

Transforming Capital Improvement into Strategic Growth

A HOLISTIC APPROACH TO LONG-TERM FINANCIAL PLANNING



Meet the Presenters



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Agenda

- Vision & Mission
- Current State Assessment
- Risk Management
- Long-term Goals & Objectives
- Strategic Initiatives & Action Plans
- Financial Planning & Assumptions
- Capital Improvement Plan (CIP)
- Stakeholder Engagement
- Implementation & Monitoring



Vision & Mission

Why long-term strategic planning is
crucial for the community's future



The Phoenix Strategic Plan

Mission Statement:

“To improve the quality of life in Phoenix through efficient delivery of outstanding public services.”

This statement was adopted as part of the Phoenix Strategic Plan, and the citywide mission statement supports all the individual mission statements for city departments.

<https://www.phoenix.gov/citymanager/strategicplan/>

*"Throughout the budget cycle, a Phoenix Strategic Plan proves beneficial in communicating and setting **budget** priorities."*

<https://www.phoenix.gov/citymanager/strategicplan/>
<https://www.phoenix.gov/citymanager/strategicplan/mission-statements>

Equal Opportunity

The Equal Opportunity Department promotes equal opportunity for city employees and the general public through education, community involvement and enforcement programs. These programs are carried out by a combination of staff and volunteer panels appointed by the Mayor and City Council.

Housing

Providing Quality Affordable Housing and a Pathway to Self-Sufficiency.

Library

We connect today's community to a world of possibilities.

Police

To serve, protect and reduce crime in Phoenix while treating everyone with dignity and respect.

Aviation

The Aviation Department provides the Phoenix metropolitan area with a self-supporting system of airports that accommodate general and commercial aviation in a safe, effective and convenient manner.

Developing a new strategic plan

10 study areas:

- Economic Development & Education
- Financial Excellence
- Infrastructure
- Innovation & Efficiency
- Neighborhoods & Livability
- Phoenix Team
- Public Safety
- Social Services Delivery
- Sustainability
- Technology"



Current State Assessment

SWOT, PESTLE, & STEEPLE Analysis

SWOT Analysis



[y_scottsdale_report_final_1_0.pdf \(asu.edu\)](#)

EXAMPLE SWOT Analysis



SUPERIOR'S TOP 10 STRENGTHS

NATURAL BEAUTY
OUTDOOR RECREATION
PEOPLE OF SUPERIOR -
NATIVES AND NEWCOMERS
SMALL TOWN, TRADITIONAL
FAMILY AND NEIGHBORLY VALUES
LATINO HERITAGE AND CULTURE
PROXIMITY TO METRO PHOENIX
WORLD CLASS MINE
STRONG NON-PROFIT ORGANIZATIONS AND VOLUNTEERISM
EXPANSION OF US 60
SENSE OF POTENTIAL; ANTICIPATION FOR THE FUTURE

SUPERIOR'S TOP 10 WEAKNESSES

BOARDED UP/VACANT BUILDINGS
COMMUNITY BLIGHT, TRASH AND DEBRIS
MISTRUST BETWEEN GOVERNMENT, BUSINESS AND CITIZENS
LACK/VOID IN STRONG PUBLIC SECTOR LEADERSHIP
LACK OF LOCALLY AVAILABLE JOBS
POORLY MAINTAINED PUBLIC INFRASTRUCTURE:
ROADS, SEWAGE PLANT, PARKING LOTS
ABSENCE OF VISION AND DIRECTION
FOR THE COMMUNITY'S FUTURE
COMMUNITY COMPLACENCY/APATHY
LACK OF RELIABLE BROADBAND
VERY LIMITED ECONOMIC BASE

