2014 Strategic Planning Update

Comprehensive Financial Strategy

Atascadero City Council
February 1, 2014
**Comprehensive Financial Strategy – January 2013**

### General Fund History & Projections

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**Atascadero**

Comprehensive Financial Strategy

January 2013
Financial Strategy

- What is it?
- Why is it important?
Financial Strategy
Financial Roadmap
City of Atascadero

TRAVEL CHECKLIST
- Sales tax revenue increases?
- Permit & development revenues?
- TOT revenue increases?
- Property tax revenue increases?
- RPTTF revenue?
- Revenue from continued economic development and recovery?

DESTINATION
- Adequate reserves
- Consistent service levels
- Quality community

Follow the Roadmap to the destination!
Financial Strategy

[Graph showing fluctuations in Dollars over Years, with Expenses and Revenues lines]

Dollars

Years

Expenses

Revenues
Financial Strategy

Years

Dollars

Pre-2009
Financial Strategy

Years

Dollars

Pre-2009
2009-2011
Financial Strategy

Years

Dollars

Pre-2009  2009-2011  2011-2015
# Seven-Year General Fund Projection

## Taxes

<table>
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<tbody>
<tr>
<td>Property Tax (Current Secured &amp; VLFL)</td>
<td>$6,766,432</td>
<td>$6,897,220</td>
<td>$7,095,810</td>
<td>$7,344,160</td>
<td>$7,601,200</td>
<td>$7,867,250</td>
<td>$8,063,930</td>
<td>$8,265,530</td>
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<td>RDA Dissolution Distributions</td>
<td>$2,374,020</td>
<td>57,370</td>
<td>70,130</td>
<td>83,760</td>
<td>97,070</td>
<td>114,590</td>
<td>120,000</td>
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<td>Other Property Taxes</td>
<td>176,693</td>
<td>177,660</td>
<td>208,940</td>
<td>230,870</td>
<td>258,490</td>
<td>281,160</td>
<td>282,520</td>
<td>283,900</td>
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<td>Franchise Fees</td>
<td>1,009,974</td>
<td>1,012,170</td>
<td>1,023,110</td>
<td>1,026,130</td>
<td>1,012,340</td>
<td>1,015,220</td>
<td>1,026,510</td>
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<td>Transient Occupancy Tax</td>
<td>703,990</td>
<td>691,900</td>
<td>854,900</td>
<td>867,570</td>
<td>854,000</td>
<td>840,200</td>
<td>857,000</td>
<td>874,100</td>
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<td>270,090</td>
<td>265,000</td>
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<td>277,000</td>
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<td>Permits</td>
<td>404,420</td>
<td>327,880</td>
<td>431,450</td>
<td>468,650</td>
<td>452,240</td>
<td>489,150</td>
<td>478,990</td>
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<td>Intergovernmental</td>
<td>101,364</td>
<td>79,740</td>
<td>80,410</td>
<td>81,970</td>
<td>83,380</td>
<td>85,630</td>
<td>87,380</td>
<td>89,990</td>
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<td>Grants</td>
<td>269,330</td>
<td>13,480</td>
<td>1,510</td>
<td>1,750</td>
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<td>Administrative Fees</td>
<td>44,342</td>
<td>43,500</td>
<td>50,370</td>
<td>52,250</td>
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<td>55,000</td>
<td>54,880</td>
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<td>Pavilion &amp; Other Rental Fees</td>
<td>149,811</td>
<td>151,800</td>
<td>143,400</td>
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<td>144,230</td>
<td>145,080</td>
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<td>Parks Fees</td>
<td>36,156</td>
<td>30,890</td>
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<td>31,720</td>
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<td>32,570</td>
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<td>Zoo Fees</td>
<td>330,174</td>
<td>400,820</td>
<td>415,980</td>
<td>440,400</td>
<td>456,930</td>
<td>463,550</td>
<td>467,210</td>
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<td>Fines</td>
<td>60,418</td>
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<td>120,550</td>
<td>120,550</td>
<td>78,760</td>
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<td>Interest Income</td>
<td>51,961</td>
<td>34,960</td>
<td>28,100</td>
<td>24,100</td>
<td>22,100</td>
<td>22,100</td>
<td>20,100</td>
<td>24,100</td>
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<td>Other</td>
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<td>Transfers</td>
<td>453,539</td>
<td>363,930</td>
<td>372,470</td>
<td>391,090</td>
<td>410,640</td>
<td>431,170</td>
<td>452,730</td>
<td>475,370</td>
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<td>Total Revenues</td>
<td>20,075,064</td>
<td>16,723,100</td>
<td>16,876,670</td>
<td>17,472,590</td>
<td>18,033,360</td>
<td>18,785,560</td>
<td>19,163,290</td>
<td>19,644,120</td>
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<td>Employee Services</td>
<td>(12,926,538)</td>
<td>(12,412,720)</td>
<td>(12,700,820)</td>
<td>(12,974,130)</td>
<td>(13,233,500)</td>
<td>(13,478,520)</td>
<td>(13,700,020)</td>
<td>(13,938,370)</td>
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<tr>
<td>Special Projects &amp; Community Funding</td>
<td>(327,857)</td>
<td>(1,002,810)</td>
<td>(183,900)</td>
<td>(203,200)</td>
<td>(203,300)</td>
<td>(213,450)</td>
<td>(213,600)</td>
<td>(213,750)</td>
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<td>Capital Outlay</td>
<td>(136,425)</td>
<td>(35,000)</td>
<td>-</td>
<td>(90,000)</td>
<td>(90,000)</td>
<td>(90,000)</td>
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<td>Other Uses</td>
<td>(10,491)</td>
<td>(1,080)</td>
<td>(1,020)</td>
<td>(1,020)</td>
<td>(1,210)</td>
<td>(1,210)</td>
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<td>Total Expenses</td>
<td>(18,534,558)</td>
<td>(18,004,100)</td>
<td>(17,538,670)</td>
<td>(17,899,880)</td>
<td>(18,267,090)</td>
<td>(18,677,160)</td>
<td>(18,919,930)</td>
<td>(19,312,410)</td>
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<td>NET INCOME / (LOSS)</td>
<td>1,540,506</td>
<td>(1,281,000)</td>
<td>(662,000)</td>
<td>(427,290)</td>
<td>(233,730)</td>
<td>108,400</td>
<td>243,360</td>
<td>331,710</td>
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<td>Fund Balance Beginning of Year</td>
<td>6,466,562</td>
<td>8,007,068</td>
<td>6,726,068</td>
<td>6,064,068</td>
<td>5,636,778</td>
<td>5,403,048</td>
<td>5,511,448</td>
<td>5,754,808</td>
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<td>FUND BALANCE END OF YEAR</td>
<td>$8,007,068</td>
<td>$6,726,068</td>
<td>$6,064,068</td>
<td>$5,636,778</td>
<td>$5,403,048</td>
<td>$5,511,448</td>
<td>$5,754,808</td>
<td>$6,086,518</td>
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<td>Fund Balance as % of Expenses</td>
<td>43.2%</td>
<td>37.4%</td>
<td>34.6%</td>
<td>31.5%</td>
<td>29.6%</td>
<td>29.5%</td>
<td>30.4%</td>
<td>31.5%</td>
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</tbody>
</table>
7-Year Projection – General Fund Reserve Balance
Financial Roadmap
City of Atascadero

