



## TAHOE CITY PUBLIC UTILITY DISTRICT

### MEMORANDUM

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|--------------|---------------------------------|--------------|--|
| <b>TO:</b>   | Board of Directors              | <b>DATE:</b> | April 12, 2018   |
| <b>FROM:</b> | Sean Barclay<br>General Manager | <b>SUBJ:</b> | District Long-Term Financial Planning<br>Mobilization Phase Presentation |

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#### RECOMMENDATION:

No recommendation – for discussion and possible direction.

#### BACKGROUND:

At the April 20, 2018 meeting of the Board of Directors, staff delivered a presentation titled Long-Term Financial Planning – Financial Foundations. The presentation included a high level overview of the District's current financial position and an initial look at the significant and diverse infrastructure needs facing the District.

As staff continue to prepare the groundwork for a more formal Long-Term Financial Planning process, we've embarked on an informal "mobilization phase" designed to gather resources and information necessary for the planning process. This phase contains the following general steps:

- **Align resources** – identify people and process
- **Preliminary financial analysis** – diagnose financial condition and critical financial issues
- **Service-level objectives** – define strategic service priorities and objectives
- **Financial policies** – define standards against which long-term financial stewardship can be evaluated
- **Define purpose and scope** – establish understanding of the purpose and expectations for the plan

This month's presentation will begin to look at these initial steps, with discussion and board feedback requested to help staff more effectively move forward with the mobilization phase of this process.

#### FINANCIAL IMPACTS:

No financial impact.

#### ATTACHMENTS:

- None

#### REVIEW TRACKING:

Submitted By: Sean Barclay  
Sean Barclay  
General Manager

Approved By: Ramona Cruz  
Ramona Cruz  
Chief Financial Officer

# Long-Term Financial Planning Mobilization Phase

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Tahoe City Public Utility District – May 2018



# Long-Term Financial Planning

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- Goal – Ensure the District is financially prepared to:
  - Achieve District Mission
  - Accomplish Strategic Initiatives
  - Ensure financial sustainability
  
- Long-Term Financial Plan
  - Combination of technical analysis and strategizing
  - Collaborative and visionary process
  - Anchor of financial sustainability



# GFOA Phased Approach to LTFP

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1. **Mobilization Phase** – prepare the organization for long-term planning by creating consensus on what the purpose and results of the planning process should be.
2. **Analysis Phase** - produce information that supports planning and strategizing. The analysis phase includes the projections and financial analysis commonly associated with long-term financial planning.
3. **Decision Phase** - decide how to use the information provided.
4. **Execution Phase** - after the plan is officially adopted, strategies must be put into action (e.g. funding required in achieving goals). The execution phase is where the strategies become operational through the budget, financial performance measures, and action plans.



# Goals for Today

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- Communicate the steps in the Mobilization Phase
- Board support to move forward with the LTFP process
  - Assemble resources
  - Identify the costs
  - Define the process
- Ask what level of Board involvement you would like
- Communicate the difference between the Long-Term Financial planning process and the “Short-Term” prioritization needs



# Mobilization Phase

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**“Building the foundation for a successful planning process”**

- Align Resources
- Preliminary Financial Analysis
- Service-Level Objectives
- Financial Policies
- Define Purpose & Scope



# Align Resources

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## **“Identify people and process”**

- Identify Planning Process Participants
  - TCPUD Management Team
  - LTFP Consultant
  - Finance Committee or “LTFP Committee” (ad-hoc)
  - Others?
  
- Outline the basic process to complete the plan
  - Hire Consultant to help us develop a plan so that the LTFP feeds in the 2020 budget process