SUPERIOR'S TOP 10 OPPORTUNITIES

DIVERSIFY THE ECONOMY AND BUSINESS BASE
CREATE A SUSTAINABLE ECONOMY
ATTRACT NEW QUALITY JOBS, BUSINESS
AND INDUSTRY IN NON-MINING SECTORS
REDEVELOP/REVITALIZE
COMMERCIAL BLIGHT
CONTINUE TO REVITALIZE MAIN STREET
ENHANCE/PRESERVE SUPERIOR'S PREMIER
OUTDOOR RECREATIONAL ASSETS
IMPROVE MAINTENANCE OF LOCAL ROADS
CAPITALIZE ON SUPERIOR'S HISTORY
IMPROVE THE TOWN GOVERNMENT'S
PERFORMANCE, TRANSPARENCY AND FISCAL HEALTH
CAPITALIZE ON THE MINE

TOP THREATS TO SUPERIOR'S ECONOMIC DEVELOPMENT/COMPETITIVENESS:

FAILURE TO DIVERSIFY THE LOCAL ECONOMY
FAILURE TO SUPPORT THE MINE
INABILITY TO FIX THE FINANCES OF THE TOWN
CONTINUED EXODUS OF SUPERIOR'S YOUTH
TAILINGS/WASTE SITE
FAILURE TO EXPAND LOCAL AND REGIONAL INFRASTRUCTURE
POTENTIAL TO INCREASE EXISTING
CONTAMINATION FROM PREVIOUS MINING OPERATIONS
COMPETITION FROM OTHER COMMUNITIES
NATIONAL AND GLOBAL ECONOMIES

Pestle Analysis

Companion to traditional SWOT analysis

A method for assessing the external factors that may impact a city, such as political, economic, social, technological, environmental, & legal factors.



Pestle Analysis

FACTOR	QUESTION	FACTORS/INFLUENCES
P: Political	What political factors are influencing your problem?	
E: Economic	What are the relevant economic drivers or factors for your problem?	
S: Social	How are social norms affecting your problem?	
T: Technological	What technologies are relevant to or influencing your problem?	
L: Legal	What are the current legal factors relevant to your problem?	
E: Environmental	What are the relevant environmental factors for your problem?	

STEEPLE Analysis

Similar to PESTLE, but examines ethical factors.

A STEEPLE analysis is a strategic tool that can help assess the external factors that can impact a city's operations. STEEPLE stands for social, technological, economic, environmental, political, legal, and ethical.

