

BUCKS COUNTY CONSORTIUM

Thursday, June 7, 2018

Meeting Minutes

1. Call to Order:

A meeting of the Bucks County Consortium was held at 9:00 a.m. at Delaware Valley University, on June 7, 2018, and called to order by Consortium President Sandra Zadell.

2. Roll Call, Introductions and Community Updates:

The following Bucks County communities were represented at the meeting:

Dana Cozza, Buckingham Township
Sandra Zadell, Chalfont Borough
Caroline Brinker, Doylestown Borough
John Davis, Doylestown Borough
Stephanie Mason, Doylestown Township
John McMenamin, Lower Southampton Township
Mike Walsh, New Britain Township
Bill Wert, Northampton Township
Bob Pellergrino, Northampton Township
Paul Stepanoff, Richland Township
John Marcarelli, Warminster Township
Amanda Zimmerman, Warminster Township
Timothy Hagey, Warminster Municipal Authority
Barry Lubber, Warrington Township
Ashley Casey, Warwick Township

Sponsors:

Chris Tomlinson, InR
Jeff Hugo, InR
David Ohman, Univest
Michael Davidson, Univest
Rod Hawthorne, Univest

3. Presentations:

Delaware Valley University: Ms. Tanya Casas, Interim Dean of Business and Humanities provided an introduction of herself and the School of Business and Humanities. Ms. Casas welcomed everyone to Delaware Valley University.

PFM Financial Advisors: Ms. Zadell introduced the following presenters:

Jamie Schlesinger joined PFM's financial advisory practice in 2013, but has served as a financial advisor since 1999. Jamie's concentration is local governments in Pennsylvania, New Jersey and Delaware. Jamie works with over 100 municipalities, authorities, school districts, community colleges and counties. His experience includes capital planning and structuring tax-exempt and taxable bond issues, bank loans and bond pools. Jamie's knowledge in the local government sector has provided his clients with several unique financing alternatives and structures to adjust to a constantly changing municipal market.

Daniel Berger is the Director of Applications Development for Whitebitch, PFM's proprietary financial modeling platform. Whitebitch is a cloud-based software offering, which helps public and for-profit institutions develop customized financial and strategic planning solutions in real-time.

Dan has developed and managed a suite of products built on the Whitebirch platform which deliver out-of-the-box planning solutions specific to many of PFM's public sector markets – which quickly deliver to CFOs, Finance Directors, City Councils, and Boards the ability to isolate and analyze threats and opportunities in their financial future. Whitebirch's Multi-Year Planning for Local Governments allows users to analyze their financial future within the context of property tax projections, labor groups and staffing what ifs, retirement (pension & health) projections, Moody's and S&P scorecard impact, sensitivity testing for capital improvement plans, and many other local government specific areas.

Vieen Leung is a Senior Managing Consultant of PFM's Management and Budget Consulting practice, playing lead roles in projects where the firm provides budgetary and financial analysis and develops multi-year plans to help municipal governments overcome their fiscal challenges. She has helped develop multi-year plans for many Pennsylvania municipalities, including the Cities of Pittsburgh, Reading, Wilkes-Barre, and New Castle as well as the Counties of Cumberland, Luzerne, Montour, and Columbia. She is also active in helping municipalities establish financial best practices, and was one of the speakers at the Pennsylvania Municipal League (PML) annual summit last year. Within PFM's management and budget consulting practice, Vieen directs quantitative training programs, and is active in the firm's overall financial model development and rollout efforts.

Jamie, Dan and Vieen provided a presentation on "*Planning to Win in the Long Run: Best Practices in Multi-Year Projections.*" Vieen explained that a multi-year financial projection is a forecast of your government's revenues and expenditures over a defined period of time (normally around 5 years) based on a specific set of assumptions. Vieen recommends starting with a baseline projection showing what your revenues and expenditures will be absent significant changes. For revenues, this means you wouldn't assume changes in tax rates, new taxing powers, new grants, large fee increases, or reassessment. For expenditures, you wouldn't assume new hiring or layoffs or wage increases that are out-of-line with recent results.

