

# CITY OF LOS ALAMITOS

Via videoconference

Participation via Phone: (301) 715-8592

Meeting ID: 872 4836 3824

## AGENDA

### BUDGET STANDING COMMITTEE SPECIAL MEETING

January 25, 2022 – 5:00 p.m.

#### **SAFETY ALERT –NOTICE REGARDING COVID-19**

Due to COVID-19, the City of Los Alamitos Budget Standing Committee Special Meeting on January 25, 2022 will be conducted by videoconference pursuant to the provisions of the Governor's Executive Orders N-25-20 and N-29-20. The public may access the meeting electronically or telephonically.

Pursuant to Executive Orders and given the current health concerns, members of the public can access meetings by using your phone to dial +1 (301) 715-8592 and enter the Meeting ID: **872 4836 3824**. Your microphone will be disabled upon entry for the duration of the meeting. **Members of the public may not attend the meeting in person.**

The public can submit comments to [cityclerk@cityoflosalamitos.org](mailto:cityclerk@cityoflosalamitos.org) with the subject line "PUBLIC COMMENT ITEM #" (insert the item number relevant to your comment). Comments **received by 3:00 p.m.** will be compiled and provided to the Budget Standing Committee and made available to the public before the start of the meeting. Staff will not read email comments at the meeting but the official record will include all email comments received until the close of the meeting.

Members of the public wishing to verbally deliver comments via the telephone conference can submit their requests to [cityclerk@cityoflosalamitos.org](mailto:cityclerk@cityoflosalamitos.org) **until the close of the public comment period**. The City Clerk will compile a list of speakers who have indicated a desire to speak. Before the close of the meeting, the City Clerk will announce each speaker, enable the speaker's microphone, and begin the three minute timer. The speaker's microphone will automatically be disabled at the end of three minutes.

All speakers shall observe civility, decorum and good behavior. Any item submitted to the Budget Standing Committee during the meeting shall become public record and subject to applicable disclosure laws.

### NOTICE TO THE PUBLIC

This Agenda contains a brief general description of each item to be considered. Except as provided by law, action or discussion shall not be taken on any item not appearing on the agenda. Supporting documents, including staff reports, are available for on the City's website at [www.cityoflosalamitos.org](http://www.cityoflosalamitos.org) once the agenda has been publicly posted.

Any written materials relating to an item on this agenda submitted after distribution of the agenda packet are available for public inspection on the City's website at [www.cityoflosalamitos.org](http://www.cityoflosalamitos.org).

It is the intention of the City of Los Alamitos to comply with the Americans with Disabilities Act (ADA) in all respects. If, as an attendee, or a participant at this meeting, you will need special assistance beyond what is normally provided, please contact the City Clerk's Office at (562) 431-3538, extension 220, 48 hours prior to the meeting so that reasonable arrangements may be made.

#### 1. CALL TO ORDER

#### 2. ROLL CALL

Mayor Hasselbrink  
Council Member Chirco

#### 3. CONSENT CALENDAR

##### A. Approval of Minutes

Approve the Minutes of the Special Meeting on August 23, 2021.

#### 4. DISCUSSION ITEMS

##### A. Financial Update for Fiscal Year 2020-21 and Preliminary Results for Fiscal Year 2021-22

This report provides the Budget Standing Committee with an update of the financial status for the Fiscal Year ending June 30, 2021, and projection of Fiscal Year 2021-22.

Recommendation: Review and discuss the General Fund financial update for Fiscal Year 2020-21 and preliminary projection for Fiscal Year 2021-22.

##### B. PERS Unfunded Actuarial Liability and Section 115 Trust

This report provides an update on the Unfunded Actuarial Liability and Section 115 Trust.

Recommendation: Review and discuss the information in connection with the PERS Unfunded Actuarial Liability (UAL) and Section 115 Trust and provide direction for development of a funding policy.

