

**CITY OF NAPERVILLE
MEMORANDUM**

DATE: August 29, 2018

TO: Mayor and City Council

FROM: Douglas Krieger, City Manager
Rachel Mayer, Finance Director

SUBJECT: Case Study: Finance Department Workload and Service Analysis

PURPOSE:

The purpose of this case study is to provide an in-depth examination of existing service levels in the Finance Department. As this department plays a prominent role in day-to-day customer service within the City as well as the ongoing ERP implementation, Finance is uniquely suited to showcase service level demands and potential areas of concern moving into the 2019 budget cycle.

DISCUSSION:

Methodology

To evaluate labor demands within the Finance Department, staff comprised a list of roles and responsibilities for each staff member. Each employee then provided their average time commitment to each of their tasks for each week within a given month. Times were based on recent workflows to capture changing dynamics within the department and compare to actual hours for non-salaried employees.

After time evaluations were compiled, staff determined a baseline level of work using the product of the department's budgeted full-time equivalent positions (33.13) and a standard, 40-hour work week. The baseline was set at 1,325 hours, which indicates the standard weekly output asked of the department.

Workload Analysis Results

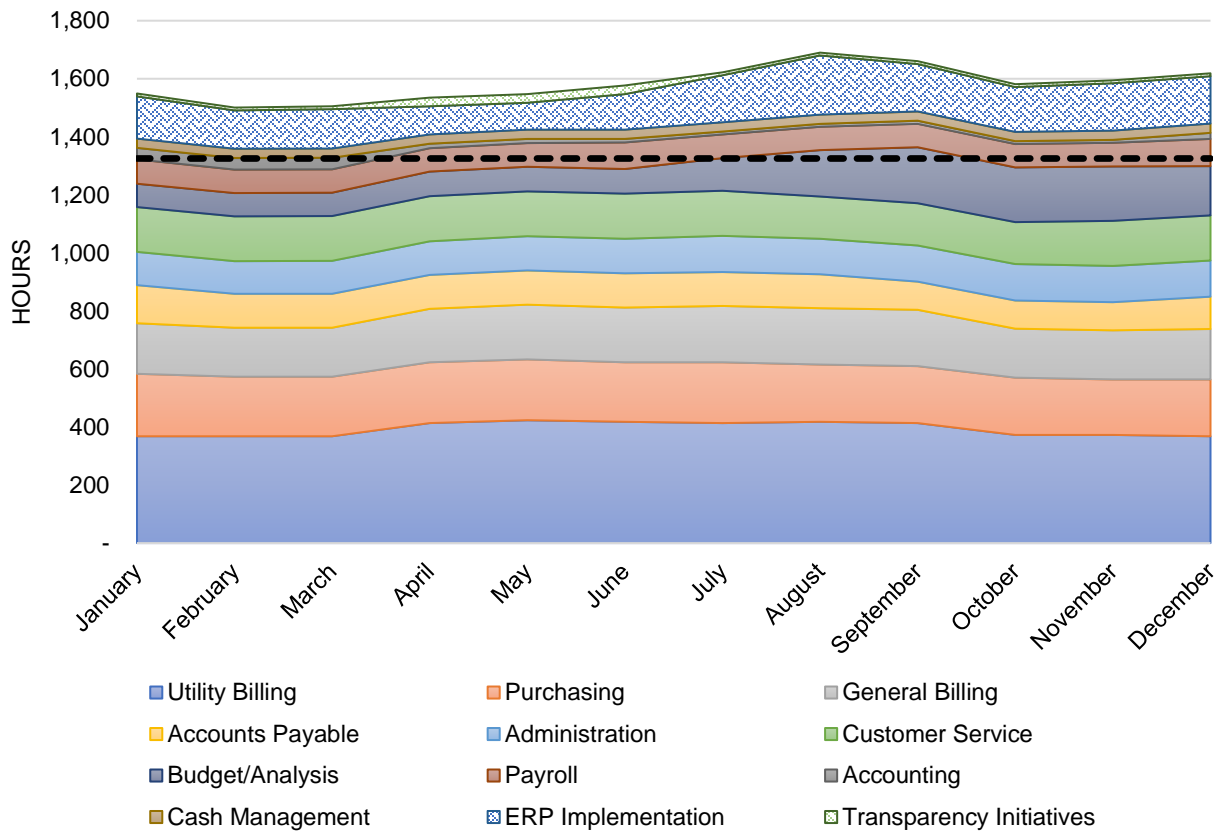
Below is a chart that showcases the results of the workload analysis. As expected, workloads cycle depending on the time of the year; for instance, budgetary work increases in July as more employees devote time to this task. Certain tasks, notably utility billing and purchasing, remain fairly static throughout a year due to their ongoing nature.

