

# GENERAL

## Ordinance Fact Sheet

Resolution No. 130890

**Brief Title:** Adopting the Financial Strategic Plan, the Five-Year Planning Model, and the Balanced Scenario of the Five-Year Planning Model

### Details

### Positions / Recommendations

<p><b>Reason for Legislation</b></p> <p>The Financial Strategic Plan, the Five-Year Planning Model, and the Balanced Scenario will guide the 2014-15 Submitted Budget. The Citywide Business Plan also will guide the City Council discussion of goals and objectives over the proposed five-year period.</p>	<p><b>Sponsor(s)</b> Council Member Marcason</p>				
<p><b>Discussion</b> <i>(including relationship to other Council actions)</i></p> <p>The City Council and several boards, commissions, and appointed task forces have considered elements of a long-term financial plan. The City Council has never adopted these different elements into one comprehensive plan. In May, the City Manager directed Finance Department staff to align the City Council priorities with the Long Term Financial Plan. On October 24, the City Manager and Finance staff presented the Submitted Citywide Business Plan to the City Council in Business Session.</p> <p>Resolution No. 130890 adopts the Financial Strategic Plan, the Five-Year Planning Model, and the Balanced Scenario proposed in the Financial Strategic Plan within the Submitted Citywide Business Plan. The Financial Strategic Plan contains 22 distinct objectives within seven broader categories. The Five-Year</p>	<p><b>Programs, Departments, or Groups Affected</b> All City Departments and Programs</p>				
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**Details**

**Policy / Program Impact**

<p>Planning Model uses direct budget and expense information from the city financial system to develop financial and operational alternatives within a five-year time frame. Finally, the proposed Balanced Scenario proposes several current and presumed assumptions to meet financial goals within the five-year period. The assumptions include the following:</p> <ul style="list-style-type: none"> <li>• Earnings tax collections increase of 2.5 percent annually.</li> <li>• Sales and use taxes increase 1.5 percent annually.</li> <li>• Employer contributions to health insurance increase five percent annually.</li> <li>• Employer contributions to pension plans fully fund the Actuarial Required Contribution (ARC) beginning in October 2013 for Police Retirement System and Civilian Retirement System plans, and May 2014 for Employee Retirement System and Firefighters Pension System plans.</li> <li>• A reduction in total full-time equivalent positions of approximately three percent – either through attrition or through a Reduction in Force – and a salary freeze in 2015-16.</li> <li>• Reduction of 35 full-time equivalent positions over two years due to the expiration of the Staffing for Adequate Fire and Emergency Response (SAFER) grant.</li> <li>• One-time savings of \$5 million this current year FY 2013-14 and \$11 million in FY 2014-15.</li> <li>• Revenue enhancements of \$4 million in the current year and future fiscal years.</li> <li>• Issuance of \$150 million in general obligation debt over five years supported by increased property tax revenue.</li> </ul>	<p><b>Policy or Program Change</b></p>	<p><input type="checkbox"/> No    <input checked="" type="checkbox"/> Yes</p>
<p>The Balanced Scenario also addresses the following citywide and operational objectives in the Financial Strategic Plan.</p> <ul style="list-style-type: none"> <li>• Perform a financial analysis to evaluate</li> </ul>	<p><b>Operational Impact Assessment</b></p>	<p>Adoption and implementation of the Financial Strategic Plan and the Balanced Scenario will result several key city objectives, including achieving fund balance goals, within five years. Scenarios could include reductions in full-time employees and other expenditures.</p>

<p>the fiscal impact of proposed major expenditures and investments to determine a multi-year strategy for funding City priorities.</p> <ul style="list-style-type: none"> <li>• Adopt ratios for an optimal mix of infrastructure financing methods (PAYG vs. debt financing vs. leveraged funds) that protects the City’s investment, minimizes future replacement and maintenance costs, and ensures continued service.</li> <li>• Ensure the actuarial soundness of the City’s pension systems.</li> <li>• Adopt a plan to develop a structurally balanced budget by fiscal year 2018-19 based on the following factors: current expenditures equal current revenues, infrastructure condition assessment indices continue to improve toward stated goals, and long-term liabilities are addressed.</li> <li>• Develop a time-specific funding plan to meet the City’s adopted goal of maintaining a fund balance of at least two months’ worth of expenditures.</li> </ul>			<p><b>Cost of Legislation</b> None</p> <p><b>Increase/Decrease in Revenue Expected Annually</b></p>
		<b>Fund Sources</b>	

**Applicable Dates:**

**Fact Sheet Prepared By:**

Scott M. Huizenga  
Budget Officer

**Reviewed By:**

Randall J. Landes  
Director of Finance

**Reference Numbers**