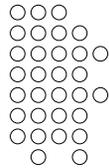


Building a Fiscally Resilient Government through Long-Term Financial Planning



Shayne Kavanagh, GFOA
and
Drew Corbett, City of Sunnyvale



Agenda

- Overview of Long-Term Financial Planning
- Financial Resiliency
- The Sunnyvale Experience

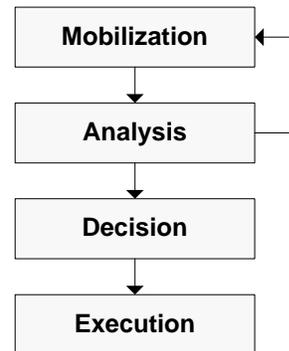


Overview of Financial Planning



- What is Long-Term Financial Planning?
 - Technical parts like...
 - Forecasts
 - Financial condition assessment
 - ...But so much more
 - A strategic approach to identifying and addressing financial challenges
 - A collaborative venture

Four Phases of Planning



Five Pillars of Planning



- Long-Term Service Vision
- Financial Policies
- Technically Sound Analysis & Forecasting
- Collaborative & participative process
- Connection to other plans

5

About Resiliency



- Sustainable System
 - Balanced, but potentially brittle
- Resilient System
 - Adaptable and regenerative

*Financial sustainability is a necessary but insufficient condition for on-going financial health.
Create a resilient system!*

6

Experiences of Resilient Govts



- Maintained or improved AAA bond ratings in the Great Recession
- Made believers out of skeptics
- Preparing for the future
- Saving jobs

7

Resiliency Characteristics



- Diversity
- Redundancy
- Decentralization
- Collaboration
- Fail gracefully
- Flexibility
- Foresight
- Transparency

8

Diversity

Avoiding a single point of failure

- Multi-faceted perspective on financial health
- Diversity of land-use
- Enlarge base of supporters

9

Redundancy

Avoid having one path of escape or rescue

- Reserves
 - A policy to prevent use for recurring expenses
 - Create reserves for specific purposes
- Governance
 - Policies
 - Citizen engagement
- Multiple Financial Strategies

10

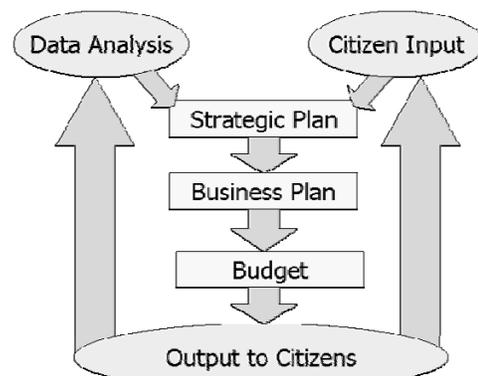
Decentralization

Centralized systems look strong, but when they fail, the failure is catastrophic

- Engage depts in financial management
 - Make managers manage budgets
 - Actively engage depts in financial strategy
- Joint approach to forecasting
 - Promotes accuracy and understanding
- Long-Term Planning Framework

11

Planning Framework



12

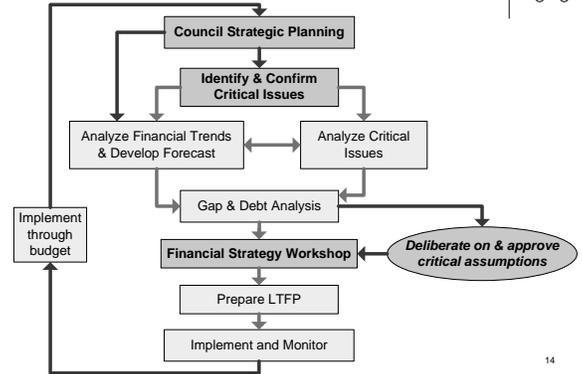
Collaboration

Working together to become stronger

- Elected officials
 - Engage by building in their priorities
 - Use officials in steward role
 - Orient new council members
 - Create peer pressure for new council members
 - Use key indicators to get officials on board

13

Collaborative Model



14

Fail Gracefully

Failure happens. Make sure a failure state won't make things worse

- Recognize changing conditions to make a soft landing
- Promote credibility and open dialogue

15

Flexibility

Be ready to change when plans aren't working

- Constant environmental scanning
 - Know when flexibility will be called for
- Financial Modeling
- Evolve the planning process
 - Adapt financial planning to the circumstances

16

Foresight



Think and prepare

- Forecasting
 - Identify the parameters within which to develop and execute strategies
- Environmental scanning
- Complement financial planning with other long-term plans

17

Transparency



Make it easier to figure out where a problem may lie

- Promote transparency in key areas
 - Goals and objectives,
 - Forecast assumptions
 - Reserve standards.
- Use full-cost (direct and indirect) accounting for programs.

18

Take-Aways



Don't be satisfied with sustainability...
...Go for *resiliency!*

If you aren't doing long-term financial planning,
get started – even now

If you are, assess your process against the
resiliency characteristics

19