In addition to showing what responsibilities and positions are experiencing an increase in time commitments, most notably the chart showcases how existing responsibilities coupled with the City's ERP implementation and transparency initiatives has resulted in a project capacity that exceeds the hours of existing employees within the department.

Currently, Finance staff works on average 257 hours more than projected based upon a standard work schedule. This hour differential peaks in August at 365 hours above the

threshold. Based upon a standard 2,080 schedule this equates to 3,078 hours annually, equivalent to 1.48 FTEs.

Data below explains the drivers for the time commitment increase, in addition to showcasing potential areas of concern moving forward that, if not addressed, raise concern about the capabilities of the department to meet desired service levels. Although this data represents a snapshot in time, future risks in out years are also noted based on trends emerging today.



Potential Areas of Concern

Procurement

The City has four budgeted procurement officers and one procurement manager who handle all purchasing agreements, including bidding and contract negotiations, for the City. Following the recession, the Procurement Team saw a loss of two full time positions, or approximately 25% of its staff. However, in the past five years, the number of formal procurements handled has increased by 34%. Recently, the division modified a procurement assistant position to a procurement officer role, which is currently vacant and the department is in the process of training a newly hired procurement officer. These changes were made based upon the projected needs of the division however, the combination of administrative duties, training, and position vacancies will place increased pressure on the current staff. Despite these pressures, procurement anticipates between 240 and 260 formal agreements to be completed this year, a nearly 25% increase in activity.

This year, Procurement spearheaded many of the training responsibilities associated with the ERP transition adding additional labor needs, while also handling increased purchasing requests from other departments. Due to this workload, Procurement is unable to compile fully best practice procedures. This presents potential liabilities to the City in multi-year agreements. Overall, a decrease to staffing in this area means less time to develop RFPs, review bids, administer the procurement card program, and review and maintain required vendor insurance and bonds, which can open the City up to potential liabilities and legal costs.

Customer Service

Customer calls

Between 2015 and 2017, the Finance Department received an annual average of 92,000 calls and handled nearly 80,000, or 87%, of them. In 2017, the department handled 91% of the calls received, decreasing abandoned calls by more than 6,000. However, the progress made from 2015 to 2017 has regressed through the first seven months of 2018 due to staffing levels and vacancies.

Through July 2018, staff has received 5,240 more calls than the prior 3-year average. In the same stretch the number of calls abandoned has increased by 3,811 callers over the previous 3-year average. The increased call volume has pushed the average queue time up more than 2 minutes, while the average time to handle each call is slowly increasing.

Finance Call Volumes (January to July)

Year	Calls Presented	Calls Handled	% Calls Handled	Calls Abandoned
2015	47,955	41,706	87.0%	6,247
2016	55,715	49,288	88.5%	6,426
2017	52,276	47,691	91.2%	4,558
2018	57,222	47,567	83.1%	9,555
3-Year Avg. Prior to 2018	51,982	46,228	88.9%	5,744

Adding concern to this area is implementation of the new utility billing module starting in early 2019. This technological change will require staff to learn new processes to review and evaluate individual bills while simultaneously handling continued phone calls. The estimated time commitment (3 employees/3 days a week/8 hours a day/ 26 weeks) associated with the utility billing implementation is 1,872 hours, almost 1.0 FTE.

