



# City of Huntington Beach

File #: 23-175

MEETING DATE: 3/21/2023

## REQUEST FOR CITY COUNCIL ACTION

**SUBMITTED TO:** Honorable Mayor and City Council Members

**SUBMITTED BY:** Alisa Backstrom, City Treasurer

**VIA:** Alisa Backstrom, City Treasurer

**PREPARED BY:** Alisa Backstrom, City Treasurer

**Subject:**

**Approve modifications to the City Treasurer's Department by adopting Resolution Nos. 2023-08, 2023-09 and 2023-10; approve for introduction Ordinance No. 4287 Repealing Ordinance No. 3907 relating to the duties of the Finance Director; and, approve for introduction Ordinance No. 4288 to reinstitute the City Treasurer's Powers and Duties, as authorized in the City Charter**

**Statement of Issue:**

On January 17, 2023, the City Council approved a request by Councilmember McKeon to rescind Ordinance No. 3907 related to the City Treasurer's powers and duties. Ordinance No. 3907, approved on February 22, 2011, purported to transfer a substantial portion of the City Treasurer's Charter-mandated powers and duties to the Finance department. However, as the City Charter is the fundamental law of the City of Huntington Beach, any Ordinance in conflict with the City Charter is void. As such, the operational structure proposed herein will reinstitute those powers and duties under the Office of the City Treasurer.

**Financial Impact:**

The proposed operational structure will require two additional permanent full-time positions and additional hours for the City Treasurer position to be budgeted within the City Treasurer's Department for the remainder of the fiscal year 2022-23 and for the full-year beginning in fiscal year 2023-2024.

Salary for the position of full-time Deputy City Treasurer at the Pay Range 249 of \$137,416 - \$184,151 is similar to the other non-safety department deputies and at the same rate as the Assistant Chief Financial Officer position. The proposed salary for the added position of one full-time Accounting Technician at the Pay Range 153 would be \$52,867 - \$70,847 on an annual basis. These costs will be offset by eliminating a part-time Office Assistant III position that will no longer be required. Currently, the City Treasurer position is compensated at 20 hours per week. At the mid-point of the current salary range, increasing the City Treasurer's hours to 30 hours per week and adjusting benefits to align with those of appointed department heads will require an additional annual

salary amount of \$50,000. An addition to the Job Classification Plan will be required to replace the existing Finance Manager position with the Treasury Manager position. No additional FTE or personnel costs are required for this position.

At a fully burdened rate, for the remainder of fiscal year 2022/2023, an additional \$75,000 is requested to be added to the City Treasurer departmental budget. An additional annual budget appropriation of approximately \$300,000 is requested to fund these positions on an ongoing basis.

**Recommended Action:**

- A) Approve the modification to the City Treasurer's Department by: authorizing two additional full-time equivalent positions (1 Deputy City Treasurer, 1 Accounting Technician) and increase the City Treasurer position from twenty to thirty hours per week; restore the reporting relationship of the current cashing and collections area from the Finance Department to the City Treasurer's Department; and, delete the current position of the Finance Manager and replace the position with that of Treasury Manager (no additional FTE or personnel cost). (See proposed City Treasurer's Department Organizational Chart Attachment 5);
- B) Adopt Resolution 2023-08, "A Resolution of the City Council of the City of Huntington Beach Amending the City's Classification Plan by Adding the Job Classification of Treasury Manager and Establishing Compensation" including Exhibit B - Modified Management Employees' Organization Salary Schedule Effective April 1, 2023;
- C) Adopt Resolution 2023-09, "A Resolution of the City Council of the City of Huntington Beach Amending the City's Classification Plan by Adding the Job Classification of Deputy City Treasurer and Establishing Compensation" including Exhibit 1 - Amended Non-Associated Appointed Executive Management Salary Schedule Effective April 1, 2023;
- D) Adopt Resolution 2023-10 "A Resolution if the City Council of the City of Huntington Beach Modifying Salary and Certain Benefits of the Elected City Treasurer" including Exhibit 1B - Non-Associated Elected Executive Management Salary Schedule Effective April 1, 2023;
- E) Authorize the City Manager to take all administrative actions necessary to implement the reorganization;
- F) Approve General Fund appropriations of \$75,000 to business unit 10025101 for FY 2022/23;
- G) Approve for introduction Ordinance 4287, "An Ordinance of the City Council of the City of Huntington Beach Repealing Ordinance No. 3907 relating to the duties of the Finance Director;" and,
- H) Approve for introduction Ordinance No. 4288, "An Ordinance of the City Council of Huntington Beach amending Chapter 2.15 relating to the duties of the Finance Department and re-adding Chapter 2.16 as amended relating to the duties of the Treasurer."

**Alternative Action(s):**

Do not approve actions A - H above and direct the City Treasurer, with the support of the City Manager, to return to the City Council with an alternate proposal to align the Charter-mandated

Powers and Duties of the City Treasurer with the City Charter.

