



City of Vacaville
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Vacaville's Story

- Large hit in recession
- Eliminated 18% of workforce (100 full time)
- Remaining staff have concessions since 2009
- Operating deficits through several years
- Passed a 5 year sales tax in 2012 to stop bleeding



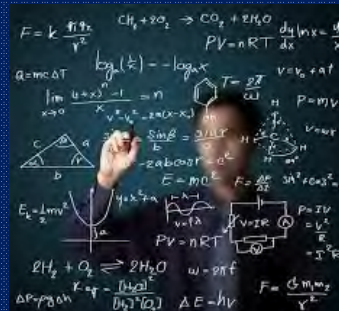
Why Use?



- Financial trends are complex
- Today's numbers may hide tomorrow's issues
- Need a context for conversation

Building the Diagnostic

- Identify data sources
- Build to populate each year
- Lather, Rinse and Repeat (check data!)

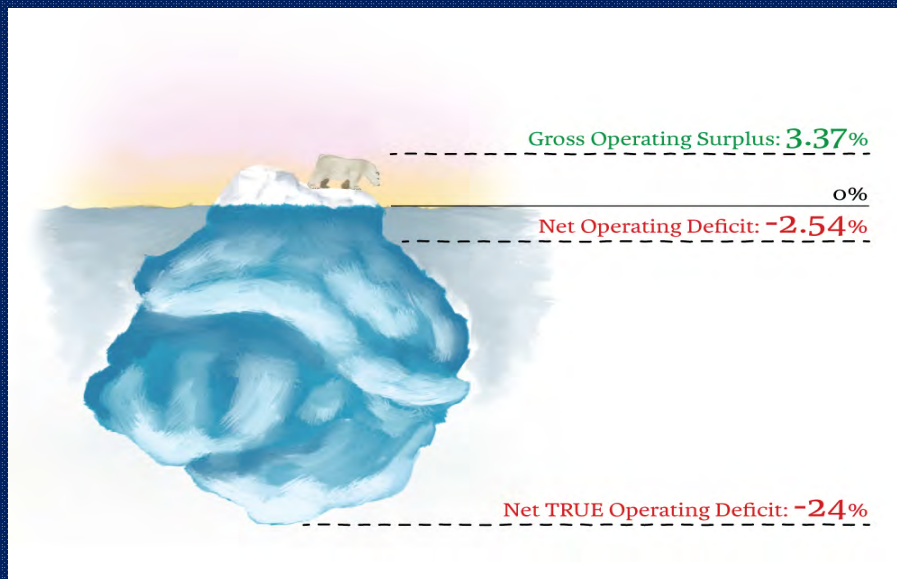


Reviewing the Draft

- What does the Diagnostic tell us?
- Determine trend sources.....
 - Find the WHY



(1) Net Operating Deficit



(4) Fixed costs and labor costs

- **Warning** for City
- Shows flexibility in budget
- When 80% or great it is difficult to quickly address fiscal issues
- When all labor costs are used (including those not budgeted) the City is around 100%

(9) Deferred employee compensation costs

- One of City's **WARNING** signs
- Includes UNBUDGETED retirement, OPEB, and compensated absences
- When fully analyzed, City has \$16mil in deferred employee costs
- **OPEB** is the driver with \$12.5mil behind on \$100 mil in unfunded liabilities

(7) Balancing with Temp Funds

- **Caution** for City
- Measure M funds (1/2 cent) is covering operating deficit for some past years
- Benefit costs growing faster than revenues
- 2014/15 improved greatly, but still absorbing CalPers rates

Total Vacaville Performance

- City is very strong in the short term
- Liquidity and fund reserves are in a good place
- Diagnostic showed longer term trends that could impact the City 4-5 years out.
- By Diagnosing, the City can work on the issues prior to reaching critical mass

Key Takeaways

- The Diagnostic gave stakeholders a more detailed view of trends
- Added depth to our five year forecasting process
- City is working on some policies to begin to address some longer term warning signs

Action Steps

- Updating annually
- Developing funding strategies for OPEB, which is impacting many of the ratios
- Reviewing current short term sales tax (Extend, replace, or expire)