Statements of Accounts

Finance is tracking a significant increase in statement of accounts (SOA) pulled during the current year. Through the first seven months of 2017, staff pulled 3,105 statements. In that same span this year, staff pulled 3,511, an increase of 406 statements, or 13.1%. May and July have both seen the most significant increases; both months increased by more than 150 statements compared to last year. The increase equates to a daily average

of 25 statements in 2018, compared to 22 the previous year. On average, each statement requires approximately 15 minutes of staff time, meaning that through seven months there have been 877 hours of staff time dedicated to SOA's, an additional 101 hours over 2017.

Budget Preparation and Financial Analysis

During the 2018 budget process, the Finance Department gave up a vacant 0.5 Budget Analyst position. This position could have provided additional flexibility during periods of increased labor demand within the department. The Budget Analysis group has seen increases and changes in its work responsibilities due to the ERP transition, including chart of account verification, transfer of general ledger transactions, budget entry and reporting training. Staff has also increased its efforts related to transparency initiatives including OpenCheckbook, Open Budget, and performance management goals.

Implementation of the new ERP was coordinated with hopes of increasing reporting abilities and allowing better analysis in decision-making. The City's primary objective with new technologies is to identify increased efficiencies in particular service areas, which will allow more time to better assess and address issues and tasks as they develop.

Currently, staff struggles to provide desired support to other departments in financial analysis necessary for a proactive management approach. As staff focuses on items related to transparency initiatives and ERP implementation, there is less opportunity to provide departments with reporting data and support on ad hoc projects.

Turnover Rate

Six employees have voluntarily separated from the Finance Department in 2018, which represents 18% of the department's budgeted FTEs. The department lost just one employee in each of the previous two years. These vacancies provide added stress to the remaining employees and increases concern about work-life balance and employee retention. Increased turnover can also result in significant staffing issues due to the time needed to hire qualified candidates and train them to perform full job duties.

Since 2015, the department has reduced staffing levels by 3.47 FTEs. Of note is that the department also has seven employees either eligible or nearing eligibility for retirement, which could result in ongoing staffing issues.

Budget Year	FTE Count
2014	35.60
2015	36.60
2016	35.60
2017	33.63
2018	33.13

Upcoming Initiatives

Several larger projects continue to be undertaken by Finance or are on the horizon. At the beginning of 2019, staff expects to go live with the payroll module in MUNIS. In addition, the new utility billing module will be developed and come online in 2019.

Another major initiative that will impact the department's workload is the modernization of the City's water meters. The City recently approved a one-year agreement with Alexander Inc. to maintain manual reads through next September. In that year, the City will begin to implement automatic reading technology to the 52,000 meters throughout the City. If this process cannot be completed within the current meter reading contract timeframe, continued manual readings will be necessary. This will likely necessitate a new contract or hiring in-house reading staff, all of which would have an impact on Finance's workload in 2019 and beyond.

Other major projects in 2019 and beyond that Finance Department will be included in are:

- ERP Implementation including EnerGov
- Cityworks including fixed assets and costing
- Internal process enhancements including Sharepoint and Socrata
- Administrative Hearings and Adjudication Software
- Public Safety Initiatives including T2 Parking Citation Reimplementation; CAD/RMS, E-911 Telephone
- Customer Convenience initiatives including on-line permits; licensing; bill pay; service requests; and consolidated customer records
- Major project initiatives including 5th Avenue Redevelopment; Ogden Avenue Enhancements, and Downtown Streetscape

Summary

To summarize, Finance's workload and service analysis seeks to use data to show how existing responsibilities, coupled with the City's ERP implementation and transparency initiatives, has resulted in a project capacity that exceeds the hours of existing employees within the department. Based upon the time analysis, to be adequately staffed to meet current workload demands, total FTE's should be increased 1.48 to a total of 34.61. Staff projects this differential to grow over the next two years based upon the increased workload associated with the payroll and utility billing implementation in the ERP. Staff understands that technology projects will yield efficiencies in the future; however, the timeframe to implement these projects to achieve the desired ROI is taking longer due to the need to balance daily tasks.