Budget Foundation: Fiscal Health Response Plan
Staff Recommendation

1. Review and provide general direction to staff regarding proposed components and allocations for the development of a Fiscal Health Response Plan (FHRP) with final adoption of the FHRP in April 2018.
Staff Recommendation

2. Provide direction to staff to return in April 2018 with specific recommendations on the use of one-time fund balance above policy reserve including dollar allocation to fund a Section 115 Pension Trust to address long-term variability in pension costs and address unfunded liability.
Staff Recommendation

3. Review a preliminary 10-Year Capital Improvement Plan (CIP) and provide general direction to staff to return to Council in January 2018 for final review including recommendations to allocate reserves in excess of policy requirements towards community safety project.
San Luis Obispo is Committed to:

- Good Fiscal Management
- Public Engagement
- Quality Services

BALANCED APPROACH
Presentation Overview

- Input and review
- Recommendation
- Next steps
1. Input and Review
1. Input and Review

- Operational Reductions
- New Ways of Doing Business
- Employee Concessions
- Revenue Options
1. Input and Review: Outreach and Engagement

- Community and Staff
- Information sessions
- Surveys
- Earned Media
1. Input and Review: Internal Review

Citywide Effort

- Employees
- Fiscal Team
- Leadership Team
1. Input and Review

Extreme Scenarios Analysis

Operational Reductions

68 FTE

Employee Concessions

Approximate 18% total compensation reduction

Revenue Options

Voter Approval Required

Not recommended
2. Recommendation
December 12th Council Meeting

Direction on use of one-time funds

Direction on components of fiscal health plan

Solving the Problem

10 year CIP
Recommendation

Managed by Fund

General Fund $7.5 M
Enterprise Funds $1.4 M

* Concessions would apply to all funds
Recommendation: #1 General Fund

Component Allocations %

- Operating Reductions and New Ways of Doing Business: $2.25-$3 Million
- Revenue: $2.25-$3 Million
- Concessions: $1.5-$2.25 Million
Recommendation #1 - A

New Ways of Doing Business

Operational Reductions

Minimize Service Level Impacts

1. Continued proactive fiscal management
2. Thoughtful re-organizations
3. Enhanced effectiveness and efficiency
Recommendation #1 - B

1. Pursue Cannabis Tax
2. Pursue Storm Water Utility
Recommendation #1 - C

Employee Concessions

1. Adopted policies and compensation philosophy
2. Meet and confer
Recommendation: Council Policy

Use of One-Time Reserves Above Policy Reserve

- Pay Down Unfunded Liabilities
- Invest in Infrastructure
Recommendation #2

- Pension Trust Formation
- Save Early
- Pay Toward Unfunded Liabilities
Recommendation # 3
10 Year CIP – General Fund

Chart 1
Total Cost for 10 Years = $419 M

New Projects
Rehabilitation or Replacement
Annual Maintenance

$40,000,000
$30,000,000
$20,000,000
$10,000,000
$0


$6 M Avg.
3. Next Steps
Next Steps:
Fiscal Health Response Plan

OCTOBER
Informed community & staff
Next Steps:
Fiscal Health Response Plan

NOVEMBER
City Council Meeting to confirmed process to develop plan
Next Steps:
Fiscal Health Response Plan

DECEMBER

City Council Meeting for direction on how plan components are to be distributed
Next Steps:
Fiscal Health Response Plan

JAN-MAR
Develop components of plan based on Council direction
Next Steps:
Fiscal Health Response Plan

APRIL
Plan adoption at Strategic Budget Direction
Next Steps:
Fiscal Health Response Plan

JUNE
Budget adoption consistent with plan
How you can stay involved

Complete surveys

Contact Us: fiscalhealth@slocity.org
Staff Recommendation: 3 pronged approach

1. Review and provide general direction to staff regarding proposed components and allocations for the development of a Fiscal Health Response Plan (FHRP) with final adoption of the FHRP in April 2018; and

2. Provide direction to staff to return in April 2018 with specific recommendations on the use of one-time fund balance above policy reserve including dollar allocation to fund a Section 115 Pension Trust to address long-term variability in pension costs and address unfunded liability; and

3. Review a preliminary 10-Year Capital Improvement Plan (CIP) and provide general direction to staff to return to Council in January 2018 for final review including recommendations to allocate reserves in excess of policy requirements towards community safety project.