

**City of West Covina
Financial Recovery Plan
April 6, 2021
DRAFT**

Description of intended corrective actions, timing, prioritization of resources, and identification of individuals responsible for monitoring progress/implementation

State Auditor Objective No.	Action Steps	Expected Completion Date	Responsible Staff (Lead/Support)	Status Report (Updated Monthly)
<p>1. Ensure that the fees/assessments charged for services align with costs and increase fees to reflect cost reasonably borne in the provision of city services</p>	<p>1. Retain consultant to determine strengths and weakness of existing service delivery models. Assess City costs and revenue sources. Examine all revenue sources (local, state and federal) to develop sustainable and defensible revenue streams</p> <p>2. Examine all direct and indirect costs of fees for service, development impact fees and landscape/sewer district assessments</p>	<p>1. RFP release – April 2021</p> <p>2. Establish budget for fee study – May 2021</p> <p>3. Consultant kick-off – June 2021</p> <p>4. Draft Fee Study – October 2021</p> <p>5. City Council adoption – December 2021</p> <p>6. If voter approval is required (assessment districts only) – November 2022</p>	<p><u>Lead</u> – Finance Director</p> <p><u>Support</u> – Assistant City Clerk, Planning Manager, City Engineer, and Public Services Supervisor</p>	

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<p>2. Review, evaluate, and monitor all city contracts</p>	<p>1. City Clerk to prepare list of current contracts. (Exhibit A – please note this is a working list and subject to change)</p> <p>2. Risk Management to verify insurance is current</p> <p>3. Responsible Department designated contract manager to evaluate consultant effectiveness and work quality (e.g. waste hauling and street sweeping)</p> <p>4. Ensure competition for procurements. Follow competitive bidding processes and monitor contract term, especially when exceeding five years</p>	<p>1. List of current contracts – April 2021</p> <p>2. Insurance verification – May 2021</p> <p>3. Departmental review – June 2021</p> <p>4. Review and update City’s purchasing, contracting, and bidding procedures – June 2021</p>	<p><u>Lead</u> – Assistant City Clerk</p> <p><u>Support</u> – All Departments</p>	

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<p>3. Set aside land sale revenue to compensate for any shortfalls in revenue that the City experiences as a result of the effects of the pandemic on the City’s fiscal year 2020-21 budget</p>	<ol style="list-style-type: none"> 1. Economic Development Office to track all land sales and report as to use of proceeds of sales 2. Finance Department to estimate City portion of each land sale 	<p>Review, update and publish list of City of West Covina assets – June 2021</p>	<p><u>Lead</u> – City Manager’s Office</p> <p><u>Support</u> – Assistant City Manager</p>	
<p>4. Proactively mitigate risk and exposure to litigation through training and implementation of best risk management practices</p>	<ol style="list-style-type: none"> 1. City joined the CJPIA on July 1, 2020 2. Review LossCap Action Plan regularly, including “top 5” important priority issues 3. Establish quarterly high-level executive team meetings and safety committee meetings for LossCap review 4. Corrective actions taken as identified in the Initial Risk Management Evaluation (Exhibit B) 	<ol style="list-style-type: none"> 1. Quarterly meetings: March, June, September, and December 2. 50% of corrective actions completed by December 2021 3. 100% of corrective actions completed by December 2023 	<p><u>Lead</u> – Human Resources & Risk Management Director</p> <p><u>Support</u> – All Departments</p>	

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<p>5. Address the excessive cost currently incurred providing fire and emergency medical services</p>	<ol style="list-style-type: none"> 1. Evaluate current Fire Department deployment model 2. Document reasons for absences causing OT 3. Develop viable alternatives for fire and emergency management services 4. Discuss alternative plans with appropriate stakeholders 	<ol style="list-style-type: none"> 1. Analyze current deployment – April 1, 2021 2. Analyze alternatives – May 1, 2021 3. Meet with stakeholders – June 1, 2021 	<p><i>Lead</i> – Fire Chief</p> <p><i>Support</i> – Finance Director and Human Resources Director</p>	
<p>6. Prepare financial analyses that evaluate both the short-term and long-term financial implications of significant spending decisions</p>	<ol style="list-style-type: none"> 1. Use a multiyear forecast to quantify the impact of decisions on the city’s financial condition 2. Evaluate short and long-term impacts of major revenue and expenditure decisions. Recognize trade-offs and opportunities of each decision 	<ol style="list-style-type: none"> 1. Prepare and annually update the forecast to include all projected revenue and expenditures, adding information on new assumptions, unanticipated costs, and cost-saving actions – July 2022 2. Prepare a financial evaluation template – August 2021 3. Staff training – September 2021 4. Include fiscal impact in Council agenda actions – December 2021 	<p><i>Lead</i> – Finance Director</p> <p><i>Support</i> – All Departments</p>	

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<p>7. Implement a formal process for development of reasonable budget projections</p>	<ol style="list-style-type: none"> 1. Review accuracy of quarterly budget projections, comparing current year to previous year actual revenue and expenditures and factoring in known events that will change year-to-year data. 2. Track quarterly building and planning activity 3. Incorporate HdL sales tax information into quarterly, mid-year and annual budget estimates 4. Budget for risk management costs based upon actual loss experience 	<ol style="list-style-type: none"> 1. Meet quarterly with Directors to review activity and trends – March, June, September, and December 2. Use HdL data to support revenue projections for sales, property tax, transient occupancy tax, business license fees – May 1, 2021 	<p><u>Lead</u> – Finance Director</p> <p><u>Support</u> – Assistant Finance Director</p>	
<p>8. Meet and confer regarding negotiation of employee union agreements</p>	<p>Begin meet and confer process with all labor groups to review a) CPI, b) City’s ability to pay, and c) labor market competitiveness on a total compensation basis including base salary, differentials, medical, pensions, and OPEB</p>	<ol style="list-style-type: none"> 1. Meet and confer process starts – April 2021 2. Regular Closed session updates to City Council 3. Meet & confer process completed – July 2022 	<p><u>Lead</u> – Human Resources Director</p> <p><u>Support</u> – Finance Director and City Manager</p>	

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<p>9. Improve internal purchasing processes/enforcement to reduce susceptibility to waste and fraud</p>	<p>1. Review purchasing policy and credit card usage to determine compliance with Best Management Practices</p> <p>2. Evaluate California Uniform Public Construction Cost Accounting Act (Public Contract Code 22000-22045) (Exhibit C)</p>	<p>1. Adopt revised purchasing and credit card usage policies as appropriate – October 2021</p> <p>2. Adopt ordinance enacting California Uniform Public Construction Cost Accounting Act – August 2021</p>	<p><u>Lead</u> – Finance Director</p> <p><u>Support</u> – City Attorney’s Office and City Engineer</p>	