



## Legislation Text

---

**File #:** HCC-367-FY24, **Version:** 1

---

Submitted by: Ron Brooks  
Submitting Department: Finance  
Agenda Section: Presentation

**Item Title:**

**City of Hyattsville 10 Year Financial Forecast**

**Suggested Action:**

For presentation.

**Summary Background:**

The City Treasurer produces a five-year forecast which is updated annually and submitted as an attachment to the annual City Administrators Budget which is required per ARTICLE V Finance and Section C5-5 of the Charter and code.

However, this is the typical five-year forecast expanded out to a ten-year forecast and will be submitted as an attachment to the budget ordinance. The purpose of the presentation to the Council will focus on briefly discussing the new forecasting model and the assumptions attributed to the final report.

The presentation will be presented by the City Treasurer and the City's Financial Consultant.

The 10 Year Financial Forecast upon completion will provide additional clarity in key areas of City's finances long-term, including but not limited to identifying factors that may result in the reduction and/or increases of revenues, expenditures and reserve fund estimates at the end of each year within the ten-year fiscal period.

Given several factors to include but not limited to, an increase in the City's population via the 2020 national census, the addition of new housing developments, the renovation of an existing City facility for a new Police Public Safety Building, including the possibility of additional facilities upgrades in the near term, provided the catalyst to provide a 10 Year Financial Forecast to capture the varying effects noted above, and show how these factors could impact City operations within the next ten years.

Additionally, the new forecasting model would provide the City Treasurer with a user-friendly proactive forecasting model that included a what-if format to simulate scenarios around impacts to increase/loss of revenues and expenditures. This forecasting model will be used by the Treasurer annually in preparation of the General Operating Budget.

**Purpose of the Ten-Year Forecast**

- 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 by 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.

- Provide revenue estimates for the current year and subsequent ten years for the following General Fund categories: Real Property Tax, Personal Property Tax, Sales Tax, Operating Tax, Franchise Fees, Business License Taxes, Fines, Forfeitures, Penalties, Real Property Transfer Tax, Licenses and Permits, Medical Cannabis-related Tax, Income Taxes, Interest Income, Highway Tax Revenues, Admissions Taxes, and Intergovernmental Charges for current services.
- Provide expenditure estimates for the current year and subsequent ten years for the following General Fund categories: Salaries, 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 that can adjust to change in conditions, Services and Supplies, Other Post-Employment Benefits (OPEB), and Equipment, Capital Outlay, Debt Service, Other Charges that include grants and Transfers Out, including Capital Improvement Program (CIP) costs, including debt service.
- Provide a work document that is scenario driven. This means the work document must visualize graphically revenues, expenditures, and general fund reserve limits, and with a graphic representation of any impact to actual reserves (i.e. a “bottom line” analysis).
- Provide a work document that offers the end-user the ability to adjust the forecast with changes in the economy.
- 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 ten years.

**Next Steps:**

The forecast will be attached to the budget ordinance.

**Fiscal Impact:**

Fiscal impact to the City is noted within the final report.

**City Administrator Comments:**

For presentation.

**Community Engagement:**

The 10 year forecast will be included with the budget ordinance and posted on the City’s website.

**Strategic Goals:**

Goal 2 - Ensure the Long-Term Economic Viability of the City

**Legal Review Required?**

N/A