

# Business Services Department Overview



## Mission Statement

*To partner with City departments and facilitate the development of a culture that attracts and retains an effective, engaged, and diverse workforce as well as to deliver high-quality business services that support customer departments, the City Manager's Office, Elected Officials, and the Tucson community.*

*\*During the middle of Fiscal Year 2023/24, Human Resources was separated from the Business Services Department.*

The following divisions are included in this department:

The **Administration** division provides strategic leadership and oversight for all city departments, ensuring effective and efficient service delivery across the organization. Key responsibilities include the oversight and management of essential business operations, including budgeting, finance, and procurement. These activities are carried out in compliance with all applicable laws, City Council policies, and under the guidance of the City Manager.

The **Budget and Financial Planning** division provides the information and support necessary for the Mayor and Council to adopt a balanced budget, while ensuring compliance with federal, state, and local laws, including those related to the City's property tax levy. Key responsibilities include leading and coordinating citywide efforts in long-term financial planning and analysis to support responsible fiscal management and sustainable decision-making.

The **Procurement Operations** division provides support to all City departments with their contracting and procurement needs, ensuring timely and efficient access to goods and services. Key responsibilities include ensuring compliance with federal and local regulations through programs such as Contract Administration, Small Business Enterprise (SBE), Disadvantaged Business Enterprise (DBE), and the Davis-Bacon and Related Acts. Responsibilities also include centralized management of surplus equipment, coordination of public auctions for unneeded assets, and oversight of inventory control.

The **Financial Operations** division manages the City's accounts payable, ensures accurate financial reporting, and maintains transparency in the handling of public funds. This includes preparing key financial documents such as the Annual Comprehensive Financial Report (ACFR), Single Audit, and the Annual Expenditure Limitation Report. The division also operates cashier stations and manages the City's cash flow and investments—projecting cash needs, transferring funds as required, and investing surplus funds to achieve optimal returns within acceptable risk levels. Key responsibilities include the oversight of the City's debt obligations, managing all banking operations, and serving as the primary liaison with the City's banking services provider.

The **Taxpayer Assistance** division supports businesses by providing guidance and assistance with City tax and licensing requirements. Key responsibilities include issuing business licenses, investigating unlicensed activity, and coordinating tax audits with the Arizona Department of Revenue. In addition, this division administers the City's Tax Code, ensuring updates to local tax laws are reflected on the State's tax collection platform, and educating the business community on tax compliance and licensing matters.

The **Satellite Shared Services** division enhances service delivery by establishing satellite offices that provide direct support to City departments. Key responsibilities include serving as subject-matter experts in key operational areas, including budget, finance, payroll, and procurement, to ensure consistent and efficient departmental support across the organization.

The **Risk Business Services** division manages the City's Self-Insurance Trust Fund, covering public liability claims, workers' compensation, employee safety (loss control), and subrogation efforts. Key responsibilities include reviewing and processing claims filed against the City, including payments for public liability. As well as evaluating contracts to ensure proper insurance and indemnification provisions are in place. An additional responsibility includes promoting a safe and healthy work environment by ensuring regulatory compliance and providing employee education on safety practices and procedures.

The **Treasury and Investments** division provides strategic leadership and oversight for all City departments, ensuring alignment with the City's goals and priorities. Key responsibilities include planning, coordinating, and managing core business services—including budgeting, finance, and procurement—in compliance with applicable laws, City Council policies, and under the administrative guidance of the City Manager.

