on strategic planning for a more efficient operation and better customer service to the public and City Department customers.

City Treasurer Bureau

Key Services:

1. Cash Management and Investment Management

- Liquidity management and assurance
- Invest City pooled funds and segregated bond proceeds
- Credit card payment receipt
- Manage investment advisor relationship
- Manage Investment Advisory Committee
- Process UUT revenue receipts from utilities
- Manage UUT waiver requests and Senior/Disabled Refund Program
- Administer 457 and PARS plans

2. Debt Management

- Manage the issuance of debt obligations
- Ensure legal debt compliance
- Manage debt service payments
- Manage bond draws
- Manage debt related matters pertaining to assessment/community facility districts
- Manage conduit debt and reporting
- Rating agency/investor relations
- Manage continuing disclosure reporting
- Oversee capital lease program

FY 18 Funding Source: General Fund 100%

City Treasurer	Actuals FY 16	Adjusted* FY 17	Adopted** FY 18
Revenues	1,634,819	2,319,509	2,366,745
Expenditures	1,442,466	2,317,029	2,330,956
FTEs	8.00	8.00	8.00

* Amounts as published in the FY 18 Proposed Budget released July 3, 2017.

** Amounts exclude all-years carryover.

Narrative:

The Treasury Bureau manages an estimated \$1.5 billion investment portfolio while also managing outstanding City debt obligations totaling more than \$2.0 billion as of FY 16 year end.

The Bureau is responsible for managing the City's investments, cash, and debt, as well as ensuring compliance with internal and external policies and regulations. Additional duties include providing optimal solutions to ensure safety and liquidity in support of the City and enterprise fund cash requirements, assistance in financing instruments for City and enterprise fund infrastructure, and capital and leasing programs. The Bureau also provides administrative services to two deferred compensation programs, a utility district, and seven community facility districts.

The City's investment portfolio is rated "AAf" by Standard & Poor's. As an issuer of debt, the City of Long Beach received affirmation of "Aa2" and "AA" from Moody's and Fitch Ratings, respectively.

Business Services Bureau

Key Services:

1. Procurement Services

- Procurement method determination and compliance
- Bid/RFP package development and posting
- Solicitation of bid/RFP responses through award
- Contract/purchase order creation
- Purchasing card administration
- Online bidding system management
- Citywide training on procurement processes and contract compliance

2. Labor Compliance

- Minimum Wage education and outreach
- Prevailing wage determination and verification
- HUD Section 3
- Disadvantage Business Enterprise (DBE)
- Small Business Enterprise (SBE)
- Equal Benefits Ordinance (EBO)

- Project Labor Agreement (PLA) administration

3. Business Licensing

- Administration and issuance of business licenses and related permits, including entertainment permits
- Field inspections and enforcement
- Revocations and application denials
- Business License tax collection
- Administration of Transient Occupancy Tax (TOT) and Business Improvement District (BID) payments

4. Marijuana Licensing and Enforcement

- Administration and issuance of business licenses for marijuana businesses
- Field inspections and enforcement
- Revocations and application denial

FY 18 Funding Source: General Fund 100%

Business Services	Actuals FY 16	Adjusted* FY 17	Adopted** FY 18
Revenues	12,894,626	13,123,975	13,138,853
Expenditures	2,463,880	3,698,899	4,323,647
FTEs	18.00	22.00	27.00

* Amounts as published in the FY 18 Proposed Budget released July 3, 2017.

** Amounts exclude all-years carryover.

Narrative:

The Business Services Bureau provides purchasing tools, guidance and assistance to Departments in addition to conducting competitive procurements that meet high value or citywide departmental purchasing needs. Example procurements conducted in FY 17 include citywide fencing, citywide apparel, multi-year new and used vehicles, tires, petroleum fuels and products, background investigation services, and airport landscaping services. The Bureau oversees the online bid management system that is available via the City's website. The system provides online registration for prospective bidders and informs them of upcoming opportunities in order to maximize participation in the City's procurement process and obtain the most competitive pricing of goods and best value for services. Staff conducts significant outreach efforts to recruit and include local and small businesses in our procurements. The number of local registered vendors has increased from 1,831 in June 2015, to 1,965 in June 2016, to 2,091 in June 2017.

