



DATE: September 20, 2024  
TO: City of New Meadows City Council  
FROM: Jace Perry, Clearwater Financial, Municipal Advisor to the City of New Meadows  
RE: Update on Comprehensive Financial Plan

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### **Comprehensive Financial Plan**

To date we have completed quite a bit of work on the Comprehensive Financial Plan (CFP or Plan). Ultimately the final Plan will be a great resource for the Council to use to inform it's financial decision-making, specifically as it relates to the prioritized projects identified in the Plan.

The project was initiated with a full-day site visit with the Mayor and staff where we toured 13 of the facilities identified in the project. We interviewed 6 stakeholders in the community to gather their feedback on the City and its facilities and potential funding solutions. A Stakeholder Summary Report has been provided to the council. We prepared a Demographic Report looking at historical growth and local demographics to help inform what growth may be coming and how that will impact the Plan. This Demographic Report has been provided to Council in a public meeting. We convened 2 citizen's committee meetings made up of 7 members. We coordinated, scheduled, and ran the 2 meetings that reviewed the condition of City facilities and projects. We walked the Committee through a prioritization process of the facilities and projects. Feedback from the Committee was tracked and will be included as an appendage to the final Plan. The City did decide not to continue with the Committee for additional meetings to seek a recommendation letter from the Committee.

While these processes were going on we received the City's historical financial statements and budgets and began analyzing revenues and expenses and fund balances. This included mapping the budgets to the financial statements for a clear analysis of revenues and expenses. In June 2023 we presented to Council an update on the progress, which included the Demographic Report and Stakeholder Summary Report. Following that meeting we had our 2<sup>nd</sup> Citizen's Committee meeting in August of 2023 and review prioritization of the projects. These reports have been vital sources of data for the creation of the Plan and will also be included as appendages to the final Plan.

In October 2023 we were asked if we would be willing to work with Tim Ferrell on the Rate Study component of our scope. In conversations with the City we agreed to share the work we had done on the Rate Study to date with Tim, which included gathering the financial history of the water fund, breaking out the water fund financials, mapping budget line items to the financials, and conducting a trend analysis. We also agreed to forfeit additional work on the Rate Study that we were under contract to do, which would free up funds to pay Tim. We also agreed to prepare a financial model that the rate structure could be input into once the new rate structure was determined. We agreed to create the model under the retainer and work with Tim to bring the Rate Study together. We had an initial meeting with the City and Tim in November 2023 and a follow up in December 2023. This

also included participating in a presentation to Council in January 2024. Following this transition, we were instructed by the City to hold off on the CFP until the Rate Study could be completed and included in the CFP process. We then waited for direction from the City on the CFP and Tim on the Rate Study. We had continual follow up emails and calls with the City and Tim in February, March, June, July and August 2024. In August 2024 we were once again instructed to wait for the Rate Study to be complete. We did understand the complexities of implementing a new rate structure and the impacts on the City and all the users. We also understood this was a tenuous and important process and were respectful of the City's wishes to focus on the new rate structure and ensure it was correctly done.

While we were waiting for direction to continue working on the CFP, we received an unexpected call from the City Attorney asking for any update and questioning what had been done for the invoices that were paid. We then had some additional meetings with the City and Attorney to get on the same page. Our goal is in alignment with the City to complete the CFP so you have a functioning document to guide future decision-making. This is ultimately what is being paid for with City funds.

In an effort to be collaborative and flexible, knowing the City has limited resources and we want to complete the project for you as much as you want it completed, we discussed and agreed with the Mayor and City staff this month that, 1) we would no longer wait for updates to any of the projects and complete the CFP based on current data and inputs, 2) we would no longer wait for the completion of the Rate Study for inclusion in the CFP, 3) we confirmed prior instruction that we would not convene the Citizen's Committee for a letter of recommendation, but include the feedback that has been received to date in the final Plan, and 4) we would present a draft CFP for the Council's review on October 14<sup>th</sup>. If Council had any edits or adjustments we would present a final CFP to Council on October 28<sup>th</sup>.

While there is considerable work to be done, in good faith we offered to complete the project for half of the remaining unbilled amount left on Amendment 1. We were then informed that Council didn't want to pay additional on the project, so we agreed to complete the CFP under the retainer and forgo any remaining billable amount left on Amendment 1. Once again, our goal is to help the City complete the CFP and use it to complete its needed facilities and projects with the limited resources available.

### **Retainer and Amendment 1**

With regard to the retainer, this is separate from Amendment 1 (Amendment) to the Master Services Agreement (MSA) and these retainer hours have been available to the City since the inception of the MSA. Under the retainer we have worked on a few different projects including, helping the City with some budgeting questions and research, reviewed a banking proposal and researched alternative banking options. We also created the rate model for Tim and had a few meetings regarding the Rate Study after we agreed to do that work under the retainer.

It is also important to note that we did include 2 additional projects (broadband and skatepark) that weren't in the initial scope without adjusting the cost in Amendment.

We are cognizant of the City's limited resources and have been flexible in helping the City. We forfeited our Agreement to do the Rate Study in the Amendment so the City could use those funds

to hire Tim and we are now forfeiting billing for the remaining work necessary to complete the CFP. We have been patient, proactive and flexible throughout this process and are looking forward to completing this project for you. We look forward to reviewing the Draft CFP with you at the October 14<sup>th</sup> Council meeting and moving the Plan towards completion.

As has been discussed previously, if there is anything we can be helping the City with under the retainer always feel welcome to call and let us know.

Warmest and respectful regards