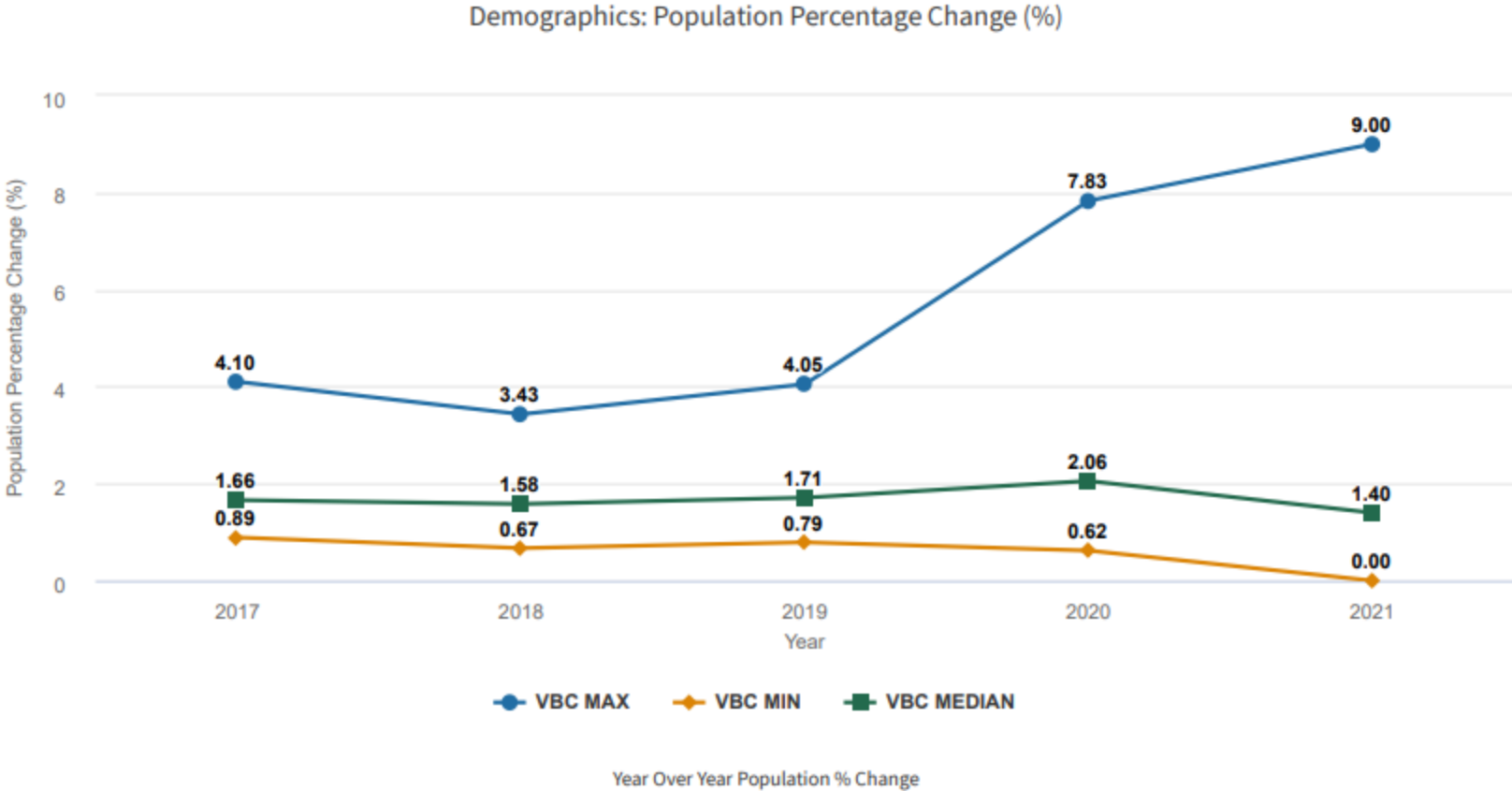
A framework that helps teams understand and imagine new opportunities by scanning the external environment.