**C. GovInvest Pension Liability Model**

The Budget Standing Committee will receive a preview of the GovInvest Pension Total Liability Calculator Model.

Recommendation: Review and discuss the GovInvest Pension Liability Model and provide direction to staff in connection with additional scenarios for study and future presentation.

**D. Finance Department Reorganization**

The Budget Standing Committee will receive the proposed personnel changes for the Finance Department.

Recommendation: Review and discuss the proposed personnel changes for the Finance Department Budget.

**5. ADJOURNMENT**

I hereby certify under penalty of perjury under the laws of the State of California, that the foregoing Agenda was posted at Los Alamitos City Hall, 3191 Katella Ave. and available on the City's website, [www.cityoflosalamitos.org](http://www.cityoflosalamitos.org), not less than 24 hours prior to the meeting.

*Craig Koehler*

Craig Koehler, Finance Director

# MINUTES OF THE BUDGET STANDING COMMITTEE OF THE CITY OF LOS ALAMITOS

## SPECIAL MEETING

Monday June 7, 2021 – 5:00 p.m.

### 1. CALL TO ORDER

The Budget Standing Committee met for a Special Meeting at 5:05 p.m., Monday, June 7, 2021, via video conference, Mayor Chirco and Mayor Pro Tem Hasselbrink presiding.

### 2. ROLL CALL

**Present:** Committee Members: Mayor Chirco  
Mayor Pro Tem Hasselbrink

**Absent:** Committee Members: None

**Present:** Staff: Chet Simmons, City Manager  
Craig Koehler, Interim Finance Director  
Chelsi Wilson, Executive Assistant / Benefits  
Coordinator

### 3. CONSENT CALENDAR

#### A. Approval of Minutes

Motion/Second: Chirco/Hasselbrink

Unanimously Carried: The Budget Standing Committee approved the Minutes of the Special Meeting on May 6, 2021.

### 4. DISCUSSION ITEMS

#### A. Follow-Up Discussion for Preliminary Budget for Fiscal Year 2021-22 and Fiscal Year 2022-23

The Committee received additional information that was requested at the May 6 Budget Standing Committee meeting and the May 17 Council meeting in connection with PERS liability and paydown options, Police services for motor and bicycle patrols, homeless shelters, self-insurance program and savings, staffing and timeline, and ARPA funding.

The Committee requested staff to follow up with additional information on the PERS liability and savings associated with early paydown options that will be discussed at the June 21<sup>st</sup> Council meeting.

Additional information for ARPA will be brought back to the Budget Standing Committee meeting at a subsequent meeting with a draft plan for possible uses once final details of the funding are known.

**5. ADJOURNMENT**

The meeting adjourned at 6:15 p.m.

---

Craig Koehler, Finance Director

# City of Los Alamitos

## BUDGET STANDING COMMITTEE

### AGENDA REPORT

---

**MEETING DATE: January 25, 2022**

**ITEM NUMBER: 4A**

**To: Budget Standing Committee Members**

**Presented By: Craig Koehler, Finance Director**

**Subject: Financial Update for Fiscal Year 2020-21 and Preliminary Results for Fiscal Year 2021-22**

---

#### **SUMMARY**

This report provides the Budget Standing Committee with a financial update for Fiscal Year 2020-21 and preliminary projection for Fiscal Year 2021-22.

#### **RECOMMENDATION**

Review and discuss the General Fund financial update for Fiscal Year 2020-21 and preliminary projection for Fiscal Year 2021-22.

#### **BACKGROUND**

The audit for Fiscal Year 2020-21 was completed in December. General Fund revenues exceeded expenditures by \$3.3 million. The preliminary projection for Fiscal Year 2021-22 estimates General Fund revenues exceeding expenditures by \$840 thousand.

#### **DISCUSSION**

Listed below is a summary of the Fiscal Year 2020-21 General Fund audited results, projection of Fiscal Year 2021-22, and explanation of changes from budget.

