

Long Term Financial Plan Review

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The City has prepared an annual Long Term Financial Plan since 1993. Thus, the 2014 LTFP represents the twenty-second plan prepared by the City Administration for City Council consideration. The plan focuses on financial and organizational issues and is designed to provide staff initiated solutions to problems identified through the financial planning process.

The following is an update of the 2013 Long Term Financial Plan issues:

Financial Trend Analysis	Status
A number of financial indicators are analyzed utilizing the International City Management Association's (ICMA) guidelines contained in "Evaluating Financial Condition". The analysis of these indicators is designed to present information on the fiscal health of the City of San Clemente as part of the Long Term Financial Plan. This annual financial trend analysis focuses on the City's General Fund.	Done

Financial Forecast	Status
To update the comprehensive five-year financial forecast for the General Fund, incorporating adopted City fiscal policies, expenditure patterns, revenue trends, fund balances and other known financial impacts.	Done

Long Term Financial Plan Review

Reserve Analysis	Status
<p>To analyze and recommend appropriate levels of reserves to (a) ensure that they are adequate to provide for the needs of each fund program; (b) meet program needs without unnecessarily obligating scarce dollar resources; and, (c) to ensure compliance with City fiscal policies and legal requirements by State, County or Local Ordinances.</p>	<p>General Fund Emergency Reserve funding equals 9% of operating expenditures in the FY 2014 budget.</p> <p>Sustainability Fund Balance Reserve at \$10M</p> <p>A transfer of \$130,000 from the General Fund to the Accrued Leave Reserve was included in the budget.</p> <p>Transfer from the Vista Hermosa Sports Park Reserve and amount to subsidize the net cost of operating the park during FY 2015, estimated at \$990,000.</p>

Fiscal Policy	Status
<p>Review the City's adopted Fiscal Policy on an annual basis in order to determine appropriate changes, additions or deletions.</p>	<p>Done</p>

Capital Projects Analysis	Status
<p>To provide a summary of capital projects with funding challenges and funding obligations for significant projects. This analysis will review the funding status of the existing reserves as well as future projected funding sources, and attempt to determine the timing of the projects in connection with the City's current and future financial resources.</p>	<p>Significant capital projects are projected in the City's 6-year Capital Improvement Program budget. These encompass 3 categories (City projects – Non-Enterprise, City projects-Enterprise, and Prospective projects). Due to their major impact on the General Fund, and elimination of RDA funding, the implementation of these projects is addressed over a period of time. The City Council expressed an interest in a fast track approach for the remaining beach restrooms as part of its 2013 Strategic Priorities.</p>

Street Improvement Program Update	Status
To provide an update on the progress of the City's Street Improvement Program progress.	An update on the status and progress of the Street Improvement Program was included in the 2013 LTFP. An update on the latest pavement management assessment and conditions of City streets will be provided to the City Council by early March.

Clean Ocean Fee Renewal	Status
To provide an update on the progress of the Clean Ocean Program, initially passed by voters in 2002 and renewed in 2007. The current program expired in December 2013.	Done. The election was held and voters renewed the program for 6 more years.

General Plan Implementation Review Process	Status
To establish procedures for the annual review of General Plan Strategic Implementation Priorities in order to determine which projects/programs will be implemented in future fiscal years. The process will allow for the integration of the General Plan Strategic Priorities with the LTFP.	City Council approved the Centennial General Plan and related planning documents, the Bicycle and Pedestrian Master Plan and Climate Action Plan, and certified the project's Environmental Impact Report. The new General Plan takes effect on March 6, 2014. Implementation of the Plan's numerous implementation measures will begin thereafter with the preparation of a Strategic Implementation Program (SIP). The Program will set implementation priorities for the Long Term Financial Plan for the first five years following General Plan adoption, followed by annual SIP updates.

Long Term Financial Plan Review

Fleet Maintenance Services Evaluation	Status
To evaluate and analyze fleet maintenance services since the current contract will expire in June 2014. Also to provide alternative scenarios for the future delivery of fleet maintenance services to the City.	City staff are reviewing a draft report and anticipate finalizing the study and returning to City Council with recommendations by April of 2014.

American Disabilities Act	Status
To present an overview of the ADA assessments completed by the City's consultant, Disability Access Consultants, Inc. (DAC); review the steps already taken by the City to comply with ADA requirements; and, outline an approach to address the DAC recommendations to ensure the City's facilities, programs, services, and activities are ADA compliant.	The recommendation is done, although implementation of the plan will require significant financial resources over the next 20 years. The ADA improvements have now been incorporated into the Capital Improvement Program and will be part of this annual process.