Key Data & Trends

DEMOGRAPHICS

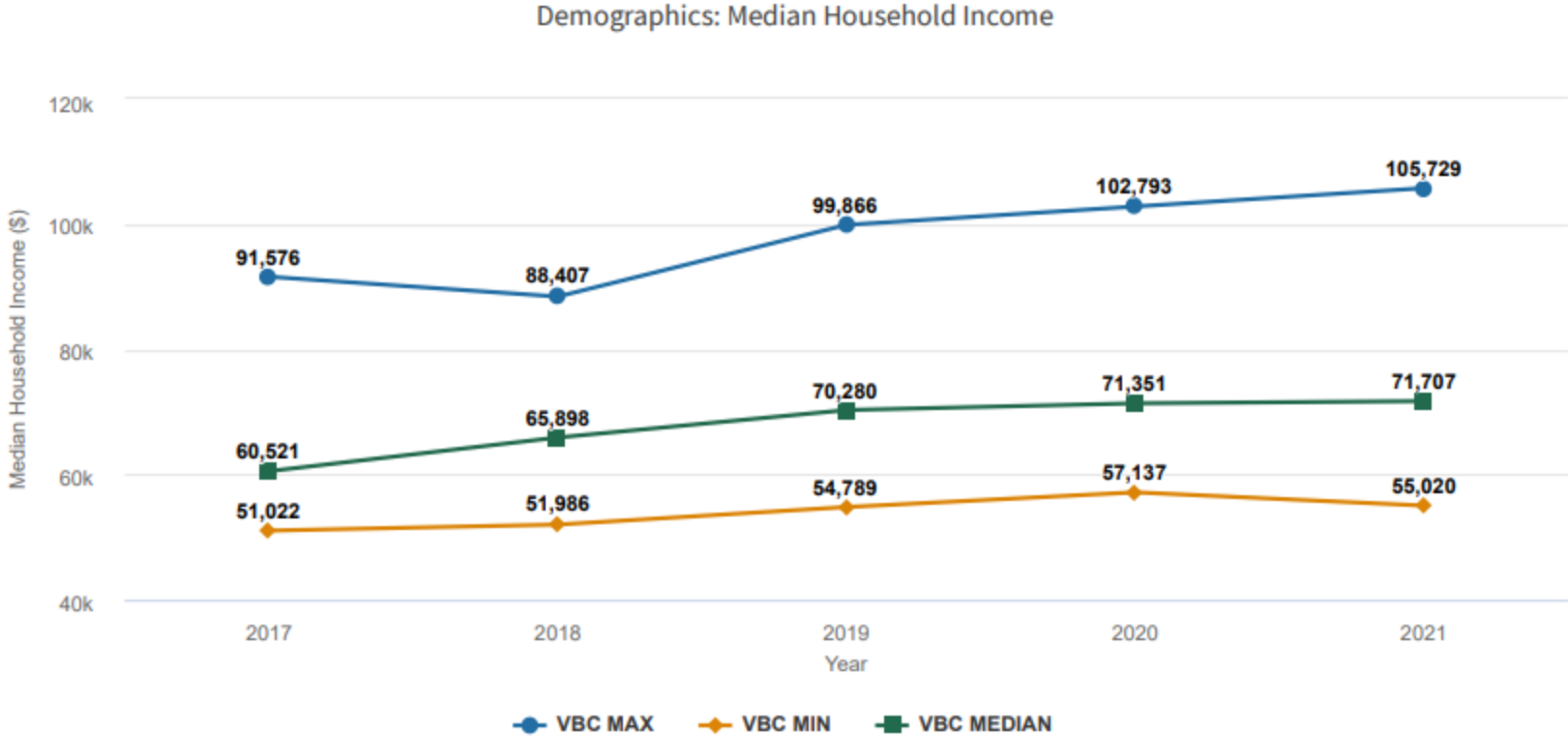
VBC Demographics: Percent Population Graph



