



SCOPE OF WORK

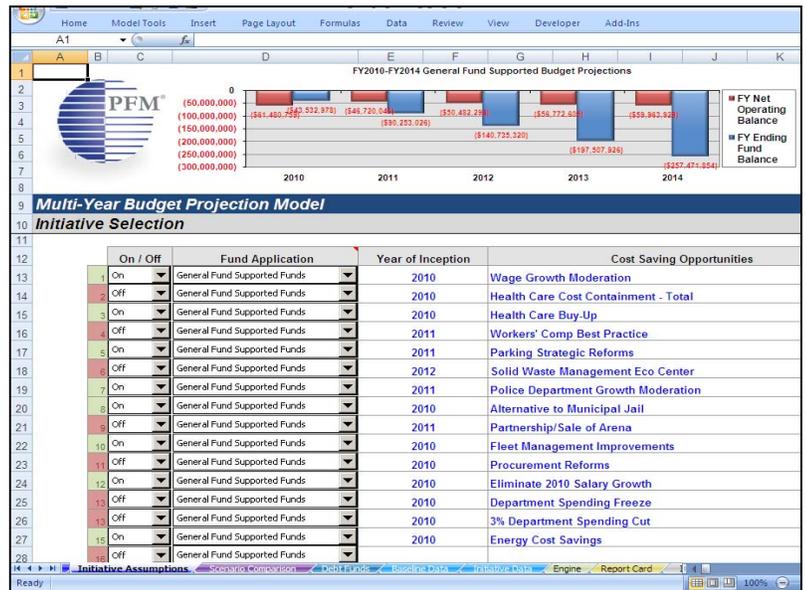


Financial trend analysis

PFM will analyze the City’s historical revenues and expenditures in its General Fund, Special Police Levy Fund and Fire Division Service Enhancement Fund to identify and explain key underlying trends and factors driving City government’s recent financial performance. PFM will draw on existing City data and projections, as well as information prepared for or by the Community Financial Advisory Committee.

We will also develop an Excel-based multi-year financial projection model that covers the City’s revenues and expenditures through the next five years. The model uses prior year data, demographic trends and management insight to calculate growth rates. The model then applies those growth rates to the City’s existing accounting structure to provide a simple, but elegant, set of projections.

The model will organize and present the City’s baseline fiscal condition (i.e. assuming no changes from the status quo) at different levels of detail. Growth rates can be changed and saved in different combinations to model different scenarios (i.e. recession scenario, high growth scenario). As we identify potential initiatives during the performance review (see next section), we will program them into the model. They can be turned on and off using a drop down switch with the associated financial impact graphically demonstrated (see screen shot at right). The model can store multiple sets of assumptions and initiatives in different scenarios that describe strategies the City could consider to achieve its goals. The model provides an intuitive way for the City to toggle between the scenarios and see how its financial performance changes.



In addition to the model, PFM will summarize its findings in a presentation delivered to City officials to guide deliberations about which trends must be addressed to close any current or future projected budget deficit and achieve structural financial stability.

Performance audit

Concurrent with the financial trend analysis PFM will review the operational and financial performance of all departments, divisions and offices supported by the General Fund, Special Police Levy Fund and Fire Division Service Enhancement Fund.

For each one PFM will do a document review (e.g. review collective bargaining agreements, any recent external reports, and internal reports on activity levels/service demand) and then conduct in-person interviews with department and division staff to discuss their service priorities, challenges and opportunities for gaining efficiency or savings. At the client’s direction, we would also meet with Chamber representatives, members of the Community Financial Advisory Committee and representatives from the collective bargaining units.



Project Scope

In addition to reviewing each department's staffing and service levels, the review would consider factors such as:

- How do the services that City departments offer align with their mission or City government's mission?
- Should the City consider re-allocating resources by eliminating, reducing or combining programs or services to better meet its mission? Does the City have the flexibility to make those decisions, or does it need other changes first (charter amendment, changes in state legislation)?
- Are there opportunities for efficiency through improved use of technology, process redesign or consolidation?

The Performance Review would culminate in a "menu of options" for improving services, reducing costs and increasing revenues without tax increases. The options would be quantified wherever possible and obstacles to implementation will be described to guide execution decisions.

PFM will provide targeted benchmarking analysis that compares Springfield to peer cities to enhance the menu of options. One option is to benchmark the staffing levels and deployment (i.e. where staff are assigned) for Springfield's police and fire departments to those of comparable Ohio jurisdictions as identified by PFM and the client. The analysis would consider staffing levels for Springfield and comparable municipalities relative to workload measures (e.g. Part I and Part II crimes, number of structural fires) and a high level review of range of services (i.e. do Springfield's staffing levels vary from those of other cities because it offers different types of service?).

We will deliver the menu of options in a presentation, first to the client, and then publicly as the client directs.



Project Scope

Timeline

PFM expects to provide these services over a 15-week period roughly as described in the proposed schedule below. This schedule assumes a project start date of June 20, 2016, though we recognize the actual start date will be subject to the City's review and contracting process. We have also provided meeting/presentation dates to provide a sense for how the project will progress, though actual meeting dates are subject to the City's schedule.

<u>Work step</u>	<u>Est. Date</u>
Project kickoff with project sponsors; submit document request	Week of June 20
Begin development of baseline financial projection	Week of June 27
Begin department interviews <i>(Will schedule with consideration of holiday weekend)</i>	Week of July 4
Present baseline projection & financial trend analysis	Week of August 15
Develop "menu of options," including best practice research <i>(Work will likely begin before this date, but will be informed by completed trend analysis)</i>	Week of August 22
Present menu of options	Week of September 26

Budget

We propose a project budget of \$125,000 billed on a monthly basis. We can work on an hourly fee basis, up to the maximum amount proposed above or bill in equal increments at your discretion. We are accustomed to working with public sector clients under a broad range of contract structures, and we are flexible on the subject of fair compensation for our services.