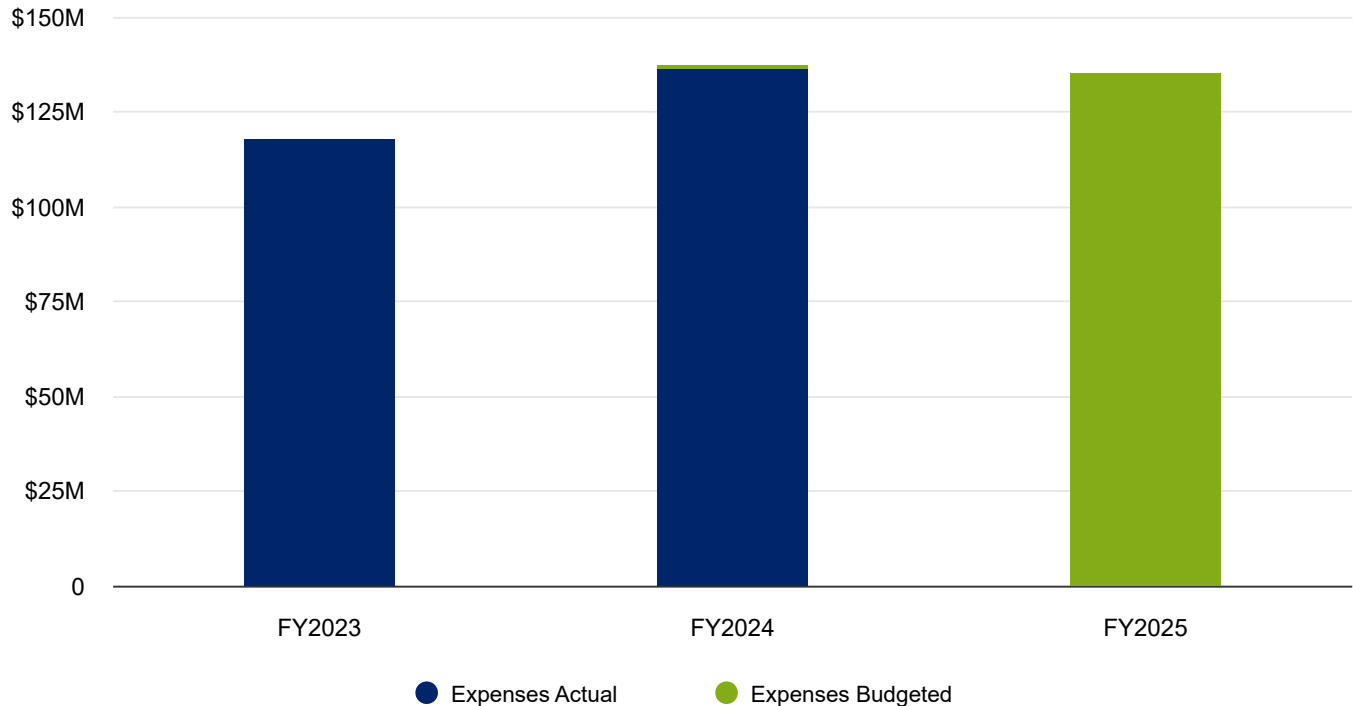
The **Employee Health Benefits** segment is also included in the Business Services Department. Its mission is to provide health-related benefits to City employees, City retirees, and qualified family members through various benefit plans administered by a combination of third-party administrators and contractors.

## Expenditure Summary

**\$135,304,352**

(\$1,939,384) / -1.43% Less Than the Prior Year's Budget

### Historical Expenditures Across Department



### Significant Changes

The adopted budget for Fiscal Year 2025 is \$135,304,352, representing a decrease of \$1,939,384 compared to the Fiscal Year 2024 Adopted Budget. Significant factors include a decrease of \$2,043,329, which is due to the separation of the Human Resources Department from the Business Services Department and an increase of \$200,000 in one-time funding for Request for Proposal (RFP) efforts to support potential transitions of banking and payment processing vendors within the Treasury Division.

### Trends

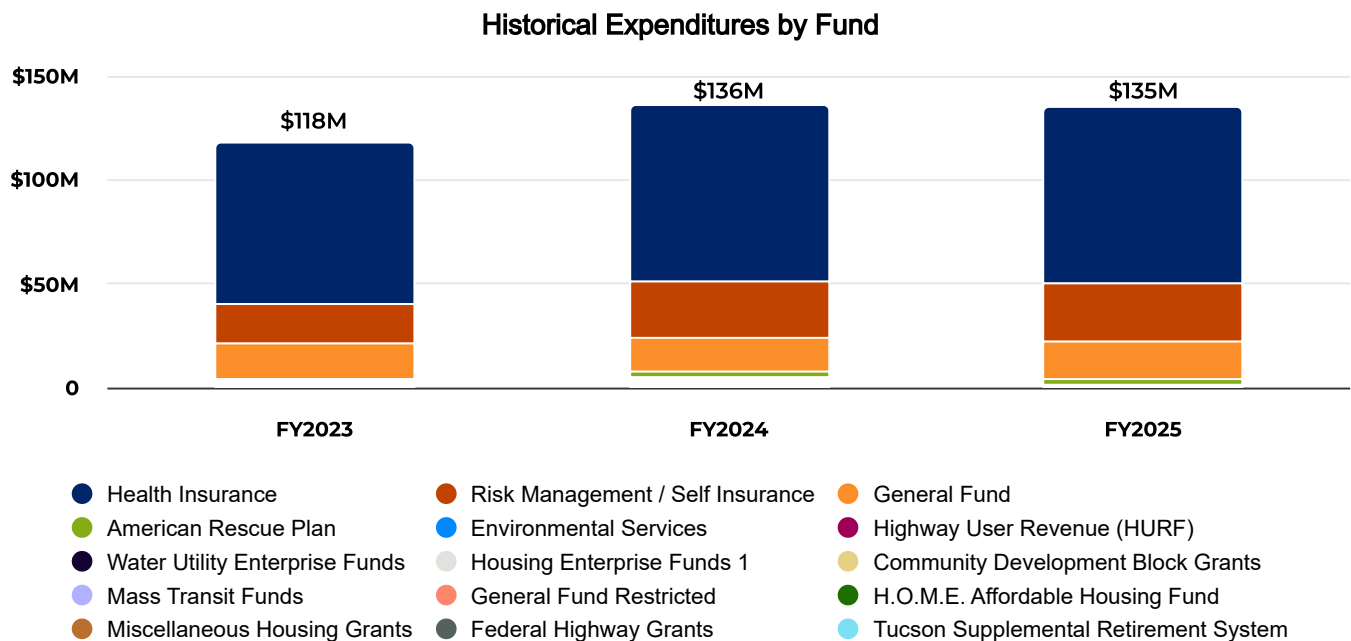
Building a strong employee safety culture depends on early identification of risk trends to help reduce overall losses and protect the financial health of the self-insurance fund. With the launch of the Target Zero—Get Home Safe initiative, the safety culture is improving as department leaders and employees actively focus on safe work practices, participate in training, and engage in regular safety meetings and tailgate sessions. Collaborative meetings among department directors and their management teams are proving effective, providing opportunities to review trends, evaluate progress toward goals, and plan future safety strategies.