The Bureau supports citywide compliance with federal and state regulations including prevailing wage, Section 3, and Disadvantaged Business Enterprise (DBE) as well as a number of locally adopted regulations including our Small Business Enterprise (SBE) ordinance, the Project Labor Agreement

Business Services Bureau

(PLA), and the Equal Benefits Ordinance (EBO). The Bureau administers business licenses as well as alarm, special event, yard sale, carnival, and entertainment permits. With the new Business License software system, significant improvements have been made in the collection of delinquent business license taxes and penalties, resulting in increased revenues. The Bureau also manages Transient Occupancy Tax (TOT) collection, bi-monthly payments to the Business Improvement Districts (BIDs), and monthly payments to the Convention and Visitor's Bureau (CVB).

The Bureau has several areas of continued focus for FY 18. With recent passage of Measure MM, significant Bureau resources have been dedicated to administration of business licensing and enforcement for marijuana businesses. The Division is also in the process of evaluating improvements that can be made to City purchasing procedures through implementation of the upcoming LB COAST financial/human resources system, and implementation of the LB COAST purchasing and contracts modules will be a major Bureau undertaking in FY 18. The Bureau is currently focused on strengthening its support of citywide contract administration and compliance. Bureau staff recently partnered with Public Works to provide a three part training on contract management, including roles and responsibilities, and will shortly be developing training focused on regulatory compliance. These efforts will continue into FY 18.

In addition to recently added staffing in support of marijuana business licensing and enforcement, the FY 18 budget includes a License Inspector that will allow the Bureau to increase focus on identification and licensing of new businesses, an Assistant Administrative Analyst to support improved operational analysis and the development of new policies and procedures, and upgrade of a Buyer II to a Senior Buyer in order to strengthen purchasing operations.

Fleet Services Bureau

Key Services:

1. Fleet Operations

- Replacement fund management
- Selection of replacement vehicles
- Vehicle outfitting, assignments and disposal
- Fleet sustainability strategy and procurement coordination
- Administration, budget and contract management
- Fleet performance analysis
- Supplies and equipment management
- Fleet maintenance and repair
 - Preventive and scheduled maintenance
 - Auto body Repair

- Fuel and fuel storage management
- Underground storage facility monitoring
- Construction/upgrade of fueling system
- Fuel purchase and site remediation
- Regulatory compliance and reporting

2. Towing and Lien Sales

- Vehicle towing
- Dispatch of tow / maintenance service
- Roadside service calls / assistance
- Vehicle and property auctions
- Counter, phone and payment services
- Lot service – customer escort, jump starts, Police assistance

FY 18 Funding Sources: Fleet Fund 91%, Towing Fund 8%, Transportation Fund <1%

Fleet Services	Actuals FY 16	Adjusted* FY 17	Adopted** FY 18
Revenues	40,825,800	43,771,190	47,492,813
Expenditures	44,878,723	67,068,055	64,826,754
FTEs	114.30	117.80	120.50

* Amounts as published in the FY 18 Proposed Budget released July 3, 2017.

** Amounts exclude all-years carryover.

Narrative:

In FY 18, the Bureau will continue improvements in the management of the fleet and support to City departments. Implementation of a state of the art RFID-based fueling system at 11 fuel sites City-wide will be completed. Upgrading from the existing aged system will improve accuracy, strengthen control over fuel, and reduce labor costs. All vehicles in the fleet will be equipped with telematics devices that wirelessly provide fuel, maintenance, location, safety, and efficiency data. The telematics metadata collected will be provided to departments and used to generate operational savings, improve safety, and reduce fuel use and fleet emissions. Accelerated underground remediation efforts will continue at three former fuel sites, resulting in a cleaner environment and the elimination of long-term monitoring costs to the City.

The Bureau will continue its aggressive effort to recapitalize the fleet by working with customer departments to specify new and sustainable vehicle technologies. The use of alternative fuels such as compressed natural gas, renewables, and electric vehicles will be further deployed through the fleet to minimize the environmental footprint of City services.

The Bureau's budget reflects realignment of budgeted classifications to better reflect staffing needs, and the addition of personnel to manage increased volume in Towing. Implementation of a swing shift for repair and maintenance of Environmental Services Bureau refuse equipment will allow for trucks to be repaired during off-hours, maximizing the number of trucks available for operations and reducing costs associated with maintaining spare units.