# Preliminary Financial Analysis

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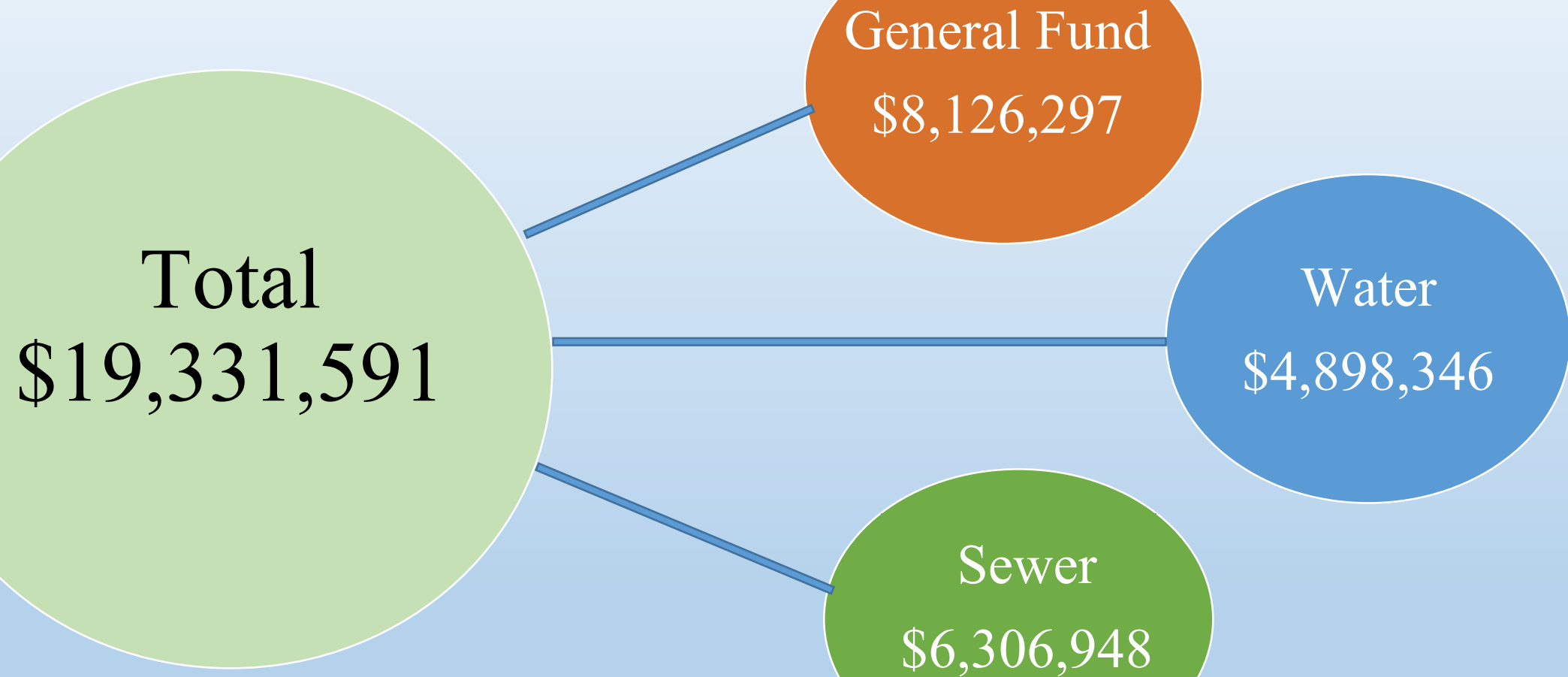
## **“Diagnose financial condition and critical issues”**

- Current District financial condition (last month’s presentation)
- Initial environmental issue analysis to identify critical financial/environmental issues
- Interface with other planning process (separate from 2019 Budget)
- Preliminary financial forecasts (revenue & expenditures)
- Preliminary debt analysis





# Recap Cash in Bank January 2, 2018- By Fund



# Service Level Objectives

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**“Define strategic service priorities and objectives”**

- Use the Strategic Plan as a basis to define service-level objectives
- Identify District Priorities (Capital/Operational)

**\*Identify “Short-Term” priorities to guide 2019 plan/budget\***



# Financial Policies

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**“Define standards against which long-term financial stewardship can be evaluated”**

- Identify existing District policies
- Update/Improve polices
- Create new policies



# Define Purpose and Scope

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**“Establish a common understanding of the purpose of the plan and set expectations for what the planning will accomplish”**

- Define clear purpose and goals
- Define time horizon
- Establish how the planning process will be integrated with other planning processes (strategic planning, annual operating and capital budgets)
- Define how often planning will be undertaken



# LTFP vs. Short-Term Prioritization

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## ➤ **Long-Term Financial Planning (LTFP)**

- LTFP will culminate prior to 2020 budget planning process (mid 2019)
- Incorporate many capital projects/priorities
- Provide a basis to make decisions on funding mechanisms

## ➤ **“Short-Term” Prioritization**

- Strategic prioritization and direction (next few months)
- Necessary to establish 2019 Operational and Capital Budgets and 2019 work plan



# Next Steps

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- Deliver “Short-Term Prioritization” presentation for 2019 planning to Board in June
- Incorporate board feedback/direction on “Aligning Resources” and begin staff work on mobilization phase



# Board Feedback / Direction

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- Support to move forward with the LTFP process (Aligning Resources)
- Board Participation in the Mobilization Phase