## Fiscal 2020-21 Actual (audited)

### General Fund For the Year End June 30, 2021

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Revenues	13,640,247	17,228,504	3,588,257
Expenditures	<u>13,625,724</u>	<u>13,894,449</u>	<u>(268,725)</u>
	14,523	3,334,055	3,319,532
Difference - Measure Y		1,457,605	
ARPA		1,363,442	
Other Taxes		469,556	
Misc		297,654	

Source: CAFR FY20-21 pg 62

## Fiscal Year 2021-22 (projection)

Revenues for Fiscal Year 2021-22 are tracking with the budget for most of the categories. However, given the current conditions with the pandemic outbreak, some revenue categories may be affected over the course of the next few months. Finance will be closely monitoring and will report any significant changes.

The preliminary projections for revenues and expenditures for Fiscal Year 2021-22 are presented below.

## Revenues

<b>Revenues and Transfers In</b>	<b>2021-22 Adopted Budget</b>	<b>2021-22 Projected</b>	<b>Budget Variance</b>
Property Taxes	\$ 4,584,079	\$ 4,553,835	\$ (30,244)
Sales & Use Taxes - General	3,140,400	3,096,400	(44,000)
Sales & Use Taxes - Local	4,438,588	4,338,500	(100,088)
Utility Users Tax	2,010,465	2,010,000	(465)
Transit Occupancy Tax	180,670	180,670	-
Franchise Fees	667,836	666,300	(1,536)
Licenses & Permits	1,595,103	1,867,538	272,435
Fines & Forfeitures	738,309	620,000	(118,309)
Investment Earnings	229,280	180,000	(49,280)
Revenue from Other Agencies	120,200	40,000	(80,200)
Charges for Services	620,935	592,126	(28,809)
Miscellaneous Revenues	68,000	87,270	19,270
Interfund Transfers	375,000	375,000	-
<b>Total Revenues and Transfers In</b>	<b>\$ 18,768,865</b>	<b>\$ 18,607,639</b>	<b>\$ (161,226)</b>

Expenditures for Fiscal Year 2021-22 are tracking with the adopted budget, and are projected to be approximately \$1.0 million under budget. The primary drivers are savings in salary and benefits and materials, supplies and services, primarily within Police.

Department expenditures for Fiscal Year 2021-22 are shown below:

## Expenditures

<b>Department</b>	<b>2021-22 Adopted Budget</b>	<b>2021-22 Projected</b>	<b>Budget Variance</b>
City Council	\$ 66,895	\$ 62,470	\$ (4,425)
Administration (City Manager, City Clerk)	1,051,340	1,011,021	(40,319)
Finance	725,906	699,450	(26,456)
City Attorney	176,000	175,656	(344)
Police	7,376,168	6,413,112	(963,056)
Development Services	3,583,622	3,637,199	53,577
Recreation and Community Services	1,775,322	1,703,624	(71,698)
Non-Departmental	1,856,836	1,909,006	52,170
Interfund Operating Transfers	1,113,500	1,113,500	-
<b>Total Operating Expenditures and Transfers</b>	<b>\$ 17,725,589</b>	<b>\$ 16,725,038</b>	<b>\$ (1,000,551)</b>

As these projections form the first preliminary look at 2021-22, Finance will return to review the midyear budget with the Budget Standing Committee in greater detail in early March.

Submitted By: Craig Koehler, Finance Director  
Approved By: Chet Simmons, City Manager

# City of Los Alamitos

## BUDGET STANDING COMMITTEE

### AGENDA REPORT

---

**MEETING DATE: January 25, 2022**

**ITEM NUMBER: 4B**

**To: Budget Standing Committee Members**

**Presented By: Craig Koehler, Finance Director**

**Subject: PERS Unfunded Actuarial Liability and Section 115 Trust**

---

#### **SUMMARY**

This report provides the Budget Standing Committee with an update of the PERS Unfunded Actuarial Liability and Section 115 Trust.

