

FINANCIAL PILLAR

VISION FOR THE FUTURE

Fiscal responsibility is vital to all employees and is of major importance to the public and rate payers. PCRWRD demonstrates fiscal responsibility to its ratepayers and the Board of Supervisors (BOS) by seeking adequate funds to meet expenses, managing available funds and resources efficiently, and utilizing technology to enhance and optimize business operations while decreasing overall operating costs.

A key activity for achieving Financial Pillar goals and objectives is the development and monitoring of PCRWRD's annual Financial Plan and Budget. In the last strategic planning cycle, the need to improve PCRWRD's budget planning process was addressed through development of a consistent process for budgeting. The effort to establish consistent procedures and identify opportunities for improvement will continue over the next strategic planning cycle. With each division monitoring its own budget, consistent reports, forecasts, and financial updates can be provided to the BOS. This process is a useful tool that helps divisions to stay within their approved budgets.

The ROMP was the largest and most complex public works program ever undertaken in the history of Pima County. The original budget for the ROMP was \$720 million. As the projects were developed during the design and construction phases, there were opportunities to reduce costs through value engineering or project delivery approaches. As a result, the total cost of the ROMP Program is forecasted to be about \$605 million, for a total cost savings of \$115 million below the original budget.

In spite of substantial rate increases that were necessary to fund the improvements, upgrades and expansion, Pima County's rates are still well within the mid-range for sewer utilities nationally.

The application of best practices for value engineering and efficient project delivery was key to the successful delivery of the ROMP. The continued application of best practices is the key to strengthening PCRWRD's Financial Pillar. To this end, continuous improvement methods recently implemented in the Capital Improvement Program (CIP) system have resulted in action plans and process performance metrics. Implementation of these continuous improvement action plans and ongoing monitoring of process metrics will contribute to a strong Financial Pillar.

OPPORTUNITIES

Advantage Financial Management System

An on-going challenge for the Financial Pillar is the need for increased accountability and the availability of effective tools. It will be critical that the Advantage Financial Management System (AMS) provides accurate and timely information to PCRWRD if the department is to improve its forecasting and overall budget management and coordination.

Staff Needs and Requirements for Success

An emphasis on staff accountability in budget management is and will continue to be addressed through unit-level monthly budget forecasting meetings. The use of AMS, especially by managers, will be imperative to the success of these meetings. To increase success, dedicated financial support staff should be allocated to each division. A comprehensive continuous-improvement program is being applied throughout

OUR GOAL

To maintain financial responsibility by ensuring allocated funding sources are adequate to meet expenses and available funds and resources are managed efficiently.



KEY PERFORMANCE INDICATORS

- Percent of O&M budget spent
- Percent of CIP budget spent
- Percent of budgeted revenues collected

the Capital Improvement Program (CIP) system. This program will support project managers' ability to accurately project budgets and complete project commitments during the years the projects are scheduled and forecasted.

Operational Efficiency Through Technology

There are ongoing efforts pending through the county's Information Technology Department (ITD) to integrate work-order management systems in the Treatment and Conveyance Divisions with AMS. These efforts are aimed at reducing the time needed for manual or duplicate inputs. Fully utilizing technological opportunities and extending these technologies to mobile applications will enable PCRWRD to increase its operational efficiency and yield significant cost reductions over the life of these systems and tools.

MAJOR PROJECTS AND PROGRAMS

Annual Financial Plan Project

PCRWRD divisions will lead the development of an annual Financial Plan in coordination with the Pima County Finance and Risk Management Department. The plan will set forth expected revenue needs sufficient to meet anticipated expense requirements. PCRWRD will strive to deliver industry-leading service without increasing its user or system fees beyond industry-median levels, nor anymore than necessary.

Budget Management Program

Once the Financial Plan is set and approved, PCRWRD divisions will spend only what is necessary, and with good fiscal management will not exceed their budgets. Such efforts will require monthly reviews of expenditures and accurate projections of costs through the end of the Fiscal Year. It also will require accessible and accurate financial data.

Continuous Improvement of the Budget Planning & Capital Improvement Programs

Process Improvement Action Plans and monitoring key performance indicators at the process, system, and enterprise levels are critical for continuous improvement. Key performance indicators are monitored at monthly meetings with the director and the deputy directors and at quarterly management review meetings. Additionally, where systems and their sets of interlocked processes are defined and measured, process and system metrics will be monitored regularly.

BENEFITS

Long-term benefits of the department's commitment to the Financial Pillar include:

- Greater levels of performance and production as contemplated by annual budget plans;
- Improved bond ratings which in turn enable the department to invest in needed infrastructure improvements;
- Enhanced regulatory compliance through better capacity to fund infrastructure improvements;
- Public recognition by ratepayers that they receive quality services as good value for their fee payments; and
- Continued protection of the environment and the public health.