Debt Analysis	Status
To (a) conduct a review of existing debt, (b) review long-range financing guidelines, (c) determine revenue sources for debt service and repayment, and (d) recommend alternatives to fund major capital programs.	Done

Gap Closing Strategies	Status
To analyze the cash flows and funding gaps of the City's priority capital projects and develop a gap-closing strategy which will meet the future infrastructure needs of the community, while ensuring that future resources can sustain on-going operation and maintenance costs.	Done

Long Term Financial Plan Review

In order to provide some historical perspective, this section briefly reviews each financial plan and includes a definition of problems encountered along with the adopted solutions:

Year	Challenge	Solution
012	<ul style="list-style-type: none"> • To provide an update on the progress of the City’s Street Improvement Program (SIP). • To review and analyze legal costs and determine methods of cost reduction/efficiencies. • To review the existing business license tax structure to determine if any changes should be made in the process or tax structure. • To analyze the cost to provide water and wastewater services with the objective of developing a fair and equitable rate structure for the utility customers. 	<ul style="list-style-type: none"> • Staff is investigating options for continuing the Assessment District of the SIP. • Modified the city attorney contract to reduce the monthly retainer and reduce the hourly fee for non-retainer services. • No changes were made to the tax structure, though at Council direction, staff implemented electronic enhancements consisting of online business license payment processing for business license renewals. • A cost-of-service study was performed on the water and sewer utilities and rate structure reviewed which resulted in sewer and water rate increases of 8% and 7% respectively. Unit allocations were examined and amended for single family and irrigation customer classifications in tiers 1 and 2.

Long Term Financial Plan Review

2011	<ul style="list-style-type: none">• To discuss considerations for the repair of existing sidewalks and the construction of new sidewalks in compliance with the American Disabilities Act.• To identify potential on-going revenue enhancements or new revenues that could help eliminate future deficits in the City's operating position.• To improve the condition and function of our existing Beach Restroom inventory to prevent further deterioration, potential loss, and provide a better quality of service.	<ul style="list-style-type: none">• City Council directed staff to pursue development of a comprehensive sidewalk policy, which was completed and adopted. It cost approximately \$13,000 to develop (staff time).• The City increased its parking rates at San Clemente's beaches from \$1.00 to \$1.50 an hour.• The rehabilitation of the restroom at the base of the pier is funded and estimated completion is winter of 2013.
2010	<ul style="list-style-type: none">• To provide an update on the progress of the City's Street Improvement Program.• To provide a summary of significant capital projects with funding challenges.	<ul style="list-style-type: none">• City is updating a pavement analysis to try to predict needs, costs and how big an assessment the city would need to charge.• The funding gap was closed for Vista Hermosa Sports Park project with land sale to Target. Funding was obtained for the recycled water expansion project from a \$5.6-million State grant, \$477,000 from the EPA, \$12.4 million to be borrowed from a state low-interest revolving loan fund and city money.

2009	<ul style="list-style-type: none"> • To provide a summary of significant capital projects on the horizon as part of the continuing development of the City. • Review the City's adopted Fiscal Policy on an annual basis to determine appropriate changes, additions, or deletions. • Determine if the City is in compliance with the American with Disabilities Act. 	<ul style="list-style-type: none"> • Funding was secured for the downtown Fire Station/Senior Center and Upper Chiquita Reservoir projects which are now under construction. • The City established and partially funded a Park Asset Replacement Reserve as part of the 2010 budget. • The minimum funding level for Enterprise depreciation reserves was reduced from five years of projected costs to three years. • An ADA consultant selected to complete an assessment of City programs, services and policies.
2008	<ul style="list-style-type: none"> • It was necessary to budget sufficient funds in order to bring the emergency reserve to the 8.25% level. • Modifications were needed for water and sewer rate structures • Funding gaps were identified in La Pata/Vista Hermosa Park, Civic Center, Downtown Fire Station and Senior Center, Coastal Trail and Golf Clubhouse • It was necessary for the City to determine if it was compliant with the Americans with Disabilities Act. 	<ul style="list-style-type: none"> • Council approved the \$205,000 transfer to the Operating Budget. • Utility rate changes were implemented in the FY 2008-09 Water and Sewer Budgets. • Funding strategies were identified in the FY 2008-09 Budget and included the use of the proceeds from the sale of the City owned nine-acre parcel on La Pata and General Fund transfers. • Internal analysis conducted and \$10,000 budgeted to hire a consultant to do remaining analysis required.
2007	<ul style="list-style-type: none"> • The voter approved Clean Ocean fee was scheduled to sunset in 2008. This fee was established to protect local water quality and meet State and Federal regulations regarding storm water runoff. • An operational gap was identified for the Golf Course Fund. 	<ul style="list-style-type: none"> • The Clean Ocean fee was renewed by property owners in San Clemente for an additional six years by a majority of 75% of the votes cast. • A \$3.00 per round increase was approved.