#### **RECOMMENDATION**

Review and discuss the information in connection with the PERS Unfunded Actuarial Liability (UAL) and Section 115 Trust and provide direction for development of a funding policy.

#### **BACKGROUND**

A report on additional PERS funding for an UAL paydown was presented to the City Council on June 21, 2021. Council requested that staff return to the Budget Standing Committee for additional study and review of the different options available to the City in order to determine the feasibility of an early Pay-Down Plan for the unfunded liability, as well as developing needed polices. A follow up report was provided to the Budget Standing Committee on August 23, 2021.

#### **DISCUSSION**

##### **PERS UAL**

Pension costs continue to be a major part of the City's employee and benefit costs and represent a major portion of the total employee costs. The City is projected to pay \$2.4 million to CalPERS in Pension Costs for FY21-22. This includes the UAL payment of \$1.7 million, which reflects an increase of 17% over the FY20-21 UAL. This increase is being driven by a number of factors, but most notably the efforts to shorten the event horizon of amortizing the portfolio gains/losses from 30 years to 20 years.

In addition to these increases, the discount factor that CalPERS uses to gauge its investment portfolio was changed in December 2021, which will further increase costs. In 2015, CalPERS adopted a new Funding Risk Mitigation Policy to help balance pension

plan risks, funding, and costs. The policy lowers the expected investment return and the discount rate in years of good investment returns. In July 2021, CalPERS reported preliminary a ROI of 21.3% for the fiscal year 2020-21. The deviation from the discount rate means that the CalPERS investment portfolio is taking on too much risk. As such, the Funding Risk Mitigation Policy was triggered. The investment gain (difference between ROI 21.3% and 7.0% discount rate) will be amortized over 20 years.

The new discount rate is 6.80%, a reduction from the current level of 7.0%. a ramp-up over the first five years, reflecting 20% of the annual amortization amount recognized each year, will be made beginning in the actuarial valuations with a measurement date of June 30, 2021 and applies to the pension contribution rates for FY2023-24.

As previously discussed, one way to address the rising pension costs, is to consider an early Paydown Plan for the unfunded liability.

### Section 115 Trust

In addition to accelerated funding for PERS Unfunded Actuarial Liability, utilization of a Section 115 Trust could also be implemented for additional set-aside funding. An irrevocable trust, under Internal Revenue Service Code Section 115, was approved and established with the Public Agencies Post-Employment Benefits Trust (PARS) on August 12, 2019. Attached is a copy of the executed agreement with PARS.

Some of the advantages of a Section 115 Trust over a traditional reserve account include:

- Allows for fixed income or diversified investing, tailored for short and long-term
- Opportunity to earn greater return than General Fund, irrevocable (pension expenses)
- Corporate Trustee (PARS) to mitigate fiduciary risk

The trust is active, and no funding has been made to date. Depending on the funding option selected, a combination of inflation protected income and capital appreciation can be achieved. Attached is a summary of the investment options and estimated returns based on the selected risk level as provided by PARS.

### Next Steps

Staff recommends that the Budget Standing Committee direct staff to formulate draft funding policies to address the PERS UAL and implement use of the PARS 115 Trust.

Submitted By: Craig Koehler, Finance Director

Approved By: Chet Simmons, City Manager

*Attachment 1: Executed Agreement with PARS*

*Attachment 2: PARS Investment Options and Estimated Returns*

## AGREEMENT FOR ADMINISTRATIVE SERVICES

This agreement ("Agreement") is made this 12<sup>th</sup> day of August, 2019, between Phase II Systems, a corporation organized and existing under the laws of the State of California, doing business as Public Agency Retirement Services and PARS (hereinafter "PARS") and the City of Los Alamitos ("Agency").

WHEREAS, the Agency has adopted the PARS Public Agencies Post-Employment Benefits Trust for the purpose of pre-funding pension obligations and/or OPEB obligations ("Plan"), and is desirous of retaining PARS as Trust Administrator to the Trust, to provide administrative services.