Key Data & Trends

MEDIAN HOUSEHOLD INCOME

VBC Demographics: Median Household Income Graph

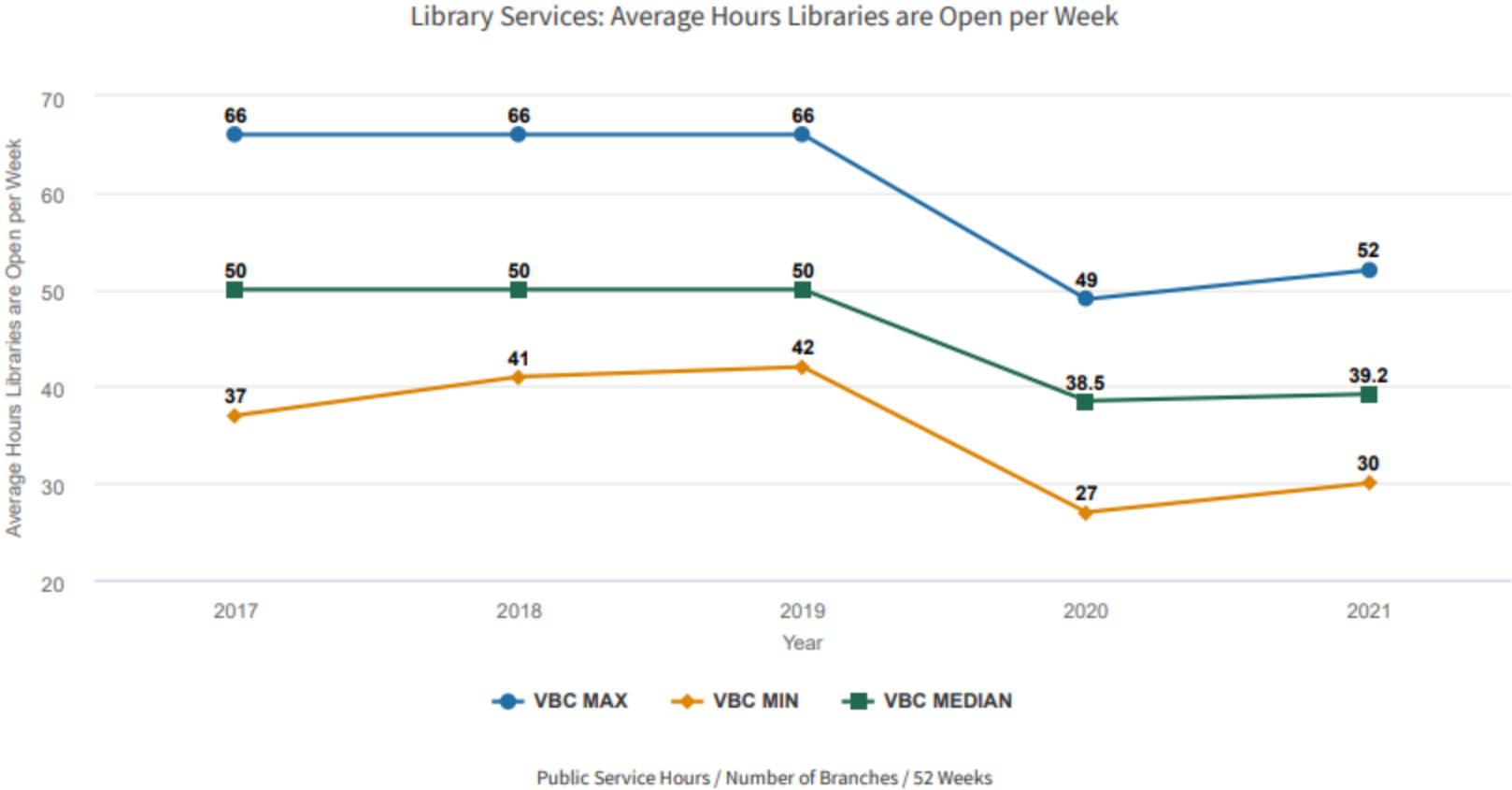


Median Household Income for Each Community.

Key Data & Trends

LIBRARY SERVICES

VBC Library Services: Average Hours Libraries are Open per Week



Risk Management

Identification & Mitigation



Identified Risks: Outline the major financial and operational risks.

Mitigation Strategies: Describe the strategies in place to mitigate these risks.

The strategic decisions we make today will affect our organizations' ability to weather an operating environment that is rapidly changing.

- Relationship between strategic planning and risk management

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LIKELYHOOD	CONSEQUENCES				
	Insignificant Risk is easily mitigated by normal day to day process.	Minor Delays up to 10% of schedule. Additional cost up to 10% of budget.	Moderate Delays up to 30% of schedule. Additional cost up to 30% of budget.	Major Delays up to 50% of schedule. Additional cost up to 50% of budget.	Catastrophic Project abandoned.
Certain >90% Chance	High	High	Extreme	Extreme	Extreme
Likely 50%-90% Chance	Moderate	High	High	Extreme	Extreme
Moderate 10%-50% Chance	Low	Moderate	High	Extreme	Extreme
Unlikely 3%-10% Chance	Low	Low	Moderate	High	Extreme
Rare <3% Chance	Low	Low	Moderate	High	High

Long-term Goals & Objectives

Strategic Goals

MAINTAIN HIGH BOND RATINGS

A bond rating is a measure of the credit quality of the city. Factors considered in a rating are the health of the local economy, stability and volatility of revenues, level of reserves for liquidity during unexpected financial conditions, as well as sound financial practices, policies and structures or systems that allow flexibility to address challenges. An entity with a long-term outlook and has plans to address unexpected changes is positively considered. In essence a bond rating reflects an independent view of financial excellence. A higher bond rating will usually result in lower borrowing costs.

[City Manager Financial Excellence Strategic Plan \(phoenix.gov\)](https://www.phoenix.gov)





Alignment with Vision

FINANCIAL EXCELLENCE STRATEGIC PLAN

Financial excellence ensures the effective and efficient allocation of city resources for the delivery of quality services to residents. It creates trust and confidence that city resources are used appropriately. At the core of financial excellence is integrity and innovation. The Phoenix Financial Excellence strategic plan strives to maintain fiscally sound and sustainable financial plans and budgets that reflect community values and residents' priorities.

