



General Fund Five-Year Fiscal Forecast

Budget and Finance Policy Committee
16 November 2023

PURPOSE AND OVERVIEW

- Review five-year General Fund fiscal forecast
- Fiscal context while considering FY 2023 Excess Equity
- Forecast is a snapshot in time based on assumptions impacted by changes in economic performance and operating conditions

- Overview
 - Revenues
 - Expenditures
 - Contingency Scenarios

- Discussion on forecast

LONG-TERM REVENUE PROJECTIONS

FY 2024 through FY 2032									
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
Undesignated Revenues									
Secured Property Taxes	84,725,717	89,385,632	92,514,129	95,752,123	97,667,166	99,620,509	101,612,919	103,645,177	105,718,081
Supplemental Taxes	3,400,000	3,400,000	3,400,000	3,400,000	3,468,000	3,537,360	3,608,107	3,680,269	3,753,875
Unsecured Property Taxes	3,806,995	3,806,995	3,806,995	3,806,995	3,883,135	3,960,798	4,040,014	4,120,814	4,203,230
Property Transfer Taxes	18,000,000	16,000,000	16,000,000	16,000,000	16,000,000	16,000,000	16,000,000	16,000,000	16,000,000
Property Transfer Tax - Measure P	10,189,500	10,698,975	11,233,923	11,795,619	14,000,000	7,500,000			
Sales Taxes	19,654,225	20,351,959	21,215,626	22,061,376	22,502,604	22,952,656	23,411,709	23,879,943	24,357,542
Soda Tax	1,147,387	1,147,387	1,147,387	1,147,387					
Utility Users Taxes	17,454,320	17,054,320	17,054,320	17,054,320	17,395,406	17,743,315	18,098,181	18,460,144	18,829,347
Transient Occupancy Taxes(TOT)	8,374,588	8,655,826	9,621,409	10,683,549	10,897,220	11,115,165	11,337,468	11,564,217	11,795,502
Short-term Rentals	1,400,000	1,400,000	1,400,000	1,400,000	1,428,000	1,456,560	1,485,691	1,515,405	1,545,713
Business License Taxes	21,560,783	21,991,999	22,431,839	22,880,476	23,338,085	23,804,847	24,280,944	24,766,563	25,261,894
Recreational Cannabis	1,000,000	1,020,000	1,040,400	1,061,208	1,082,432	1,104,081	1,126,162	1,148,686	1,171,659
Measure U1	5,900,000	5,900,000	5,900,000	5,900,000	6,018,000	6,138,360	6,261,127	6,386,350	6,514,077
Vacancy Tax		2,500,000	5,000,000	5,150,000	5,304,500	5,463,635	5,627,544	5,796,370	5,970,261
Other Taxes	4,453,059	4,453,059	4,453,059	4,453,059	4,542,120	4,632,963	4,725,622	4,820,134	4,916,537
Vehicle In Lieu Taxes	17,811,134	18,790,746	19,448,422	20,129,117	20,531,699	20,942,333	21,361,180	21,788,403	22,224,171
Parking Fines - Regular Collections	5,800,000	5,300,000	5,300,000	5,300,000	5,406,000	5,514,120	5,624,402	5,736,890	5,851,628
Moving Violations	132,600	135,252	137,957	137,957	140,716	143,531	146,401	149,329	152,316
Ambulance Fees	5,350,779	3,880,779	3,880,779	3,880,779	3,958,395	4,037,562	4,118,314	4,200,680	4,284,694
Interest Income	8,826,211	8,826,211	8,826,211	8,826,211	9,002,735	9,182,790	9,366,446	9,553,775	9,744,850
Franchise Fees	1,720,056	1,720,056	1,720,056	1,720,056	1,754,457	1,789,546	1,825,337	1,861,844	1,899,081
Other Revenues	6,640,308	6,640,308	6,640,308	6,640,308	6,773,114	6,908,576	7,046,748	7,187,683	7,331,437
Indirect cost reimbursements	6,604,970	6,604,970	6,604,970	6,604,970	6,737,069	6,871,811	7,009,247	7,149,432	7,292,421
Transfers	7,591,924	4,472,621	4,562,074	4,562,074	4,653,315	4,746,382	4,841,309	4,938,135	5,036,898
Total Undesignated Revenues	261,544,556	264,137,095	273,339,864	280,347,585	286,484,170	285,166,898	282,954,872	288,350,245	293,855,214
Designated Revenues									
Prop. Transfer Taxes for capital improvements	4,873,786	8,017,475	9,218,349	10,479,266	11,008,851	11,549,028	12,100,009	12,662,009	13,235,249
Total Designated Revenues	4,873,786	8,017,475	9,218,349	10,479,266	11,008,851	11,549,028	12,100,009	12,662,009	13,235,249
TOTAL REVENUES AND TRANSFERS	266,418,342	272,154,570	282,558,213	290,826,851	297,493,021	296,715,926	295,054,881	301,012,254	307,090,463
Year-over-year % change	0.2%	2.2%	3.8%	2.9%	2.3%	-0.3%	-0.6%	2.0%	2.0%