## Expenditures by Fund

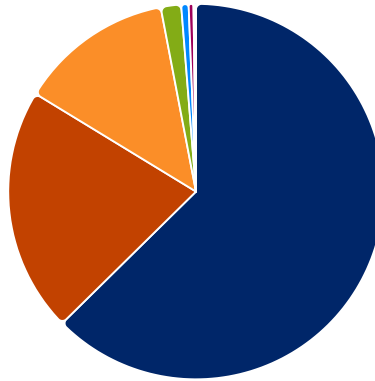
This chart shows how spending was distributed across various funding sources from Fiscal Year 2023 through Fiscal Year 2025.

- Fiscal Year 2023: Total expenditures were \$118 million, with the largest share allocated to Health Insurance and Risk Management funds. Smaller contributions came from the Highway User Revenue Fund (HURF), Mass Transit Funds, and various grant sources.
- Fiscal Year 2024: Spending increased to \$136 million, driven by rising health insurance costs related to public liabilities, insurance premiums, and expanded use of Risk Management. Additional funding from federal grants, including the American Rescue Plan and Housing Enterprise Funds, supported enhanced investment in public services and infrastructure.
- Fiscal Year 2025: Expenditures are projected to slightly decrease to \$135 million, with continued oversight of Health Insurance, the General Fund, and Self-Insurance allocations to maintain support for essential operations.

This trend highlights stable year-over-year spending with increased federal and grant-funded program activity.



## Fiscal Year 2025 Expenditures by Fund



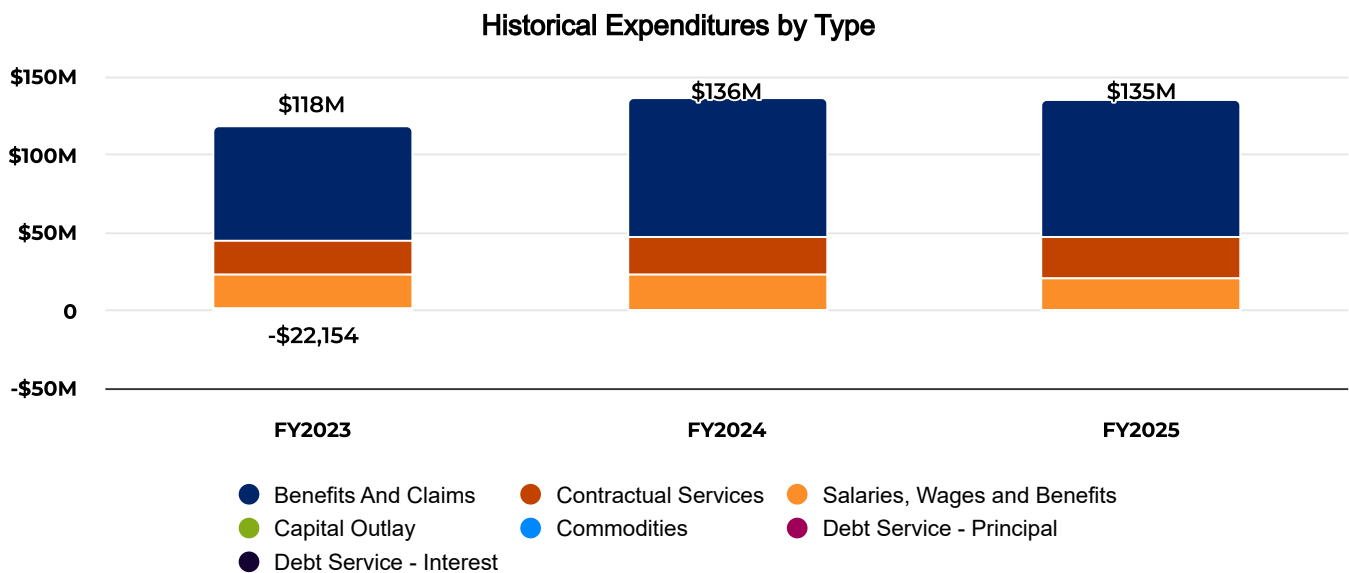
Health Insurance	\$84,736,618	62.63%
Risk Management / Self Insurance	\$28,539,718	21.09%
General Fund	\$17,947,007	13.26%
American Rescue Plan	\$2,378,889	1.76%
Environmental Services	\$844,842	0.62%
Water Utility Enterprise Funds	\$574,044	0.42%
Housing Enterprise Funds 1	\$173,590	0.13%
General Fund Restricted	\$52,512	0.04%
Highway User Revenue (HURF)	\$42,998	0.03%
Community Development Block Grants	\$14,134	0.01%

