

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
FROM: ALAN ALTON, INTERIM CHIEF FINANCIAL OFFICER, FINANCE
DEPARTMENT
SUBJECT: UPDATE OF GENERAL FUND LONG RANGE FINANCIAL
FORECAST

AGENDA ACTION: NO ACTION REQUIRED

RECOMMENDATION

It is recommended by the City Manager and the Finance Department that the City Council hold a Study Session to receive information, ask questions, and provide guidance relative to an update of the General Fund Long Range Financial Forecast (LRFF). The LRFF has been updated to include impacts resulting from the Novel Coronavirus (COVID-19) emergency and its effect on the local economy. No action is required.

EXECUTIVE SUMMARY

The purpose of this Study Session is to allow Council the opportunity to receive information, ask questions, and provide guidance regarding the General Fund Long Range Financial Forecast. The City's forecasting consultant, Management Partners revised their previous Forecast to include impacts to the local economy as a result of the Novel Coronavirus (COVID-19) emergency.

BACKGROUND

The City uses a General Fund Long Range Financial Forecast (LRFF) as part of budget presentations to provide a long-term view of the General Fund's fiscal health. In October 2019, the City began consulting with Management Partners to create a new Forecast. With guidance from City staff, Management Partners developed growth and recession assumptions for the major revenue and expenditure categories. This new LRFF confirmed the conclusions of the prior City staff-produced LRFF that the City's General Fund is in a structural deficit, and left unchecked, that deficit will continue to grow significantly in future years.

PRIOR CITY COUNCIL REVIEW

On January 28, 2020, the City Council reviewed the LRFF developed by Management Partners.

ANALYSIS

On April 9, 2020, the City re-engaged with Management Partners to update the City's LRFF. Working with City staff, Management Partners updated revenue and expenditure assumptions to reflect the impacts of the COVID-19 emergency. When developing the LRFF, Management Partners was able to build upon the current LRFF, and updated the recession assumptions from that plan to reflect current economic impacts.

FISCAL IMPACT

There is no fiscal impact from this report item.

ENVIRONMENTAL IMPACT

The Council finds that the proposed action is exempt from the provisions of the California Environmental Quality Act (CEQA) under section 15061(b)(3) and 15378 in that there is no possibility that the implementation of this action may have significant effects on the environment, and that no further environmental review is required.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

On April 22, 2020, the Long Term Financial Policy and Audit Subcommittee reviewed the information.

NOTIFICATION

Not applicable.

ATTACHMENTS

- Attachment 1- Presentation to LTFPA

CONTACT

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