

# Multi-Year Financial Forecast

-- *Update* --

City of Marysville  
December 17, 2019

# City of Marysville - Financial Forecast Update

## Discussion Outline

- ▶ Purpose of Baseline Financial Forecast
- ▶ Development of Baseline Financial Forecast - Changes / Updates
- ▶ Updated Financial Forecast Results
- ▶ Updated Financial Forecast - Observations
- ▶ General Fund - Fund Balance / Reserves
- ▶ Next Steps

# City of Marysville - Financial Forecast

## Purpose of Baseline Financial Forecast

Develop better understanding of “baseline” General Fund funding requirements to provide a defined level of services by recognizing impacts of:

- ❑ Annual revenue and expenditure changes over a multi-year period based upon a given set of assumptions
- ❑ Significant cost drivers demanding an increasing share of discretionary revenues:

*Retirement and other Employment Costs; Capital and Outlay Contributions / Maintenance of Effort Requirements, etc.*

# City of Marysville - Financial Forecast

## Development of Baseline Financial Forecast - Updates / Changes

Update of Baseline Financial Forecast based on:

- ▶ FY 2019-20 Adopted Budget adjusted for:
  - ▶ Removal of one-time revenues and expenditures where necessary in future years
  - ▶ Updates to revenues and expenditures determined subsequent to adoption of budget - i.e. FY 2019-20 Budget Adjustments (made or anticipated)
- ▶ Full staffing as authorized in FY 2019-20 Adopted Budget
- ▶ Impacts to future fiscal activity based on array of known or conservative assumptions for all years in model

# City of Marysville - Financial Forecast

## Development of Baseline Financial Forecast - Updates / Changes

### Adjustments / Changes built into Financial Forecast:

#### ▶ Revenue Impacts:

- ▶ Increased Measure F revenues (increases to \$250,000 in FY 2021-22)
- ▶ Addition of Fire SAFER Grant (3.0 FTE Firefighters - 2 years full funding / 1 year 35% funding)
- ▶ Annual CPI of 4% added to Hard Rock Casino revenues
- ▶ Fire Recovery fees added to base revenue budget in FY 2020-21 (\$100,000)
- ▶ Subsequent year removal of 1-time funding items budgeted in FY 2019-20 (i.e. grants; strike team funding)

# City of Marysville - Financial Forecast

## Development of Baseline Financial Forecast - Updates / Changes

### Adjustments / Changes built into Financial Forecast:

#### ▶ Expenditure Impacts:

- ▶ General Fund capital allocation for Street Maintenance (\$289,769) for all years in forecast
- ▶ Vacancy Savings not built into forecast - all positions assumed filled
- ▶ Debt Service for recent issuance of Pension Obligation Bond replaces annual CalPERS UAAL expenditure
- ▶ Reductions in citywide health benefits costs related to change in benefit provider
- ▶ All approved MOU increases built into forecast
- ▶ Public Safety overtime costs held static throughout all future years in model - \$170,000 Fire / \$208,000 Police