Travel Checklist

- Sales tax revenue increases?
- Permit & development revenues?
- TOT revenue increases?
- Property tax revenue increases?
- RPTTF revenue?
- Revenue from continued economic development and recovery?
Sales Tax Revenues

Sales Tax Projections

2013-2014
Permit & Development Revenues

- Assume an increase of activity
- Dormant permits in process
- Permit fees pay for costs incurred
- Cost study upcoming
Property Tax Revenues

Property Taxes (Current Secured)

$- 1,000,000 2,000,000 3,000,000 4,000,000 5,000,000 6,000,000


2013-2014

2018-2019 2019-2020
Property Tax Revenues

Property Taxes (Current Secured)

- 2011-2012
- 2012-2013
Detour?
7-Year Projection – General Fund Reserve Balance

Year Projection
-10% 0% 10% 20% 30% 40% 50% 60% 70%
2013-2014
7-Year Projection –
+$500,000 annual expenses in 13/14
TRAVEL CHECKLIST

- Sales tax revenue increases?
- Permit & development revenues?
- TOT revenue increases?
- Property tax revenue increases?
- RPTTF revenue?
- Revenue from continued economic development and recovery?
What is +$500,000 in revenue?
An additional...

+ 1.4 Walmart
What is +$500,000 in revenue?
An additional....

\[ \times 1,667 \]

annual new car sales
What is +$500,000 in revenue?
An additional....

x 110
rooms / day
What is +$500,000 in revenue?
An additional....

$500,000 \times 1,700 \text{ tanks of gas/day}$
Financial Roadmap
City of Atascadero

TRAVEL CHECKLIST
- Sales tax revenue increases?
- Permit & development revenues?
- TOT revenue increases?
- Property tax revenue increases?
- RPTTF revenue?
- Revenue from continued economic development and recovery?

DESTINATION
- Adequate reserves
- Consistent service levels
- Quality community

Follow the Roadmap to the destination!
The Road Signs of Fiscal Success

Stay in between the lines

- City has an effective strategy
- Follow plan
The Road Signs of Fiscal Success

Watch for dips

- monitor economic indicators
- analyze financial reports
- adjust as necessary
The Road Signs of Fiscal Success

Obey the speed limit
• balance short-term needs with long-term goals
• recovery is slow
The Road Signs of Fiscal Success

Use caution near detours
- variations away from the strategy will affect the future
- significant changes will use resources faster than planned
- consider opportunity costs
The Road Signs of Fiscal Success

Obey the weight limit

- resources limit capacity
- no new or expanded programs without new funding sources or elimination of other costs
The Road Signs of Fiscal Success

Drive defensively
• aggressive economic development
• continued conservative fiscal policy
The Road Signs of Fiscal Success

Conserve fuel

• continued operational efficiencies
• continued evaluation of expenditures
• realistic operational budgets
The Road Signs of Fiscal Success

Safety first

- reserves are the foundation to the City’s fiscal safety and security
- reserves provide residents with consistent service levels
- solid financial health is due to careful planning and adherence to that plan
There
NEXT EXIT
Comprehensive Financial Strategy
Questions?