Note: Charts may not total 100% due to rounding.

## Expenditures by Type

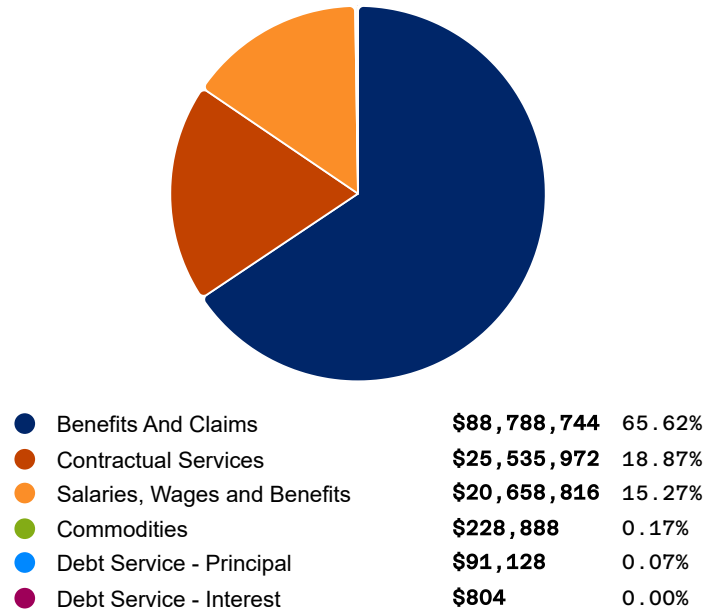
This chart displays how expenditures were allocated by type from Fiscal Year 2023 through Fiscal Year 2025.

- Fiscal Year 2023: Total spending was \$118 million, with the largest expenses in benefits and claims followed by contractual services. There was a small negative value reflected, likely due to adjustments or corrections posted that fiscal year.
- Fiscal Year 2024: Expenditures jumped to \$136 million, driven by significant increases in Benefits and Claims. There were additional increases in Salaries, Wages and Benefits, and Contractual Services, which reflects the growth in staffing and outsourced services.
- Fiscal Year 2025: Expenditures slightly decreased to \$135 million, with a continued focus on Benefits and claims, personnel costs and Contractual Services, showing sustained investment in workforce and operational support.



Note: Fiscal Year 2023 (-\$22,154) indicates transfer out.

### Fiscal Year 2025 Expenditures by Expense Type



Note: Charts may not total 100% due to rounding.

## Accomplishments

In Fiscal Year 2023, the department successfully implemented the Workday ERP system, marking a significant milestone in our efforts to enhance operational efficiency. This implementation has enabled the Business Services Department (BSD) to streamline various business processes, reducing manual workloads and minimizing errors. By leveraging Workday's comprehensive suite of tools, the department continued to improve data accuracy and accessibility, allowing for more informed decision-making.

## Future Objectives

The department aims to enhance user training and support to maximize the capabilities of Workday, integrating additional functionalities to further automate processes, and develop analytics dashboards for real-time insights into departmental performance. These initiatives will not only optimize the workflows but also ensure that the department can continue to provide exceptional service to our stakeholders as we adapt to evolving business needs.

## Position Resources

**Fiscal Year 2025 Adopted FTE Count**

