



Albemarle County

Executive Summary

File #: 15-380, **Version:** 1

AGENDA DATE: 11/11/2015

TITLE:

Five Year Financial Plan Work Session

SUBJECT/PROPOSAL/REQUEST: Board of Supervisors/School Board Joint Work Session on Issues Related to the Five Year Financial Plan

ITEM TYPE: Regular Action Item

STAFF CONTACT(S): Tom Foley, Bill Letteri, Larry Davis, Lee Catlin, Lori Allshouse, Trevor Henry, Lorna Gerome

PRESENTER (S): Tom Foley, Lori Allshouse, Lorna Gerome, Trevor Henry, Lee Catlin, Bill Letteri

LEGAL REVIEW: Yes

REVIEWED BY: Thomas C. Foley

BACKGROUND: On November 11, the Board of Supervisors and the School Board will engage in a joint work session to receive information on and discuss several topics that are related to the final development of the Five Year Financial Plan and that will provide guidance for the upcoming annual budget process. The work session will encompass the following five topics that bring together the work of a number of committees and County review processes that have been focusing on County revenues and expenditures: -Updates to the FY 17 - FY 21 Five Year Financial Plan assumptions;

-October 14, 2015 Compensation and Benefits work session follow-up information;

-FY 17 - FY 21 Capital Improvement Program;

-Citizens Resource Advisory Committee Report; and

-School Division and General Government Efficiency Report.

While each topic has a specific outcome detailed in the executive summary, the overall intent of the work session is to provide clarity and direction for the Five Year Plan and budget process.

STRATEGIC PLAN: Mission: To enhance the well-being and quality of life for all citizens through the provision of the highest level of public service consistent with the prudent use of public funds.

DISCUSSION:

FY 17 - FY 21 Five Year Financial Plan. The two Boards will receive an update on the FY 17 - FY 21 Five Year Financial Plan based on updated assumptions. The updated FY 17 - FY 21 Five Year Financial Plan will serve as an important framework for the Board's discussion of the additional items that will be discussed during this Work Session. Long-range financial planning is an important component of the County's fiscal processes; it brings together three major components of the County's budget - schools, general government, and capital. It also provides a venue for discussion regarding important longer-term priorities and creates a framework within which the next fiscal year's budget development will take place. Beginning last year, the General Government and School Division have increased their long-range financial planning collaboration, which has resulted in the development of a joint five year financial planning process. In accordance with the

budget development process schedule, the Board of Supervisors will have two additional work sessions on the Five Year Financial Plan on December 2 and December 9.

Desired Outcome - Board members to understand updated figures and review major drivers as a framework for the rest of the work session discussions - no decisions required.

Compensation and Benefits Work Session Follow Up to October 14, 2015. Staff will provide a brief recap of current and projected market conditions related to compensation and will offer recommendations to address both targeted salary increases and compression. The desired outcome of this portion of the presentation will be to seek board feedback on these recommendations and guidance for the development of the FY 17 budget. The second part of the presentation will focus on the County's proposed health care program modifications to create a modified traditional plan and a high deductible (consumer driven) plan. Staff will provide detailed comparisons of the two plans using hypothetical scenarios for individual and family participants. Staff believes that providing a unified short and long term disability plan for all employees is optimal, however due to limited funding and the critical need to address compression, recommends delaying funding unified disability benefits until FY18.

Desired Outcome - Boards to provide guidance on targets for salary increases and compression for upcoming budget and to provide feedback on recommendations regarding health insurance changes.

FY 17-FY 21 Capital Improvement Program. The purpose of the Capital Improvement Program (CIP) discussion is to review the completion of the Technical Review Committee (TRC) phase of the FY17 CIP process, including review of the ranking of the submitted projects and initial financial modeling prior to proceeding into the Oversight Committee (OC) phase. The primary desired outcome of the meeting is to review the requests and initial modeling at a level of detail necessary for the Boards to provide priority instructions and direction to their respective committee members who sit on the OC. The TRC's initial ranking is provided as **Attachment A**. A summary of all project requests is provided as **Attachment B**.

Desired Outcome - Boards to provide guidance to Oversight Committee members regarding any significant priority issues or concerns agreed upon by a majority of the Boards.

Citizens Resource Advisory Committee Report. The Board appointed the Citizens Resource Advisory Committee in June, 2015 to involve citizens in providing input regarding ways to best address the challenges faced by the County in funding future services. The Committee was charged to *"understand current and future funding challenges and service demands and develop a prioritized set of strategies to meet future resource needs. Strategies may include, but are not limited to, identifying new sources of funding, considering various methods of raising funds and the potential enhancement of existing revenue sources."* The Committee's final report with recommendations was presented to the Board of Supervisors at its November 4, 2015 meeting and was provided to School Board members by email in advance of the November 11 work session. A copy of the November 4 Executive Summary is provided as **Attachment C**.

Desired Outcome - Boards to provide guidance on priority strategies and to identify options that might impact Five Year Plan or FY17 budget.

School Division and General Government Efficiency Report. The purpose of the joint Local Government/Schools Efficiency Committee's efforts was to identify existing shared services and to research and evaluate innovative opportunities for the two organizations to further collaborate, coordinate or consolidate routine processes or operations. Over several months, the Committee identified specific operations or functions for review to include Purchasing, Health Care, Facilities Management, Language Assistance, Grant Management, Budgetary Management and Information Technology. Subcommittees were established, which identified organizational processes or new processes/functions that offer potential for streamlining, alternative services and or joint operations. Many efficiencies can be implemented within a short time while others require more research and collaboration with potential for implementation in a few years. The result of these synergies are to achieve greater efficiencies, more effective delivery of services, or both. The report is provided as **Attachments D1 and D2**.

Desired Outcome - Boards to provide guidance priority strategies and to identify options that might

impact Five Year Plan or FY17 budget.

BUDGET IMPACT: There is no direct budget impact, however, the results of this work session will provide initial guidance to General Government and School Division staff as they begin to develop their recommended FY 17 budgets.

RECOMMENDATION:

Staff recommends that the Board of Supervisors and School Board provides direction to staff that will inform the upcoming budget processes in consideration of the framework provided by the assumptions included in the FY 17 - FY 21 Five Year Financial Plan.

Attachment A - Technical Review Committee's initial ranking of CIP requests

Attachment B - FY 17 CIP project request summaries

Attachment C- Executive Summary of Citizens Resource Advisory Committee Report

Attachment D1 - Efficiency Committee Report

Attachment D2 - Appendix - Efficiency Committee Matrix