**Analysis:**

On January 17, 2023, Council Member Casey McKeon brought forth and the City Council approved an H-Item request to rescind Ordinance 3907 (see Council Member Item Report, Attachment 6) related to the City Treasurer's role. This Ordinance (adopted February 2011) purported to transfer the majority of the City Treasurer's Charter-mandated powers and duties to the Finance Department, deleting Municipal Code Chapter 2.16 City Treasurer in its entirety, and adding certain responsibilities to the Finance Department in the Municipal Code Chapter 2.15.

The specific actions based on this Ordinance were in conflict with the City Charter, which is the fundamental law of the City of Huntington Beach. The independently elected officers of the City are accountable to the citizens to act as stewards of the taxpayer moneys and as checks and balances within the operational structure. It is therefore important to restore the elected City Treasurer's duties in full to comply with the City Charter.

City Charter, Article III, Section 311 City Treasurer Powers and Duties (see Section 311 in full, Attachment 4) as set forth with pertinent provisions states:

"The City Treasurer shall have the power and shall be required to:

- a) Receive on behalf of the City all taxes, assessments, license fees and other revenues of the City, or for the collection of which the City is responsible, and receive all taxes or other money receivable by the City from the County, State or Federal governments, or from any court, or from any office, department or agency of the City.
- b) Have and keep custody of all public funds belonging to or under control of the City or any office, department or agency of the City government and deposit or cause to be deposited all funds coming into their hands...
- c) Pay out moneys only on proper orders or warrants in the manner provided for in this Charter..."

In summary, the City Charter **requires** the City Treasurer to ***receive*** and ***keep custody*** of all funds of the city and ***disburse*** these funds properly.

The responsibilities repositioned under the City Treasurer's Department shall include, but not be limited to: Receiving and depositing all revenue (including that from all areas within the City) in a timely manner into the City's financial depository accounts; Ensuring proper controls over cash deposits; Establishing and maintaining all banking and investment related products, operations and relationships; Oversight of all collection and payment contracts, software systems and online payment portals; Collection of delinquent taxes and fees; Maintaining agreements and funds of trusts, bonds and other security agreements; Disbursing all approved funds and processing all checks and electronic payments; Oversight of escheatment process. Such responsibilities will be returned to the City Treasurer's Department.

In order to carry out these duties, the City Treasurer must have the appropriate resources:

1. It is recommended that the functional area within the city that is currently responsible for receiving, depositing, and collecting on behalf of the City, all taxes, assessments, fees, and other revenues, as well as disbursing all approved funds, be integrated into the City Treasurer's Department, with the position of Finance Manager being replaced with the position of Treasury Manager.
2. The City Treasurer, as allowed under the City Charter, recommends appointing a full-time Deputy City Treasurer to assist with planning, organizing and directing the treasury management activities of the City Treasurer's Department.
3. It is requested that an additional full-time Accounting Technician position be added to replace the current use of part-time individuals in the cashiering and collections area. Such use of part-time individuals has proven inefficient, as a great deal of staff time is expended to recruit, train and retain these positions. This is a highly specialized area of operations requiring detailed training. With the hiring of an additional full-time Accounting Technician, the time spent on regularly recruiting and training new part-time staff can be better utilized within the department and the position itself will assist with other necessary responsibilities.
4. Lastly, the City Treasurer's hours will increase from 20 to 30 hours to provide sufficient oversight of the fully restored powers and duties to this Office.

These actions will serve to restore the elected City Treasurer's Powers and Duties to comply with the City Charter (see proposed City Treasurer's Department Organizational Chart, Attachment 5).

**Environmental Status:**

None.

**Strategic Plan Goal:**

Non Applicable - Administrative Item

**Attachment(s):**

1. Resolution 2023-08, "A Resolution of the City Council of the City of Huntington Beach Amending the City's Classification Plan by Adding the Job Classification of Treasury Manager and Establishing Compensation" including Exhibit B - Modified Management Employees' Organization Salary Schedule Effective March 18, 2023.
2. Resolution 2023-09, "A Resolution of the City Council of the City of Huntington Beach Amending the City's Classification Plan by Adding the Job Classification of Deputy City Treasurer and Establishing Compensation" including Exhibit 1 - Amended Non-Associated Appointed Salary Schedule Effective March 18, 2023.
3. Resolution 2023-10 "A Resolution of the City Council of the City of Huntington Beach Modifying Salary and Certain Benefits of the Elected City Treasurer" including Exhibit 1B Non-Associated Elected Executive Management Salary Schedule Effective March 18, 2023.

4. City of Huntington Beach City Charter, Article III, Section 311 City Treasurer Powers and Duties.
5. Updated Organizational Chart for City Treasurer's Department.
6. Council Member Item Report dated January 17, 2023 from Council Member Casey McKeon.
7. Ordinance 4250 "Exclusions from The Competitive Service" citing title of Appointive Deputy City Treasurer as excluded from Competitive Service.
8. Ordinance 4287 "An Ordinance of the City Council of the City of Huntington Beach Repealing Ordinance no. 3907 relating to the duties of the Finance Director".
9. Ordinance 4288 "An Ordinance of the City Council of the City of Huntington Beach amending Chapter 2.15 relating to the duties of the Finance Department and re-adding Chapter 2.16 as amended relating to the duties of the Treasurer".
10. Power Point presentation.