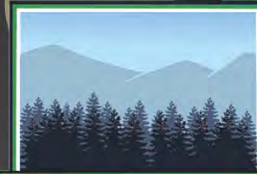


Lauren Gill, Town Manager  
League of California Cities Annual  
Conference  
October 2, 2015



Town of Paradise

• CALIFORNIA •

# Municipal Health Diagnostic Tool

STANDARDIZATION-EDUCATION-TRANSPARENCY

## Problem

- ▶ Financial Crisis
  - ▶ Large budget deficit
  - ▶ Low revenues/projections
  - ▶ Low trust in government leaders
  - ▶ Council requires a balanced budget

## Solution



- ▶ Look at adequacy of current fee structures
- ▶ Look at services – where to cut
- ▶ Employee salaries/pensions/benefits
- ▶ Review policies, practices
- ▶ Create a new NORMAL
- ▶ Possible Sales Tax Measure (or other additional revenue source)

## Challenges



- ▶ Very conservative electorate.
- ▶ Never in the history of the Town has a sales tax measure been approved.
- ▶ Low trust in government.
- ▶ Urgent need to inform the public about the Town's dire financial situation if a sales tax measure is not passed.

## Action



- ▶ Public Forums
- ▶ Media
- ▶ Employee Negotiations
- ▶ Council Budget Presentations

## Experience

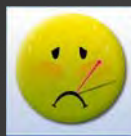


- ▶ Relatively easy to use.
- ▶ Validated what we knew.
- ▶ Helped us to inform Council, residents, employee groups on current reality, issues, trends.
- ▶ Provided a TRUSTED, standardized system to review current financial health.
- ▶ Provided steps to improve our financial condition.

## Fiscal Health Analysis Overview



- ▶ The tool reinforces the progress made to stabilize finances, but also highlights what is still needed.
- ▶ The tool shows how the Town can improve or slide backward if certain areas are not addressed.
- ▶ The Town can pay its bills in the short term, but must address longer term obligations and weaknesses to be truly "healthy."



### Items that Must Be Addressed to Improve Financial Health



- Recurring General Fund Operating Deficits
- General Fund Reserves are inadequate
- Inadequate cash as a % of liabilities
- Fixed costs exceed 80% of operating expenditures
- Inadequate asset maintenance

## Town's Fiscal Health for 2015/16

Overall Grade

C-

The Town is making progress and is moving toward an improved overall grade, but must continue to address depleted reserves, long term obligations, diminished assets and diversify its revenue stream to be financially "healthy."