Financial Controls Bureau

Key Services:

1. Controls Operations and Technical Services

- Review and evaluate process and control weaknesses
- Facilitate development and implementation of solutions
- Reports, presentations on findings/recommendations
- Apply technology solutions to improve business processes
- Assess training needs
- Develop materials and training implementation plan
- Track audit findings and recommendations
- Support department implementation
- Facilitate department meetings
- Financial Systems Management (current)
 - LB COAST implementation
 - New system evaluation, integration and project consultation
 - Change management assistance
 - Management of financial systems and interfaces with ancillary systems
 - System security, validation, trouble shooting, training and help desk
 - Technology integration and ancillary systems data reporting enhancements

FY 18 Funding Sources: General Fund 45%, General Services Fund 55%

Financial Controls	Actuals FY 16	Adjusted* FY 17	Adopted** FY 18
Revenues	864,127	878,994	878,994
Expenditures	1,067,850	1,498,359	1,541,087
FTEs	8.05	8.01	8.01

* Amounts as published in the FY 18 Proposed Budget released July 3, 2017.

** Amounts exclude all-years carryover.

Narrative:

The Financial Controls Bureau supports the development and maintenance of a culture throughout the City that places greater emphasis on financial management and controls. The Bureau's focus areas include implementation of LB COAST and the processes and controls for the new system, policy and process improvements to mitigate the City's financial risk as a result of a major disaster, improved grant management, operational controls advisement, and tracking the implementation of management responses to internal and external audit findings. The Bureau takes a proactive role in addressing control issues that can otherwise result in higher than normal rates of errors, fraud, financial, or operational problems.

Financial Summary by Category

Citywide activities are managed by the Financial Management Department. This summary includes the following activities: "XC" Citywide contains certain citywide revenues, transfers and expenditures that are not linked to a specific operating department. Citywide receipt of property taxes and citywide payments for Pension Obligation Bonds are examples. "XI" contains interfund transfers for the indirect cost allocation plan that provides additional revenue to the General Fund for citywide overhead charged to non-General Fund sources. "XJ" Joint Powers Authority contains expenditures for City-involved joint power activities.

The second Financial Summary by Category page strictly includes the Financial Management Department's operating budget.

	Actual	Adopted*	Adjusted**	Adopted*
	FY 16	FY 17	FY 17	FY 18
Revenues:				
Property Taxes	151,166,720	154,670,616	154,670,616	160,338,946
Other Taxes	125,993,551	161,278,905	161,278,905	174,611,616
Franchise Fees	20,006,206	22,133,657	22,133,657	21,020,956
Licenses and Permits	-	-	-	5,214,000
Fines and Forfeitures	-	-	-	-
Use of Money & Property	22,203,547	19,863,588	19,863,588	20,988,033
Revenue from Other Agencies	27,582,028	27,177,934	27,177,934	29,902,793
Charges for Services	11,289,867	42,968,391	42,968,391	42,968,391
Other Revenues	3,372,784	1,622,741	1,622,741	1,627,922
Interfund Services - Charges	274,536,492	321,432,525	321,432,525	335,716,436
Intrafund Services - General Fund Charges	427,076	1,257,945	1,257,945	1,257,945
Harbor & Water P/R Rev Trsfs	-	-	-	-
Other Financing Sources	35,984,827	-	-	-
Operating Transfers	80,471,274	63,705,295	64,395,295	71,323,692
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Total Revenues	753,034,371	816,111,597	816,801,597	864,970,728
Expenditures:				
Salaries, Wages and Benefits	210,299,072	259,095,153	259,095,153	269,612,978
Overtime	(147,722)	-	-	-
Materials, Supplies and Services	8,911,734	37,833,446	39,290,947	38,803,025
Internal Support	10,167,218	8,487,006	8,487,006	8,500,709
Capital Purchases	(205,359)	-	-	-
Debt Service	105,333,222	85,722,355	85,722,355	85,274,716
Transfers to Other Funds	55,654,601	45,039,842	45,424,282	49,245,835
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Total Expenditures	390,012,765	436,177,802	438,019,742	451,437,264
Personnel (Full-time Equivalents)	0.00	0.00	0.00	0.00

* Amounts exclude all-years carryover. See budget ordinance in the back of this document.