# City of Marysville - Financial Forecast

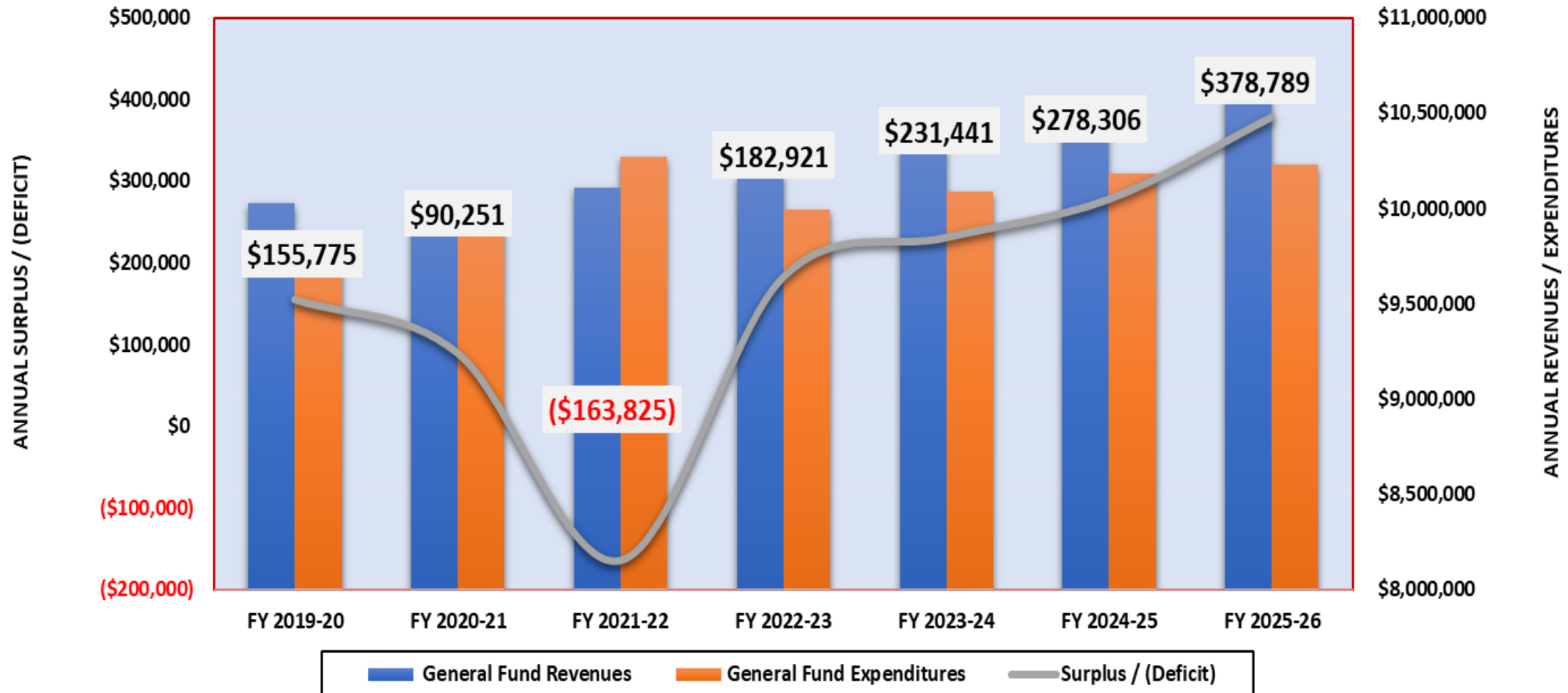
## Updated Financial Forecast Results

FY 2019-20 to FY 2025-26 General Fund Forecast							
	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>
<b>Revenues</b>	\$10,025,550	\$10,048,488	\$10,107,645	\$10,177,759	\$10,318,631	\$10,462,063	\$10,608,109
<b>Expenditures</b>	\$9,869,775	\$9,958,237	\$10,271,471	\$9,994,838	\$10,087,191	\$10,183,758	\$10,229,320
<b>Surplus/(Deficit)</b>	\$155,775	\$90,251	<b>(\$163,825)</b>	\$182,921	\$231,441	\$278,306	\$378,789
<b>% of Budget</b>	1.6%	0.9%	<b>-1.6%</b>	1.8%	2.3%	2.7%	3.7%