Long Term Financial Plan Review

2006	<ul style="list-style-type: none"> • Identified shortfall in the amount of depreciation funding set aside annually for replacement of water and sewer assets. 	<ul style="list-style-type: none"> • Established annual depreciation transfers based on Water and Sewer Asset System model.
2005	<ul style="list-style-type: none"> • Increase in the overhead rates charged by Engineering, Planning and Beaches, Parks & Recreation. • Increase revenue in the General Fund to recover the cost of providing services. • PER's Frozen Public Safety unfunded liability contribution increased. 	<ul style="list-style-type: none"> • City Council requested further analysis and a presentation at a later date. • Established new rental rates for the Beach Club and Community Center. • Extended the amortization period from 8 years to 15 years and reduced the required contribution by \$326,000 annually.
2004	<ul style="list-style-type: none"> • State of California proposed budget impact of \$522,000 • Potential \$2.0 million refund of property taxes based on a taxpayer lawsuit 	<ul style="list-style-type: none"> • Reduced General Fund revenue to reflect State shift • Reserved \$2.0 million in a designated reserve
2003	<ul style="list-style-type: none"> • New fire station with operating costs of \$1.5 million planned • Projected deficit balance in Golf Course Fund • Identified interest costs associated with long-term loans to the RDA 	<ul style="list-style-type: none"> • Eliminated new fire station. Relocated another fire station to central location and increased staffing • Established two-year loan to Golf Course • Repaid RDA loan from the General Fund and lowered interest costs
2002	<ul style="list-style-type: none"> • Identified financial impact of City's capital facility plan • Sidewalk restoration needs identified • Urban Runoff Plan implementation costs identified 	<ul style="list-style-type: none"> • Restricted the use of special development fees • Funded sidewalk restoration plan • Established urban runoff fee

Long Term Financial Plan Review

2001	<ul style="list-style-type: none"> • Public safety needs identified • Document imaging system needed • Facilities maintenance needs identified 	<ul style="list-style-type: none"> • Conducted a Fire Authority staffing analysis and increased to a four-person engine company for Engine 60 • Established a document management plan • Established a new Facilities Maintenance Reserve for future maintenance needs of all City facilities
2000	<ul style="list-style-type: none"> • New projects identified as priorities 	<ul style="list-style-type: none"> • Funded studies for the restoration of the Casa Romantica Cultural Center, Rail Corridor Safety and Education, Coastal Resources and Downtown Revitalization
1999	<ul style="list-style-type: none"> • Water Fund operating position negative • No formal plan in place for City facilities 	<ul style="list-style-type: none"> • Long-term water rate structure approved • Funded a City Facilities Master Plan
1998	<ul style="list-style-type: none"> • All reserves except Capital Equipment Replacement Reserve fully funded 	<ul style="list-style-type: none"> • Funded Capital Equipment Replacement Reserve • Funded a market study and downtown improvement plan
1997	<ul style="list-style-type: none"> • \$2.8 million shortage created by Proposition 218 	<ul style="list-style-type: none"> • Increased revenues • Transferred \$425,000 from Golf Fund • Employee lay-offs • Program reductions • Transferred police dispatch operation to County • Closure of Steed Park
1996	<ul style="list-style-type: none"> • Emergency reserve level reached 5% 	<ul style="list-style-type: none"> • Expedited Street Improvement Program • Issued \$7 million in street bonds • Saved on bond issuance costs
1995	<ul style="list-style-type: none"> • Forecast deficit in years two through five 	<ul style="list-style-type: none"> • Cutback on funding of emergency reserves • Reduced number of projected positions added • Reduced maintenance costs • Established 18 year/\$55 million Street Improvement Program

Long Term Financial Plan Review

1994	<ul style="list-style-type: none">• Shortfall of \$2.7 million• Operating deficit of \$785,000• Street capital & maintenance needs of \$1.8 million• Capital equipment needs of \$100,000• ERAF shift of \$1.2 million annually	<ul style="list-style-type: none">• Contracted Fire, fleet maintenance, meter reading, street striping and beach/park maintenance• Continued salary & benefit reductions• No cost of living increases• Established cost allocation plan to recover costs• Established capital equipment replacement reserve
1993	<ul style="list-style-type: none">• Annual shortfall of \$6 million• Operating deficit of \$1.8 million• Critical capital needs of \$2.4 million	<ul style="list-style-type: none">• Contracted Police services• Established storm drain fee• Reorganized & downsized• Salary & benefit reductions• Established economic development program• Established reserves