[City Manager Financial Excellence Strategic Plan \(phoenix.gov\)](https://www.phoenix.gov)

Strategic Initiatives & Action Plans

Key Initiatives

STRATEGIES

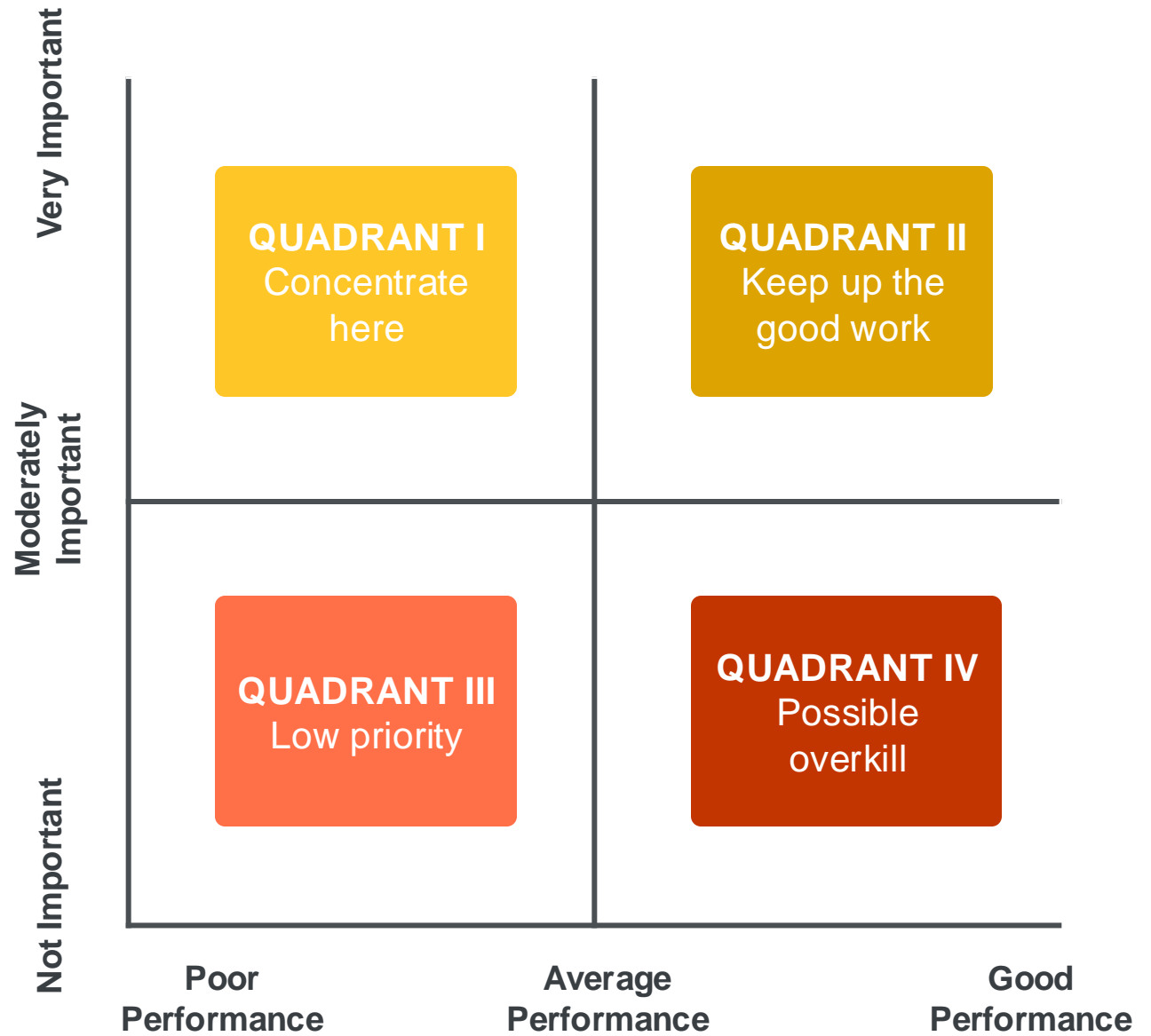
- Implement a plan to achieve a general fund budgetary fund balance of at least 5 percent of total expenditures within the next five years to provide the necessary liquidity to address revenue volatility and unexpected expenses.
- Develop a multi-year financial plan for the general fund that maintains long-term bond ratings.
- Develop and maintain financial policies that achieve high bond ratings.
- Maximize current revenues by taking steps to ensure collection of established taxes, rates, fees, and fines.