** Amounts as published in the FY 18 Proposed Budget released July 3, 2017.

Financial Summary by Category

	Actual	Adopted*	Adjusted**	Adopted*
	FY 16	FY 17	FY 17	FY 18
Revenues:				
Property Taxes	-	-	-	-
Other Taxes	12,511,427	12,596,163	12,596,163	12,774,853
Franchise Fees	-	-	-	-
Licenses and Permits	369,400	385,000	385,000	342,000
Fines and Forfeitures	477,984	-	-	-
Use of Money & Property	1,668,700	1,454,479	1,454,479	1,497,679
Revenue from Other Agencies	40,000	653,500	653,500	653,500
Charges for Services	7,105,030	8,069,340	8,069,340	9,133,144
Other Revenues	4,743,176	3,816,502	3,816,502	3,724,837
Interfund Services - Charges	33,836,374	37,977,419	37,977,419	40,537,169
Intrafund Services - General Fund Charges	1,890,853	2,000,193	2,000,193	1,997,356
Harbor & Water P/R Rev Trsfs	-	-	-	-
Other Financing Sources	-	-	-	-
Operating Transfers	546,003	-	95,000	-
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Total Revenues	63,188,947	66,952,597	67,047,597	70,660,539
Expenditures:				
Salaries, Wages and Benefits	22,516,937	27,122,505	27,098,900	28,517,718
Overtime	1,000,161	340,242	340,242	498,547
Materials, Supplies and Services	14,786,972	16,386,466	18,753,508	16,787,149
Internal Support	3,914,069	4,695,432	4,695,432	4,475,571
Capital Purchases	16,273,956	33,137,202	34,106,943	33,137,202
Debt Service	921,072	937,707	937,707	1,706,268
Transfers to Other Funds	2,421,821	2,220,723	2,220,723	1,447,534
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Total Expenditures	61,834,988	84,840,278	88,153,456	86,569,989
Personnel (Full-time Equivalents)	236.09	246.32	246.32	255.29

* Amounts exclude all-years carryover. See budget ordinance in the back of this document.

** Amounts as published in the FY 18 Proposed Budget released July 3, 2017.

Personnel Summary

Classification	FY 16 Adopt FTE	FY 17 Adopt FTE	FY 18 Adopt FTE	FY 17 Adopted Budget	FY 18 Adopted Budget
Director of Financial Management	1.00	1.00	1.00	212,460	221,044
City Treasurer	1.00	1.00	1.00	156,136	162,444
Accountant III	10.00	9.00	9.00	723,674	768,385
Accounting Clerk II	1.00	1.00	-	46,910	-
Accounting Clerk III	2.00	2.00	3.00	101,953	149,217
Accounting Operations Officer	1.00	1.00	1.00	109,568	113,994
Accounting Technician	8.00	9.00	9.00	486,044	479,812
Administrative Analyst II	3.00	3.00	3.00	239,116	246,832
Administrative Analyst III	4.00	4.00	5.00	354,937	449,763
Administrative Analyst IV	-	1.00	-	80,035	-
Administrative Intern - NC	-	0.50	0.50	20,877	21,717
Administrative Officer	-	1.00	1.00	114,000	118,654
Administrative Services Officer	1.00	-	-	-	-
Assistant Administrative Analyst I	1.00	2.00	2.00	100,651	108,131
Assistant Administrative Analyst II	3.00	3.00	4.00	187,916	252,937
Assistant City Controller	2.00	2.00	2.00	251,266	261,417
Assistant Director of Financial Management	-	1.00	1.00	166,468	182,508
Budget Analysis Officer	2.00	1.00	1.00	108,044	118,187
Budget Management Officer	1.00	2.00	2.00	245,140	243,117
Business Services Officer	1.00	1.00	1.00	90,331	93,980
Business Systems Specialist III	1.00	1.00	1.00	86,399	72,793
Business Systems Specialist IV	1.00	1.00	1.00	78,073	81,227
Buyer I	2.00	3.00	3.00	197,325	195,384
Buyer II	2.00	4.00	3.00	299,099	256,112
City Controller	1.00	1.00	1.00	147,732	153,701
Clerk Typist III	6.00	6.00	6.00	265,082	295,808
Controls Operations Officer	1.00	1.00	1.00	119,049	136,246
Cust Service Representative II	10.76	10.76	12.76	471,154	572,092
Cust Service Representative III	27.00	27.00	28.00	1,362,998	1,442,132
Cust Service Representative II-NC	1.03	1.76	1.03	72,741	47,168
Customer Services Officer	-	-	1.00	-	84,423
Customer Services Supervisor I	3.00	3.00	2.00	189,267	129,538
Customer Services Supervisor II	2.00	2.00	2.00	137,244	128,469
Equipment Mechanic I	17.00	17.00	17.00	1,030,270	1,034,706
Equipment Mechanic II	21.00	21.00	21.00	1,345,959	1,350,909
Financial Controls Analyst	1.00	1.00	1.00	90,939	94,613
Financial Management Analyst I	1.00	1.00	1.00	74,285	77,286
Financial Management Analyst II	6.00	6.00	7.00	577,016	681,742
Financial Services Officer	2.00	1.00	1.00	104,143	108,351
Financial Systems Integration Officer	1.00	-	-	-	-
Fleet Finance Officer	1.00	1.00	1.00	123,227	128,206

