

REQUEST FOR PROPOSALS FOR FINANCIAL FORECAST CONSULTANT

The City of San Leandro desires to solicit qualified proposals for a long range financial forecast in accordance with this Request for Proposals (RFP). Award resulting from this RFP will be a fixed contract with an initial term of five years, through July 31, 2023.

I. INTRODUCTION

Currently, the City produces a two year budget and a five year forecast, which is updated from time to time as necessary. A copy of the current adopted, two year budget is available at the Finance Department's website using the following web address: www.sanleandro.org.

II. SCOPE OF SERVICES

- a. Establish baseline revenue and expenditure assumptions that include any recommendations for process improvements (i.e. "best practices"). These baseline assumptions must include maintaining fund reserves, remaining competitive regionally with labor contracts, meeting pension obligations, sustaining internal service funding to meet replacement cycles, fulfilling the city's debt service obligations, and other major factors that staff will identify with the consultant at the outset.
- b. Provide revenue estimates for the current year and subsequent ten years for the following General Fund categories: Property Tax; Sales Tax; Transient Occupancy Tax; Utility Users Tax; Franchise Fees; Business License Taxes; Fines, Forfeitures, Penalties; Revenue from the Use of Money and Property; Real Property Transfer Tax; Licenses and Permits; Cannabis-related Tax; Special Revenues; Gas Tax; and Intergovernmental Charges for current services;
- c. Provide expenditure estimates for the current year and subsequent ten years for the following General Fund categories: Salaries, Labor Negotiated Premiums, Overtime, and Benefits to include Medical Premiums, Vision and Dental, Long-Term Disability, Life Insurance Premiums, Employee Assistance Program, Medicare, Federal Income Tax, and Pension Obligations through CalPERS—defined by bargaining group—that can adjust to changes in the discount rate; Services and Supplies; Contractual Fire Services, Fire Other Post-Employment Benefits (OPEB), and Equipment; Capital Outlay; Debt Services, Internal Service Fund Charges, "Other" Charges that include grants and transfers out; Termination Pay-outs; Legal Fees. Distinguish Capital Improvement Program (CIP) labor, retiree medical premiums, and non-labor expenditures, including CIP debt service.
- d. The model must be scenario driven. This means the model visualizes graphically all revenues (section b), expenditures (section c), required reserve limits, and with a graphic representation of any impact to actual reserves (i.e. a "bottom line" analysis). Related graphs must be dynamic in nature, but also understandable, repeatable, and flexible.
- e. The model must allow the end-user to make changes using an "if this, then that" approach. For instance, if the city adds 2 officers to the police department, then the impact to reserves will be X, running a deficit by fiscal year XXXX. Or, if the city introduces revenue measure Y, the impact on fund reserves would generate a surplus in fiscal year YYYY. This forecast will not be utilized to

predict the future, but rather provide insight to elected officials and the city's executive team as an intellectual exercise.

- f. The model must offer the end-user the ability to adjust the forecast with contemporaneous information—a downturn in the economy, a revenue measure impact, or labor negotiation impacts.
- g. Each category listed in section (b) and section (c) should have associated sensitivity analyses to show how significant an impact any subsequent changes would have on fund reserves. If a significant sales tax generator leaves the city, how sensitive will General Fund revenues be to each of the top 10 economic drivers.
- h. Describe the methodology for the revenue and expenditure estimates as well as the modeling for the ten-year forecast period. Provide any “best practices” incorporated into the forecast extended out 10 years.
- i. The model must display information on both a calendar and fiscal year basis;
- j. The model must display information in the following formats: 1) an executive-level summary with impacts on City Reserves; and, 2) a financial manager-level summary at the fund balance and service-delivery impact level. The second format must provide scenarios around impacts to gain/loss of revenues and expenditures.
- k. The estimates will be provided twice annually, with a preliminary estimate typically provided in late October/early November and the final forecast provided in late January/early February for incorporation into the City's General Fund Ten-Year Forecast that is released at the end of February each year.
- l. Provide local and national economic forecasts concerning topics to be selected by the City, including but not limited to: Employment, Unemployment, Inflation, Gross Domestic Product (GDP), and Housing Prices.
- m. Provide a written overview of the current and forecasted economic conditions at the local, state and national levels. This written overview should incorporate local economic drivers and the relative significance of their business has on the General Fund.
- n. Prepare a 10 year budget model for the City's General Fund (as an Excel workbook), which an intermediate user of Excel could operate.
- o. Meet with City staff on the forecast twice annually and potentially present information to the Mayor and City Council.

III. PROPOSAL REQUIREMENTS

- 1. Provide an upfront and annual cost proposal for completing the work described in the scope of services
- 2. Provide three references for cities where your firm has completed similar projects, including name, title, phone number, and email address
- 3. Provide a description of your firm's experience
- 4. Provide name of person(s) assigned to the City of San Leandro, including relevant work experience of the assigned personnel

