

**2011 Transforming Local  
Government/FCCMA  
Conference  
Case Study Application**

Conference Theme: ***Making Magic – How Bold Can Government Be?***

When: June 1-3, 2011

Where: Clearwater, Florida

Hosts: City of Clearwater and Pinellas County

Application Deadline: August 15, 2010



**HOW TO APPLY**

1. Submit the following information in electronic format:

- Cover sheet including the information requested
- 1 to 4-page synopsis describing the case study (described on page 2)
- Answers to Presentation Components (described on page 2)

**COVER SHEET INFORMATION**

Rancho Cordova Annual Corporate Report

Case Study Title

City of Rancho Cordova

Jurisdiction Name

Ted Gaebler

City/County Manager

**Project Leader – Primary Contact**

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200 word description for inclusion in the conference program:

See Attached



**Presenting Team Member(s)**

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## **2011 Transforming Local Government/FCCMA Conference**

### **Case Study Application**

#### **Rancho Cordova's Annual Corporate Report**

##### **200 word description for inclusion in the conference program:**

Local governments in America have an average approval rating of 19%. One way to improve the public's trust is to operate in a more businesslike manner and clearly demonstrate prudent management of resources. To do this the City of Rancho Cordova has downplayed the budget process, which attempts to project results, and instead highlights actual results with an Annual Corporate Report. Held every February the Annual Corporate Report is more than a hard copy report. It is an event structured to deliver data from the previous year's audited finances in a manner that educates participants.

Aimed at an audience of business/community residents, elected officials, and staff, expert speakers frame macroeconomic conditions and forecasts that set a context for which staff then present the City's financial conditions and accomplishments. This brings the audience up to date on the City's finances and allows for discussion about community priorities in the abstract, without the pressure of a specific budget. Rancho Cordova's Annual Corporate Report is a bold approach at transparency that ultimately helps elected officials become better equipped at interpreting the public will in the context of the world around them.

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### Case Study Application

#### Rancho Cordova's Annual Corporate Report

#### Case Study Synopsis:

##### The Problem

The average approval rating for local governments in America is 19%. Such a substantial lack of public trust hinders local government's effectiveness in providing services, and ultimately impacts the goal of effecting structural reform to improve government. In order to improve upon this image, the City of Rancho Cordova believes uses an innovative approach to engaging decision-makers and citizens in public finances and priority-setting.

The public sector has traditionally focused on using a budget process to deal with and address financial decisions. By definition, a budget is a projection. The experience of allocating resources for real needs with diminishing assets –as any elected official in recent economic times can attest – is almost always negative. All this results in a deeply dysfunctional experience in government since there are *never* enough resources. Such deep dysfunction only helps to fuel the public's distrust in government's ability to effectively manage resources.

##### The Solution

One way to improve our industry's image and restore trust in government is to act in a more businesslike manner. This is not to be confused with operating on a profit-maximization model as they do in business where the measurement of success is based simply on increasing shareholder value. Instead, it is to operate effectively while understanding the political nature of our industry, and that our *raison d'être* is to provide services for the greater good that cannot be effectively provided by the private and non-profit sectors. Improving the public's trust of our work and intentions requires a bold approach that accentuates our respect for transparency, prudent management of resources, efficiency, and accountability. To achieve this at the City of Rancho Cordova, we have innovated a different way of reporting our stewardship of the public's finances.

Every year in February the City produces its Annual Corporate Report. The Corporate Report is more than a physical, hard copy report. It is an *event* built on the data from the recently released previous year's audited financial data, and structured to deliver the information in a manner that increasingly educates the participants. The target audience is elected official decision-makers, staff, business community and residents. The progression of the day goes from the very macro, global view down to finite, specific City data setting the stage for future financial decisions.

To clearly paint a picture of the current economic environment the City brings in speakers that expertly frame the national, state and regional economic conditions and forecasts. Then the City presents its financial results in the context of those pictures. The Annual Corporate Report boldly presents and

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reflects a realistic fiscal environment, not dreams. Openly presenting fiscal information in this manner has proven an intelligent way of bringing the audience up to date on the City's financial condition and provides a distinct opportunity for highlighting prudent management.

Towards the end of the daylong event the real purpose of the session comes to fruition. By asking the audience, and specifically Council members, what they are hearing in the community a discussion opens that brings forth community priorities. This allows the decision-makers to deal with issues and priorities in the abstract, without the pressure of a budget problem. Through this discussion, they give rich and comprehensive guidance to staff for future spending plans via the traditional budget process.

#### The Outcomes/Results

The Annual Corporate Report's objectives are multi-faceted, and a significant value is deeply foundational, making it difficult to directly measure its success. That said, there are some metrics that may be construed as demonstrating the value of annually giving this information, in this type of forum *and* continually improving, enhancing and increasing it.

The first measure is purely financial. The Annual Corporate Report is one way to give financial decision-makers the best possible information, and that contributes to management's ability to prudently manage City resources. In March 2009, Rancho Cordova's bond rating increased two grades when others were being down-graded, and the reason cited was the City's strong financial management. As a result, *The Sacramento Bee* editorialized that the City of Rancho Cordova is "one city that gets it right" and suggested others, such as the State of California, could take a lesson. In addition, in 2009, the Alliance for Innovation invited the City to participate in a regional webinar on innovation in turbulent economic times along with less than a dozen other cities across the nation chosen for their reputations of fiscal success.

The second metric is tied to the notion that citizens approve of the direction the City leaders are taking. Every two years, Rancho Cordova conducts public opinion surveys and has begun to chart trends. In the 2009-10 survey, 81 percent of Rancho Cordova citizens reported they were satisfied with their quality of life in Rancho Cordova, the services provided by the City and the direction it was going, an increase from two years earlier. Though more of an indirect measure, this type of positive public feedback shows a level of comfort and trust in the City's stewardship of public finances.