Action Plans

With responsible parties & key milestones

Financial Excellence					
Goal	Strategy	Champion	Status	Cost to Implement/ Benefit	Quadrant
Maintain High Bond Rating	Implement a plan to achieve a general fund budgetary fund balance of at least 5 percent of total expenditures within the next five years to provide the necessary liquidity to address revenue volatility and unexpected expenses.	John Doe	On Track	N/A	I
Maintain High Bond Rating	Develop a multi-year financial plan for the general fund that maintains long-term bond ratings.	Jane Doe	Delayed	25,000.00	II
Maintain High Bond Rating	Develop and maintain financial policies that achieve high bond ratings.	John Doe	On Track	35,000.00	I
Maintain High Bond Rating	Maximize current revenues by taking steps to ensure collection of established taxes, rates, fees, and fines.	Jane Doe	On Hold	15,000.00	II



How does all of this
information come
together?



Long-Term Strategic Plan Process

- Core Mission
- Visioning process with the community
- Strategic priorities emerge and are adopted by the city council
- Council discusses each strategic priority
- Plan is developed
- KPI are developed, monitored, and shared

Core Mission

- Many Cities overlook this step
- Strategic plan needs to tie back to Core Mission
- Overall Mission should be broad
- Community engagement is a great way to define Mission



Visioning Process/Community Engagement

- Create a Strategy
- Set goals
- Establish and maintain a consensus focused process
- Build relationships
- Engage
- Partner
- Use outreach
- Use different approaches for engagement





Strategic Priorities

Examples:

- Economy
- Neighborhood livability
- Health and Safety
- Strong community connections
- Transportation
- Culture and entertainment
- Efficient and high-performing government
- Safe and Secure Communities
- Financial Stability and Vitality



Plan is Developed

- Capital Improvement Plan
- Revenue
- Taxes
- Expenditure
- Debt
- Operational costs

Capital Improvement Plan (CIP)

Capital Needs

- Infrastructure
- Vehicles
- Parks
- Technology
- Police
- Fire
- Economic Development
- Housing
- Other



Have all associated costs been included?

Building a City Park



Tree Trimming

Maintenance

Irrigation

Benches

Sidewalks

Landscaping

Waste Removal

Funding Sources

- Bonds
- Grants
- Public/Private partnerships





Revenue Projections

- Economic factors
- Local financial policies
- Taxes
- Grants (federal, state, and county)
- Service revenue
- Development activity
- State and local economies
- Inflation
- Joint Ventures

Expenditure Projections

- Personnel costs
- Inflation in non-personnel costs (including general inflation, fuel, and utility inflation)
- Additional staffing
- City financial policies related to new programs and/or the expansion of existing programs
- New operational and debt service funding associated with Capital Improvements Program projects.





Affordability

- Reserve levels are sufficient
- Debt levels are manageable
- Economy is stable if relying on sales tax
- Expenditure limitation guidelines are in alignment

KPI's are developed, monitored, and reported

Examples:

- Financial Performance – Budget Execution
- Public Safety and Security - Crime Rate
- Economic Development – Jobs Created
- Park and Recreation – Satisfaction





Conclusion

- Create a Vision and align this with your Strategic Plan
- Keep the plan alive throughout the year
- Develop KPI's that measure progress
- Remain Flexible and Adaptable
- Align Strategic Plan to Budget



Questions?



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