NOW THEREFORE, the parties agree:

1. **Services.** PARS will provide the services pertaining to the Plan as described in the exhibit attached hereto as "Exhibit 1A" ("Services") in a timely manner, subject to the further provisions of this Agreement.
2. **Fees for Services.** PARS will be compensated for performance of the Services as described in the exhibit attached hereto as "Exhibit 1B".
3. **Payment Terms.** Payment for the Services will be remitted directly from Plan assets unless the Agency chooses to make payment directly to PARS. In the event that the Agency chooses to make payment directly to PARS, it shall be the responsibility of the Agency to remit payment directly to PARS based upon an invoice prepared by PARS and delivered to the Agency. If payment is not received by PARS within thirty (30) days of the invoice delivery date, the balance due shall bear interest at the rate of 1.5% per month. If payment is not received from the Agency within sixty (60) days of the invoice delivery date, payment plus accrued interest will be remitted directly from Plan assets, unless PARS has previously received written communication disputing the subject invoice that is signed by a duly authorized representative of the Agency.
4. **Fees for Services Beyond Scope.** Fees for services beyond those specified in this Agreement will be billed to the Agency at the rates indicated in the PARS' standard fee schedule in effect at the time the services are provided and shall be payable as described in Section 3 of this Agreement. Before any such services are performed, PARS will provide the Agency with a detailed description of the services, terms, and applicable rates for such services. Such services, terms, and applicable rates shall be agreed upon in writing and executed by both parties.
5. **Information Furnished to PARS.** PARS will provide the Services contingent upon the Agency's providing PARS the information specified in the exhibit attached hereto as "Exhibit 1C" ("Data"). It shall be the responsibility of the Agency to certify the accuracy, content and completeness of the Data so that PARS may rely on such information without further audit. It shall further be the responsibility of the Agency to deliver the Data to PARS in such a manner that allows for a reasonable amount of time for the Services to be performed. Unless specified in Exhibit 1A, PARS shall be under no duty to question Data received from the Agency, to compute contributions made to the

11. **Applicable Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of California. In the event any party institutes legal proceedings to enforce or interpret this Agreement, venue and jurisdiction shall be in any state court of competent jurisdiction.
12. **Force Majeure.** When a party's nonperformance hereunder was beyond the control and not due to the fault of the party not performing, a party shall be excused from performing its obligations under this Agreement during the time and to the extent that it is prevented from performing by such cause, including but not limited to: any incidence of fire, flood, acts of God, acts of terrorism or war, commandeering of material, products, plants or facilities by the federal, state or local government, or a material act or omission by the other party.
13. **Ownership of Reports and Documents.** The originals of all letters, documents, reports, and data produced for the purposes of this Agreement shall be delivered to, and become the property of the Agency. Copies may be made for PARS but shall not be furnished to others without written authorization from Agency.
14. **Designees.** The Plan Administrator of the Agency, or their designee, shall have the authority to act for and exercise any of the rights of the Agency as set forth in this Agreement, subsequent to and in accordance with the written authority granted by the Governing Body of the Agency, a copy of which writing shall be delivered to PARS. Any officer of PARS, or his or her designees, shall have the authority to act for and exercise any of the rights of PARS as set forth in this Agreement.
15. **Notices.** All notices hereunder and communications regarding the interpretation of the terms of this Agreement, or changes thereto, shall be effected by delivery of the notices in person or by depositing the notices in the U.S. mail, registered or certified mail, return receipt requested, postage prepaid and addressed as follows:
  - (A) To PARS: PARS; 4350 Von Karman Avenue, Suite 100, Newport Beach, CA 92660; Attention: President
  - (B) To Agency: City of Los Alamitos; 3191 Katella Avenue, Los Alamitos, CA 90720; Attention: City ManagerNotices shall be deemed given on the date received by the addressee.
16. **Term of Agreement.** This Agreement shall remain in effect for the period beginning July 1, 2019 and ending June 30, 2022 ("Term"). This Agreement may be terminated at any time by giving thirty (30) days written notice to the other party of the intent to terminate. Absent a thirty (30) day written notice to the other party of the intent to terminate, this Agreement will continue unchanged for successive twelve month periods following the Term.
17. **Amendment.** This Agreement may not be amended orally, but only by a written instrument executed by the parties hereto.
18. **Entire Agreement.** This Agreement, including exhibits, contains the entire understanding of the parties with respect to the subject matter set forth in this Agreement.