On an even less explicit measure, the Annual Corporate Report helps our elected officials become better equipped at interpreting the public will because they have been gathering information about the community's needs and putting it into the context of the world around them, rather than trying to balance a budget. The depth and breadth of information given to the Council members during the City's Annual Corporate Report also helps to prepare and empower them to participate in leadership roles at regional, state and national levels.

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##### The Innovation

Rancho Cordova's Annual Corporate Report is clearly a different approach to laying groundwork for enhancing public trust and a bold, businesslike technique for communicating information on financial conditions. In an attempt to ensure improvement of both the *content* and *delivery* of information, and to continually reach new audiences at all levels of the public, the City has expanded the Annual Corporate Report in each year of its existence. Over the past four years, this progression has included:

2007—The inaugural workshop showcased local experts and City staff.

2008—Added speakers from the League of California Cities to highlight the State's outlook and emphasize the impact on local government. The City also created the first Citizens' Financial Report that displays audited data from the Comprehensive Annual Financial Report (CAFR) in an easy to read and educational format.

2009—The City built on 2008 by partnering with the Rancho Cordova Chamber of Commerce to add a morning session of presentations by a nationally renowned economist and a regional real estate expert. The session drew sponsors to cover costs and over 100 new participants from the business sector and other public agencies, yielding very positive feedback.

2010—Included all aspects from 2009 and added, in the City segment, a fun and informative public education video titled "Connecting the Dots: Your Taxes at Work in Rancho Cordova," aimed at the general public. The video was produced in house at no cost except staff time, and is now viewed on the City's website and Facebook page, available through the Rancho Cordova Library, shown in local high school government classes, and available to civic and community leaders.

The City of Rancho Cordova strongly believes that these efforts not only pay dividends to the City and community through the actual results of our financial acumen and management, but fundamentally and progressively work to change public confidence for the good.

In closing, the Annual Corporate Report is easily replicated by cities desiring to educate decision-makers and community leaders on their city's financial condition. The minimal cost of providing cutting edge information is City staff time, and partnerships and sponsorships can make up the difference. Altogether, this approach is simple, based on sound principles that have been successful for four years, and worthy of highlighting as bold enough and magical to help transform local governments.

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#### Rancho Cordova's Annual Corporate Report

#### Presentation Components:

##### 1. Innovation/Creativity

- *How did the program/project/service, etc. improve the organization?*
  - By transparently presenting the City's financial results in a businesslike manner, the public's trust, in the City's ability to manage public finances, has been improved.
  - By including elected officials, staff, and business/community residents in financial discussions, community priorities are more clearly communicated to City leadership which allows for more responsive budgeting.
  - Having financial discussions without the pressures of the budget process allows for more prudent, well thought out guidance to come from elected officials.
  - Openly highlighting fiscal responsibility has led to an improved credit rating for the City.
- *Were new technologies used?*
  - By utilizing our website and social networking, the City was able to quickly, efficiently, and inexpensively distribute "Connecting the Dots: Your Taxes at Work in Rancho Cordova."
- *Was a private consultant used?*
  - No, not in the planning of the Corporate Report. Presenters included Christopher Thornberg, a nationally renowned economist and principal of Beacon Economics, and other local real estate experts. Because of the City's partnership with the Rancho Cordova Chamber of Commerce for the morning presentations, speaker fees were offset by corporate sponsorships and modest admission charges of approximately \$30 per person. All charges were handled by the Chamber of Commerce at no cost to the City.

##### 2. Outcomes Achieved

- *What customer/community needs and expectations were identified and fulfilled?*
  - Community members expect accountability, transparency, efficiency, and overall, responsible stewardship of public finances. The Annual Corporate Report addresses these expectations in an open, educational, and businesslike way.
- *Has service delivery been enhanced?*
  - Declining revenues over the last few years have made cuts in public services necessary. By openly discussing previous performance, current financial strategies, and realistic future projections, those cuts which were deemed necessary have been more fully understood and accepted by the community.

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- *Did the initiative improve access to government?*
  - Yes. Presenting audited financial results to citizens not only allows greater access to government finances, but enhances education about the financial realities the City faces.
  - It allows elected officials to become better equipped at interpreting the public will and helps to put that will in the context of macro-financial realities.
- *Has the health of the community improved as a result?*
  - Public opinion of the job the City and its elected officials are doing continues to improve. The Rancho Cordova community also seeks to improve its image in the greater regional Sacramento Valley, and the businesslike financial success of the City appears to be noted outside the City limits.

### 3. Applicable Results and Real World Practicality

- *What practical applications could you share if selected?*
  - Objectives formed in the planning stages of each Annual Corporate Report, formats for type of information shared, spreadsheets and technical logic behind trend analysis and projections.
  - Thought process and techniques that went into conceiving, planning and executing the creation of a 10-minute video educating students and tax-payers about where their tax money goes.
- *How applicable is the project/program/service to other local governments?*
  - The concepts and application are easily shared with and taught to other local governments.
- *What results/outcomes will you be able to share, and include any performance measures if applicable.*
  - We strive to continually improve each Annual Corporate Report. One of the improvements tentatively being planned for February 2011 is to add a survey of our attendees, and results could be shared at the Transforming Local Government Conference in June 2011.

### 4. Case Study Presentation

- *Briefly describe what your case study presentation might include:*
  - Video: Connecting the Dots: Your Taxes at Work in Rancho Cordova
  - PowerPoint presentation – including a live demonstration of the most recent Annual Corporate Report
  - Handout of the Citizens' Financial Report