# City of Marysville - Financial Forecast

## Updated Financial Forecast Results

### General Fund Revenue and Expenditures

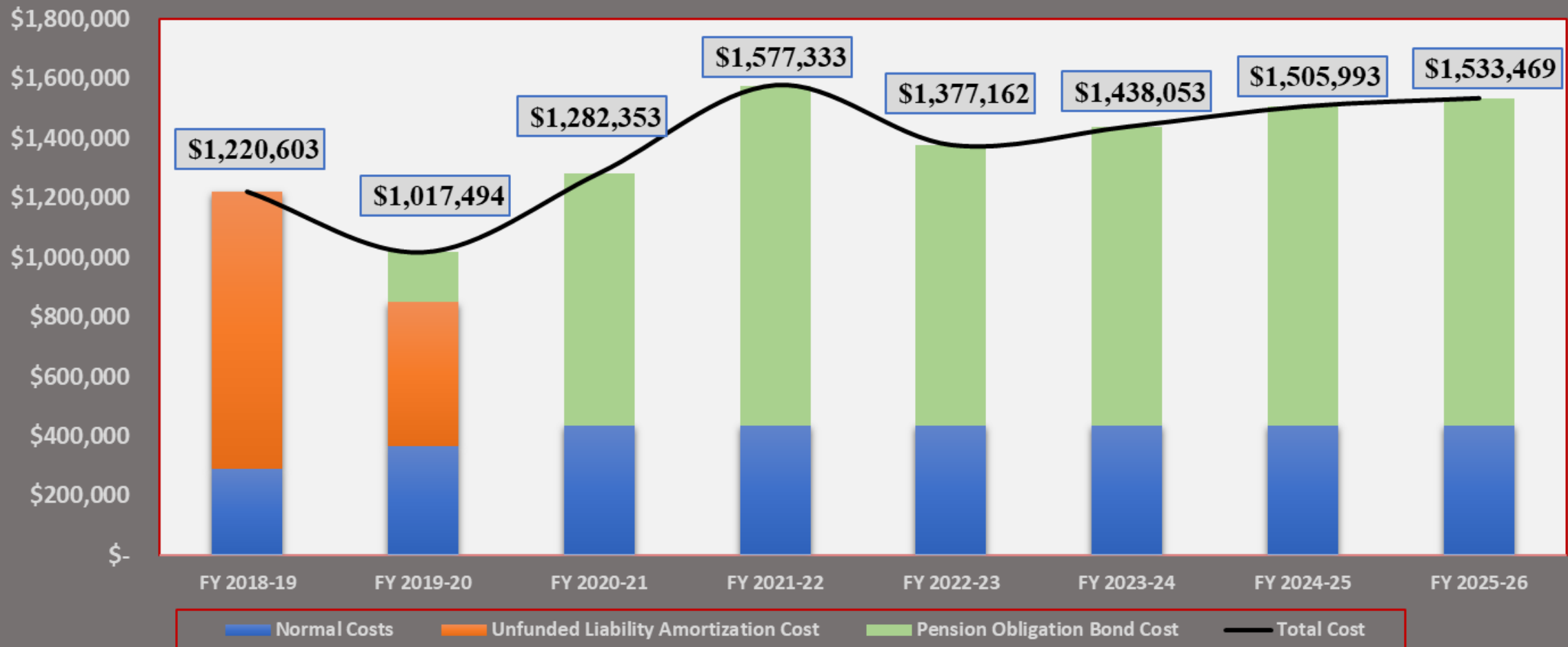




# City of Marysville - Financial Forecast

## Updated Financial Forecast Results

### CalPERS Employer Costs



# City of Marysville - Financial Forecast

## Updated Financial Forecast Observations

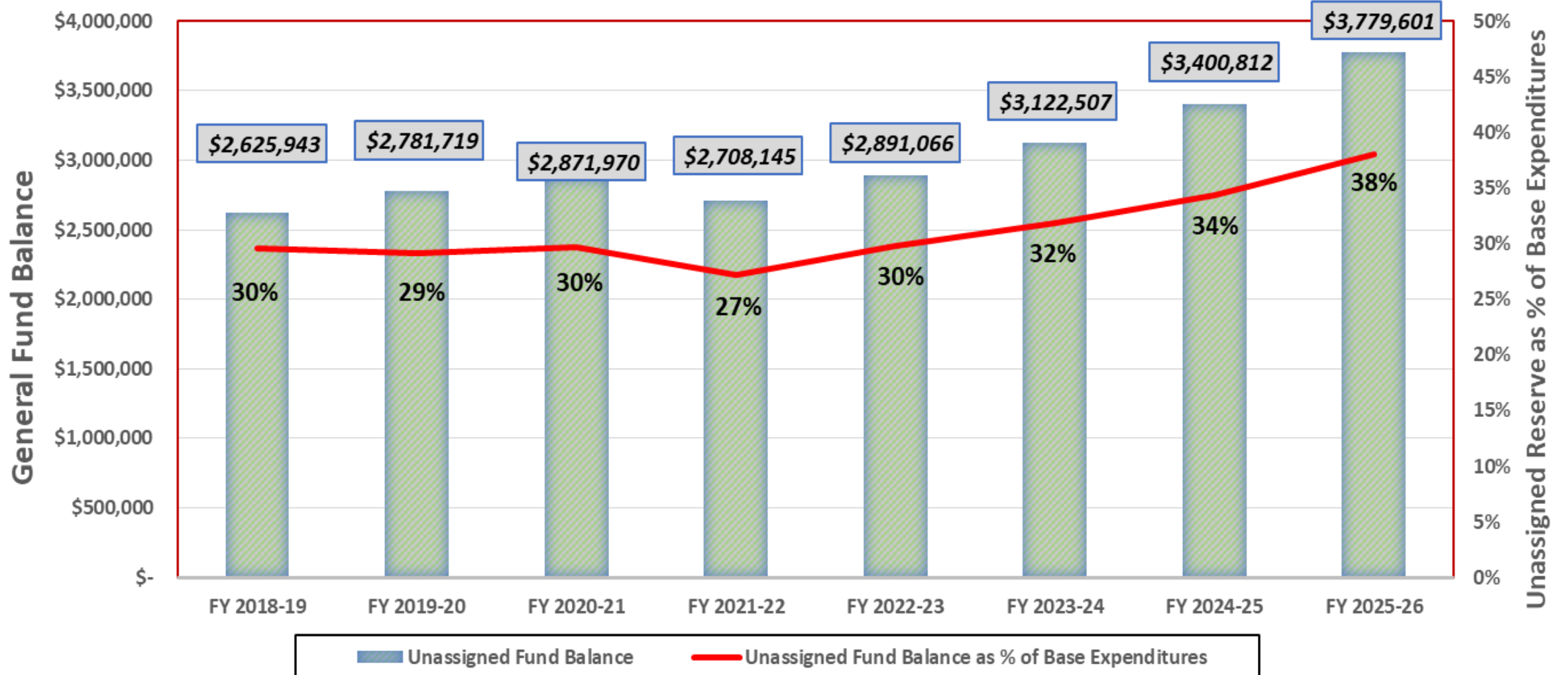
### *Model Results - Observations:*

- ▶ Systemic surpluses projected beginning in FY 2022-23
- ▶ Deficit in FY 2021-22 related to one-time increased Pension Obligation Bond payment (scheduled debt service)
- ▶ Ability to provide for MOU increases facilitated by changing health benefit plan
- ▶ Issuance of Pension Obligation Bond provides some certainty regarding future CalPERS UAAL payments
- ▶ Staffing of SAFER personnel in all years of forecast
- ▶ SB-1 MOE requirement of \$289,769 built into all years of forecast
- ▶ Forecast does not include any recurring capital outlay

# City of Marysville - Financial Forecast

## Updated Financial Forecast - Fund Balance / Reserves

ENDING GENERAL FUND BALANCE - UNASSIGNED



# City of Marysville -Financial Forecast

## General Fund - Fund Balance / Reserves

### *General Fund Balance Observations:*

#### Fund Balance Impacts and Observations:

- ▶ Fund Balance / Reserves range from \$2.6 million to \$3.8 million throughout forecasted period
- ▶ Fund Balance / Reserves represent 27% - 38% of operating expenditure base
- ▶ Fund Balance provides necessary cash flow to sustain uninterrupted operations given cyclical nature of revenue collection over course of year
- ▶ GFOA recommends maintaining a minimum of two months of annual expenditure base (17%) in Fund Balance Reserves
- ▶ City's Reserve Policy requires establishing a Committed Reserve of at least 20% of the annual expenditure base with a goal of attaining 30%

