



ERIC GARCETTI  
MAYOR

April 20, 2018

The Honorable Members of the Budget and Finance Committee  
City Clerk  
City Hall, Room 395  
Attention: Richard Williams

## OFFICE OF FINANCE FISCAL YEAR 2018-19 PROPOSED BUDGET

Dear Honorable Members:

In February 2018 the Office of Finance (Finance) produced its first Annual Plan (Plan) detailing Finance's four pillared strategy toward achieving our Vision of – *Serving as a national leader in municipal tax and treasury services and as a citywide model in professional excellence and financial management.*

### **Finance's Strategies**

- I. Create a positive and cohesive organizational culture
- II. Deliver responsive and informative customer service
- III. Ensure secure, resilient, and user-friendly technology systems
- IV. Establish citywide best practices for payments and receivables

With the Mayor and Council's support we are continuing to realize progress on each of these priorities. We appreciate the Mayor's demonstrated support for Finance's Plan as reflected in the Proposed Budget. Funding critical improvements in our customer support structure, LATAX system replacement, and cannabis business tax collection are among our top priorities.

### **I. Create a Positive and Cohesive Organizational Culture**

Team Finance has been at the core of Finance's transformation. Fundamentally, providing the resources necessary to ensure adequate staffing, facilities, and equipment are essential elements for developing and maintaining a positive and cohesive workforce. Beyond this Finance has implemented a number of new practices including all staff meetings to inform and celebrate direction and accomplishments, quarterly publication of an internal Team Finance newsletter,

establishment of Core Value Awards of Excellence, and facilitation of a Continuing Education Training Program to name a few.

In the next year, we will continue to take additional steps toward building Team Finance through a revamped employee onboarding and training process and establishment of an employee mentorship program, along with other objectives.

## **II. Deliver Responsive and Informative Customer Service**

Customer Service is a critical component of all areas of Team Finance, as every staff member provides services that reach Angelenos, businesses, and other City departments. Finance has taken a very proactive approach toward customer service improvement beginning with the creation of the Business Experience Unit designed to innovate in operations, communications, and customer service. This year, Finance sponsored *Grow With: A Business Forum for Women* which brought over 300 business owners to City Hall to connect and learn how to conduct business with the City. Additionally, Finance launched a Fuse Fellowship geared toward better understanding our customers and how we can better serve them. Similarly, Finance's social media plan included the launched of our Twitter page. We also conducted targeted outreach as co-leads on *Build With: A Construction Matchmaking Event*. Recently, Finance re-launched a customer focused website with innovative new tools such as a business tax calculator and automated chat feature.

In the next year, Finance will continue to innovate in customer service utilizing behavioral science principles to refine business forms. Finance will also continue to conduct targeted outreach and is organizing a *Cannabis Compliance Seminar* with State and other local officials.

## **III. Ensure Secure, Resilient, and User-Friendly Technology Systems**

Finance's major technology systems are critical to the entire City. Finance is undertaking the implementation or replacement of five major technology systems with two completed and three funded to continue through next fiscal year.

LATAX is the foremost of these systems as it supports Finance's efficient management and collection of tax revenue. LATAX manages all tax and permit activities for Finance, has over 625,000 active tax and permit accounts, and administers over \$3 billion in annual revenue. The LATAX system provides online services that allow any business to register, renew, or pay billings 24 hours a day. LATAX remains on schedule to be upgraded before going out of support in the year 2020.

## **IV. Establish Citywide Best Practices for Payments and Receivables**

As the City's Treasury, Finance is the City leader in financial services. That leadership was on display in the crafting of a pioneering new approach to securing banking services including standards for community and environmental stewardship. These services will lead the way in

transforming the City's financial operations to be safer, faster and less costly than ever before. Results of these efforts are already apparent as Finance has recently negotiated reduced merchant service fees that will result in savings for the City.

### **Considerations**

Finance requests to maintain the two Customer Service Specialist resolution position authorities not continued in the budget, without funding, as it provides management flexibility in hiring. While this classification has experienced a high turnover rate, retention of the positions will assist Finance in mitigating ongoing shortages in customer support. Finance recognizes the obligation to maintain expenditures within budget.

Finally, we would like to highlight one item for the Budget and Finance Committee (Committee) for consideration and discussion in the budget process. Exhibit H directs the City Administrative Officer (CAO) and Finance to work with departments to defray all General Fund expenditures on merchant services fees related to credit card transactions by January 1, 2019. Finance plans to start working on this with CAO and the departments, and recommends that the Committee instructs departments to report on their progress in financial status reports.

Thank you for the opportunity to address your Committee. The Mayor and Council have provided a foundation for success that we look forward to continuing. We appreciate your consideration and are pleased to answer any questions you may have.

Sincerely,



Claire Bartels

Director of Finance / City Treasurer

cc: Matthew Szabo, Office of the Mayor  
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