Dan explained that revenues and expenditures that don't have a fixed future amount (e.g. debt schedule), you'll calculate growth rates that project how those revenues and expenditures will change over time. You can start with the simple mathematical calculation (what was the average annual growth rate for X over the past 3-5 years?) and then apply management insight. He also noted that to apply the growth rates to a fixed starting point (usually your adopted budget) and project them through whatever period is most helpful. There are useful resources that can inform your growth rate calculations, though you'll still need to weight them against historical trends and your insight into why the numbers have changed.

- Tax assessments: Is the total assessed value growing? Is the total taxable value growing (i.e. tax exempt properties), Population and earnings growth (US Census Bureau and BLS) Building permits, plan review activity, utility usage, Consumer price index (US Bureau of Labor Statistics): How much will the cost of X increase, Annual survey on employer health benefit costs, Your actuary, your health insurance plan administrator, your financial advisor, your neighboring municipality, etc.

Vieen discussed information on how to approach how to form a revenue estimating committee. This committee is usually led by someone in Finance and populated by relevant external actors who have a working knowledge of the City's finances. The Committee should meet early in the budget/projection process, before the expenditure budget/projections are released. The goal is to adopt a consensus estimate of the major revenues for the next year (budget) or more (projection).

Dan explained that in addition to the simple graphical presentation of your baseline situation, you can show how changes in certain lines drive your overall performance. In the example below, the government should discuss the property tax history because it's large and high profile. PA local governments have also increased its focus on the earned income tax in the last few years with the implementation of Act 32.

Other examples: Graphs that show how certain expenses are growing relative to each other or total revenues; graphs that show if legacy costs (debt, pension, OPEB) are consuming a growing or shrinking portion of total expenses.

Vieen reviewed that the baseline projections will help you discuss your organization's goals within the context of its financial resources.

- Is there a deficit? Is it a one-time problem or something structural? How are the drivers of our financial performance changing? Are they in balance? Is our operating margin growing or shrinking? Do we want to change where we're spending our limited resources? Do we want to focus on keeping our charges/rates where they are or lowering them?

Vieen explained that the baseline projections also should help you identify specific areas for corrective action. Once you have a baseline projection and discuss the related challenges and opportunities, you can move to the next step – developing initiatives to change the projection. Many governments struggle to keep their expenses in line with their revenues without raising taxes or cutting services. Your goal is to develop a menu of options, with as many quantified as possible, that represent a well-rounded approach to achieving and maintaining balance. Approaches would typically involve some (or all) of the following: Management and productivity initiatives: *Debt restructuring, Cost recovery (fees and service charges), Workforce strategy, Program prioritization, Tax rate or base changes.*

Dan & Vieen: Why You Do Want to Do Multi-Year Projections?

- Reason No. 1: It's a better way to bridge the gap
- Reason No. 2: It changes the budget conversation
- Reason No. 3: It's considered a best practice by GFOA and other entities

4. Treasurer's Report and Payment of Bills:

Upon motion by Stephanie Mason, seconded by Bob Pellergrino, the Treasurer's Report for May 2018 was unanimously approved.

5. Approval of Minutes:

Upon motion by Dana Cozza, seconded by Bob Pellergrino, the May 3, 2018 meeting minutes were unanimously approved.

6. Discussion:

- Verizon Franchise Negotiations Update:
 - No new update.

7. Other Business:

- There was discussion regarding the updating of documents on the Bucks County Consortium website. Ms. Zadell noted that Ms. Casey will review and update documents on the website. There was discussion regarding the username and password to access the member's only page. Mr. Seckinger stated that he will provide Ms. Casey with the information and she will send to all members.

8. Upcoming Dates:

Emerging Leaders Training: Mr. Wert announced that the 2018 Emerging Leaders Training scheduled on Friday, June 28, 2018 and will be held at the Talamore Country Club.

- Session Title: "Career Planning from Soup to Nuts: Interviewing, Employment Agreements and Retirement Planning"
- Registration fee is \$25.00 and the registration deadline is today, June 8th.

ICMA Annual Conference: Stephanie Mason reminded everyone that 104th ICMA Annual Conference will be held in Baltimore, Maryland September 23 through 26, 2018. Ms. Mason informed the members that the registration for the conference and hotel is now open.

Washington, D.C. Trip: No trip scheduled for 2018.

8. Adjournment: The meeting was adjourned at 10:30 AM.

The next meeting is scheduled for 9:00 AM on September 6, 2018 at Warrington Township.

Respectfully Submitted,

Ashley Thompson Casey
Consortium Coordinator