# City of Marysville -Financial Forecast

## Next Steps - Future Considerations

### *Financial Forecast Future Considerations:*

- ▶ Review and update of Master Fee Schedule (ongoing revenue)
- ▶ Disposition of Plumas Lake Golf Course (one-time revenue)
- ▶ Sale of B Street Property (one-time; new development could lead to ongoing sales tax revenue)
- ▶ Fire Recover USA (ongoing growth and revenue)
- ▶ Gold Sox Agreement (ongoing revenue)
- ▶ Establishment of new businesses (ongoing revenue)
- ▶ Cell Tower Agreements (ongoing revenue)
- ▶ Auto Cross Race Track Project (ongoing revenue)

# City of Marysville -Financial Forecast

## Next Steps - Future Considerations

### *Financial Forecast Future Considerations:*

- ▶ Cannabis Ordinance (ongoing growth and revenue)
- ▶ Update: General Plan & Municipal Code; Prepare new Medical Arts District Specific Plan (ongoing; leads to growth)
- ▶ Potential Shared Service Agreement with other Fire Jurisdictions (ongoing revenue)
- ▶ Recology Discharge Permit (ongoing revenue - Enterprise Fund)
- ▶ Continued grant funding opportunities (ongoing revenue)
- ▶ Restructure LAFCO payment (ongoing cost savings)
- ▶ Park Wells Installation and Initiative (ongoing cost savings)

# City of Marysville -Financial Forecast

## Next Steps - Financial Model Updates

### *Continued Evolution / Development of Financial Forecast:*

- ▶ Financial Forecast should be updated at least twice annually (with annual budget development and mid-year update)
- ▶ Model facilitates General Fund budget development
- ▶ Model should be used as a tool to help gauge decision-making - ability to determine long-term impacts of:
  - ▶ Labor Negotiations
  - ▶ Ongoing funding needs (i.e. capital and other City Council priorities)
  - ▶ New revenue sources

# City of Marysville -Financial Forecast

## Conclusion

***Questions / Comments / Direction***