EXHIBIT 1A  
SERVICES

PARS will provide the following services for the City of Los Alamitos Public Agencies Post-Employment Benefits Trust:

1. Plan Installation Services:
  - (A) Meeting with appropriate Agency personnel to discuss plan provisions, implementation timelines, actuarial valuation process, funding strategies, benefit communication strategies, data reporting, and submission requirements for contributions/reimbursements/distributions;
  - (B) Providing the necessary analysis and advisory services to finalize these elements of the Plan;
  - (C) Providing the documentation needed to establish the Plan to be reviewed and approved by Agency legal counsel. Resulting final Plan documentation must be approved by the Agency prior to the commencement of PARS Plan Administration Services outlined in Exhibit 1A, paragraph 2 below.
2. Plan Administration Services:
  - (A) Monitoring the receipt of Plan contributions made by the Agency to the trustee of the PARS Public Agencies Post-Employment Benefits Trust ("Trustee"), based upon information received from the Agency and the Trustee;
  - (B) Performing periodic accounting of Plan assets, reimbursements/distributions, and investment activity, based upon information received from the Agency and/or Trustee;
  - (C) Coordinating the processing of distribution payments pursuant to authorized direction by the Agency, and the provisions of the Plan, and, to the extent possible, based upon Agency-provided Data;
  - (D) Coordinating actions with the Trustee as directed by the Plan Administrator within the scope of this Agreement;
  - (E) Preparing and submitting a monthly report of Plan activity to the Agency, unless directed by the Agency otherwise;
  - (F) Preparing and submitting an annual report of Plan activity to the Agency;
  - (G) Facilitating actuarial valuation updates and funding modifications for compliance with GASB 45/75, if prefunding OPEB obligations;
  - (H) Coordinating periodic audits of the Trust;
  - (I) Monitoring Plan and Trust compliance with federal and state laws.
3. PARS is not licensed to provide and does not offer tax, accounting, legal, investment or actuarial advice.

EXHIBIT 1C  
DATA REQUIREMENTS

PARS will provide the Services under this Agreement contingent upon receiving the following information:

1. Executed Legal Documents:
  - (A) Certified Resolution
  - (B) Adoption Agreement to the Public Agencies Post-Employment Benefits Trust
  - (C) Trustee Investment Forms
  
2. Contribution – completed Contribution Transmittal Form signed by the Plan Administrator (or authorized Designee) which contains the following information:
  - (A) Agency name
  - (B) Contribution amount
  - (C) Contribution date
  - (D) Contribution method (Check, ACH, Wire)
  
3. Distribution – completed Payment Reimbursement/Distribution Form signed by the Plan Administrator (or authorized Designee) which contains the following information:
  - (A) Agency name
  - (B) Payment reimbursement/distribution amount
  - (C) Applicable statement date
  - (D) Copy of applicable premium, claim, statement, warrant, and/or administrative expense evidencing payment
  - (E) Signed certification of reimbursement/distribution from the Plan Administrator (or authorized Designee)
  