Personnel Summary

Classification	FY 16 Adopt FTE	FY 17 Adopt FTE	FY 18 Adopt FTE	FY 17 Adopted Budget	FY 18 Adopted Budget
Fleet Maintenance Supervisor	-	1.00	1.00	106,248	105,125
Fleet Services Supervisor I	6.00	6.00	7.00	437,281	522,025
Fleet Services Supervisor II	3.00	3.00	3.00	253,775	274,353
Garage Services Attendent I	15.00	15.00	15.00	634,656	610,652
Garage Services Attendent II	13.00	13.00	14.00	591,741	642,274
Garage Services Attendent II - Towing	1.00	1.00	1.00	52,248	52,248
Garage Services Attendent III	3.00	4.00	5.00	221,994	278,883
General Superintendent-Fleet Services	1.00	-	-	-	-
Helicopter Mechanic	1.00	1.00	1.00	86,069	86,069
Labor Compliance Officer	-	1.00	1.00	110,000	98,257
License Inspector I	3.00	3.00	4.00	173,143	229,442
License Inspector II	1.00	1.00	3.00	60,698	166,527
Maintenance Assistant II	4.00	4.00	5.00	169,930	189,682
Maintenance Assistant III	1.00	1.00	1.00	46,157	46,157
Manager of Budget Management	1.00	-	-	-	-
Manager of Business Relations	1.00	1.00	1.00	143,581	136,246
Manager of Commercial Services	1.00	1.00	1.00	142,811	148,580
Manager of Financial Controls	1.00	1.00	1.00	143,318	149,108
Manager of Fleet Services	1.00	1.00	1.00	142,539	148,298
Mechanical Equipment Stock Clerk I	1.00	1.00	1.00	48,573	45,025
Mechanical Equipment Stock Clerk II	3.00	4.00	4.00	206,456	204,210
Payroll Specialist I	2.00	2.00	2.00	118,419	123,203
Payroll Specialist II	1.00	1.00	1.00	65,494	68,140
Payroll/Personnel Assistant III	1.00	1.00	1.00	54,568	55,686
Purchasing Agent	1.00	1.00	1.00	116,519	124,897
Revenue Management Officer	1.00	1.00	1.00	113,598	119,598
Secretary	4.00	4.00	4.00	202,369	206,426
Secretary-Conf	1.00	1.00	1.00	48,451	44,199
Senior Accountant	4.00	4.00	4.00	363,755	378,450
Senior Accountant-Conf	1.00	1.00	1.00	90,939	94,613
Senior Buyer	-	-	1.00	-	79,235
Special Projects Officer	1.00	3.00	3.00	288,039	296,079
Special Services Officer II	1.00	1.00	-	54,413	-
Special Services Officer I-NC	1.30	1.30	-	52,135	-
Superintendent - Fleet Acquisition	1.00	1.00	1.00	106,248	110,540
Superintendent - Towing & Lien Sales	1.00	1.00	1.00	97,011	97,798
Supervisor - Stores & Property	1.00	1.00	1.00	52,258	54,369
Technical Services Officer	-	1.00	1.00	129,116	124,900
Treasury Operations Officer	2.00	2.00	2.00	279,216	290,496
Welder	1.00	1.00	1.00	63,809	63,809
Subtotal Salaries	236.09	246.32	255.29	16,635,105	17,528,643
Overtime	-	-	-	340,242	498,547
Fringe Benefits	-	-	-	10,007,597	10,490,795
Administrative Overhead	-	-	-	342,858	361,336
Attrition/Salary Savings	-	-	-	-	-
Expenditure Transfer	-	-	-	136,944	136,944
Total	236.09	246.32	255.29	27,462,747	29,016,265