

BOARD OF ALDERMEN

ITEM NO. E(2)

AGENDA ITEM ABSTRACT

MEETING DATE: November 20, 2001

TITLE: A Review of Five-Year Plan Format for Board Input and Approval

DEPARTMENT: Management Services	PUBLIC HEARING: YES ____ NO _x_
ATTACHMENTS: A: Revised Five-Year Plan Format B: Narrative on Revised Five-Year Plan C: Financial Action Plan –Tempe, AZ	FOR INFORMATION CONTACT: L. Bingham Roenigk, Management Services, 918-7300

PURPOSE

The Management Services Department, as requested within the FY01-02 Action Agenda, presents a revised five-year plan format for Board review and comment. This plan, in its revised format, will be updated and presented at the FY02-03 Board Planning Retreat in January, 2002.

INFORMATION

The Board of Aldermen, at the FY01-02 Planning Retreat, requested that the five-year financial model be expanded to include operational information. In considering change to the Town's projection methodology, town staff spent time researching multi-year plans from other jurisdictions, following "best practice" tips from various jurisdictions and from the Institute of Government. The Town of Carrboro is apparently in a minority of governments that even does such projections.

The five-year plan is designed to show the tax rate impact of town decisions and services over the long-term if growth continues at the rates projected in the model. The modified five-year plan presented tonight is merely an incremental improvement from the previous format with slight changes in the emphasis of the plan. The modified five-year plan adds data on debt and debt ratios, revamps the categories of expenditures and revenues monitored in the plan, and will include narrative that identifies a proactive plan of action for addressing trends revealed in the five-year plan. An example of such a financial action plan, done by the City of Tempe, Arizona, is attached (Attachment C). Detailed discussion of the proposed revisions to the five-year plan is included in Attachment B.

The plan, by design, does not project departmental needs and associated costs. Projecting resources in this manner may not and will not likely reflect resource allocation patterns that are affordable and nor is it reasonable for the Town to assume they will occur. Gathering such data would also require a budget process that the Town does not have sufficient resources to manage. In addition, very few multi-year forecasts in other jurisdictions captured financial information by department. In the cases that departmental level projections were made, no models included assumptions for future staffing projections or new departmental initiatives. All of the forecasts focused on assumptions about inflationary or future growth of current spending and the impact of commitments associated with debt or capital programming.

However, staff does allow consider the various needs assessments conducted by the Town to be a critical component in projecting the Town's future fiscal situation. The impact of capital improvements is already calculated into the plan. Upcoming studies, as they come online and costs become apparent, will be incorporated into the plan. For example, the Town will soon conduct a multi-year technology plan and will come forth with some initiatives from the Downtown Visioning Study.

The modified five-year format, staff believes, adds information that provides more complete analysis and begins an evaluation process that anticipates problems and places the Town in a position of pursuing solutions to tomorrow's problems.

ADMINISTRATION'S RECOMMENDATION

Provide staff with direction on five-year plan format.