4. Other information pertinent to the Services as reasonably requested by PARS and Actuarial Provider.

# HIGHMARK CAPITAL MANAGEMENT

As of March 31, 2021

## ACTIVE PORTFOLIO RETURNS

Strategy	Equity (%)	1 Year	3 Years	5 Years	10 Years
Capital Appreciation	65-85%	44.77%	11.55%	11.80%	9.19%
Balanced	50-70%	38.00%	10.55%	10.57%	8.21%
Moderate	40-60%	31.89%	9.52%	9.32%	7.40%
Moderately Conservative	20-40%	20.82%	7.49%	6.92%	5.75%
Conservative	5-20%	12.59%	6.05%	5.18%	4.46%

*\* Past performance does not guarantee future results.*

# City of Los Alamitos

## BUDGET STANDING COMMITTEE

### AGENDA REPORT

---

**MEETING DATE:** January 25, 2022

**ITEM NUMBER:** 4C

**To:** Budget Standing Committee Members

**Presented By:** Craig Koehler, Finance Director

**Subject:** GovInvest Pension Liability Model

---

#### **SUMMARY**

This report provides information in connection with the GovInvest Pension Liability Model.

#### **RECOMMENDATION**

Review and discuss the GovInvest Pension Liability Model and provide direction to staff in connection with additional scenarios for study and future presentation.

#### **BACKGROUND**

A report on additional PERS funding for an UAL paydown was presented to the City Council on June 21, 2021. Council requested that staff return to the Budget Standing Committee for additional study and review of the different options available to the City in order to determine the feasibility of an early Pay-Down Plan for the unfunded liability, as well as developing needed policies.

#### **DISCUSSION**

According to the most recent PERS actuarial reports dated July 2021, the total estimated Unfunded Accrued Liability is approximately \$23.0 million. Estimates for savings in connection with an earlier payoff and funding of the UAL range from \$3 million to \$9 million, depending on the level of funding.

Staff reviewed options for the work needed to study this, including obtaining independent studies and other modeling. As an alternative, staff received approval to engage GovInvest, as their technology capabilities allow for modeling capabilities that will allow staff to build a "living model" that can be adjusted in order to review potential funding decisions and chart long-term financial changes based on those decisions.

Following is a presentation and discussion of the GovInvest Pension Liability model.

Submitted By: Craig Koehler, Finance Director

Approved By: Chet Simmons, City Manager

# City of Los Alamitos

## BUDGET STANDING COMMITTEE

### AGENDA REPORT

---

**MEETING DATE: January 25, 2022**

**ITEM NUMBER: 4D**

**To: Budget Standing Committee Members**

**Presented By: Craig Koehler, Finance Director**

**Subject: Finance Department Reorganization**

#### **SUMMARY**

This report outlines the proposed personnel changes for the Finance Department Budget.

#### **RECOMMENDATION**

Review and discuss the proposed personnel changes for the Finance Department Budget.

#### **BACKGROUND**

The Finance Department has undergone significant turnover since 2020. In addition to the vacancy of the part-time Special Projects Coordinator, the Senior Finance Assistant will be leaving at the end of January to pursue a promotional opportunity with another agency. These staffing shortages have crippled the department in functioning at an optimal level. In addition, several long-term initiatives are on hold, including a financial system upgrade, electronic payroll, banking, and cost recovery reviews.

#### **DISCUSSION**

The City Manager's Office has identified personnel changes that are desired to increase efficiency, maintain services, and enhance overall services to the City. With the addition of a Finance Manager in place of the Special Projects Coordinator, the Finance Department will be able to function in a more clear and efficient manner.

The Finance Manager will provide direction to and supervision of support staff in addition to performing diverse, specialized and complex assignments involving significant accountability and decision-making responsibility, and furthering department goals and objectives, such as system upgrades and other cost reviews. The position will also add an additional level internal control, as identified in the audit, redundancy, and support long-term succession planning.

## **FISCAL IMPACT**

The fiscal impact associated with this proposed change will be approximately \$86,624 (which includes associated benefits and PERS-related costs) for a full-time Finance Manager.

Submitted By: Craig Koehler, Finance Director  
Approved By: Chet Simmons, City Manager