



DATE: January 25, 2017

TO: Council Budget and Finance Committee

FROM: Acting Director of Finance

SUBJECT Review of proposal from Management Partners to Update General Fund Ten-Year Plan Model

RECOMMENDATION

That the Committee provides comments and feedback on the proposal by Management Partners to update the City's General Fund Ten-Year Plan Model and assist in developing strategies to eliminate the City's projected structural budget deficit.

BACKGROUND

In 2010, the City developed, in house, a financial projection tool for its Ten-Year Plan Model (the model). The model has seen many iterations and has served as one of the most used and relied upon projection tools for both management staff and City Council when making long term financial decisions. As the City heads into the fiscal year 2018 budget cycle it is faced with a significant structural deficit. An update to the model by an independent financial and economic expert will allow the City to better identify and understand possible areas that could help in closing the budget deficit and provide additional validity to the information and assumptions in the model.

DISCUSSION

Management Partners was founded in 1994 with a specific mission to help local government leaders improve their service to the public. Since then, the firm has worked with hundreds of cities, counties, towns, and special districts of all sizes across the United States to help them work more effectively and run more efficiently. Management Partners offers a balance of perspectives with a practitioner's bias and a proven track-record of accomplishment of successful consulting engagements. The City Council recently contracted with Management Partners to assist in the facilitation of the performance evaluations of the Council Appointed Officers.

At the request of City staff, Management Partners created a proposal to prepare a long-term financial forecast model using multiple different scenarios based on the City's baseline revenues and expenses. Along with the creation of a new model, Management Partners will work with staff to develop potential strategies for addressing the deficit based on comparisons with other cities and their overall knowledge of expenditure and revenue

strategies used in California. While the cost of the contract falls within the City Manager's signing authority, staff wanted to get feedback from the Committee on the scope of work and expectations, given the visibility and importance of the Ten-Year Plan to the City's financial planning.

FISCAL IMPACT

The total cost of the work as proposed would be \$59,900. Funds for this work have not been identified at the time of this meeting and will be an expense of the General Fund in FY 2017.

NEXT STEPS

The City will look to engage Management Partners following this meeting and will incorporate any suggested revisions to the proposed work made by the Committee.

Prepared and Recommended by: Dustin, Claussen, Acting Director of Finance

Approved by:



Kelly McAdoo, City Manager