SHORT-TERM REVENUE PROJECTIONS

	Projected General Fund Revenue FY 2021 through FY 2025						
	FY 2023 Adopted	FY 2022 Actual	FY 2023 Actual	FY 2024	FY 2025	FY 2026	FY 2027
Undesignated Revenues							
Secured Property Taxes	75,664,920	71,607,561	79,091,256	84,725,717	89,385,632	92,514,129	95,752,123
Supplemental Taxes	2,000,000	2,317,723	3,400,000	3,400,000	3,400,000	3,400,000	3,400,000
Unsecured Property Taxes	3,516,000	3,472,334	3,806,995	3,806,995	3,806,995	3,806,995	3,806,995
Property Transfer Taxes	18,000,000	18,000,000	18,000,000	18,000,000	16,000,000	16,000,000	16,000,000
Property Transfer Tax - Measure P	14,073,750	20,591,313	10,189,500	10,189,500	10,698,975	11,233,923	11,795,619
Sales Taxes	19,016,546	18,928,278	19,449,474	19,654,225	20,351,959	21,215,626	22,061,376
Soda Tax	990,210	1,025,800	1,147,387	1,147,387	1,147,387	1,147,387	1,147,387
Utility Users Taxes	13,800,000	14,750,065	17,454,320	17,454,320	17,054,320	17,054,320	17,054,320
Transient Occupancy Taxes(TOT)	5,000,000	5,727,046	7,022,353	8,374,588	8,655,826	9,621,409	10,683,549
Short-term Rentals	1,000,000	1,295,798	1,497,432	1,400,000	1,400,000	1,400,000	1,400,000
Business License Taxes	19,000,000	20,403,974	21,138,023	21,560,783	21,991,999	22,431,839	22,880,476
Recreational Cannabis	1,400,000	1,250,792	1,000,000	1,000,000	1,020,000	1,040,400	1,061,208
Measure U1	4,900,000	4,913,872	5,865,147	5,900,000	5,900,000	5,900,000	5,900,000
Vacancy Tax					2,500,000	5,000,000	5,150,000
Other Taxes	2,631,441	3,189,999	4,453,059	4,453,059	4,453,059	4,453,059	4,453,059
Vehicle In Lieu Taxes	15,926,168	15,006,003	16,626,651	17,811,134	18,790,746	19,448,422	20,129,117
Parking Fines - Regular Collections	4,326,450	4,765,819	5,800,000	5,800,000	5,300,000	5,300,000	5,300,000
Parking Fines - Booting Collections							
Moving Violations	132,600	156,253	132,600	132,600	135,252	137,957	137,957
Ambulance Fees	3,880,779	3,833,730	5,330,779	5,350,779	3,880,779	3,880,779	3,880,779
Interest Income	6,000,000	6,694,122	7,618,485	8,826,211	8,826,211	8,826,211	8,826,211
Franchise Fees	1,613,283	1,720,056	1,720,056	1,720,056	1,720,056	1,720,056	1,720,056
Other Revenues	6,729,977	7,546,099	6,640,308	6,640,308	6,640,308	6,640,308	6,640,308
Indirect cost reimbursements	5,490,000	5,074,695	6,604,970	6,604,970	6,604,970	6,604,970	6,604,970
Transfers	17,096,148	27,354,923	17,096,148	7,591,924	4,472,621	4,562,074	4,562,074
Total Undesignated Revenues	242,188,272	259,626,255	261,084,943	261,544,556	264,137,095	273,339,864	280,347,585
Designated Revenues							
Prop. Transfer Taxes for capital improvements	16,462,172	24,901,750	4,873,786	4,873,786	8,017,475	9,218,349	10,479,266
Total Designated Revenues	16,462,172	24,901,750	4,873,786	4,873,786	8,017,475	9,218,349	10,479,266
TOTAL REVENUES AND TRANSFERS	258,650,444	284,528,005	265,958,729	266,418,342	272,154,570	282,558,213	290,826,851

ASSUMPTIONS

Secured Property Taxes

In the Mid-Year FY 2023 report staff:

- Continued high collection rate, and the resilience of property values in the City, as well as a large volume of recent property sales (which bring assessed values to market value)
- Projected FY 2023 growth would be 10.8% and 5.5% thereafter
- Revised due to collapse in the real estate market during the third quarter of FY 2023
- Projection for FY 2024 is 7.124%; FY 2025 it is 5.5%, but the growth for FY 2026 and FY 2027 have been lowered to 3.5%

ASSUMPTIONS

Property Transfer Taxes

- Dramatic slowdown in the real estate market in the 3rd quarter of FY 2023, the continuation of the trend in the first two months of the 4th quarter, and the continuing increases in interest rates by the Federal Reserve Board (along with rising mortgage rates), and a slowing US economy, we expect a decline in property values and in property sales activity in FY 2024.
- Over the 5 years prior to the pandemic, transfer tax revenues grew 6% per year on average, but the high level of mortgage rates will continue to negatively impact sales prices and volumes in the next few years.
- Project no growth in Transfer Tax revenue in FY 2024 from the revised FY 2023 total, followed by growth of 5% per year from FY 2025 – FY 2027.

ASSUMPTIONS

Sales Taxes

- This revenue source is back to pre-pandemic levels
- There is still some potential risk that the overall slowdown in the economy will be greater than currently expected due to the Federal Reserve Board's dramatic increase in interest rates from zero to over 5%, and due to tightening of credit standards due to the fallout from the recent three failures of three regional banks.
- Projected growth in FY 2024 of 1.1% and then level off to approximately 4% in FY 2025 through FY 2027.

ASSUMPTIONS

Transient Occupancy Taxes

- With the addition of a new hotel, projecting 22.6% growth in FY 2023 revenues, after subtracting the TOT rebates owed.
- Based on those projections, we see the gross TOT revenue reaching the pre-pandemic level by the end of FY 2023.
- In addition, after subtracting projected TOT rebates owed, we expect that the net TOT level will be reached in FY 2024. Projected growth of 3% in FY 2025 followed by 11% in FY 2026 and 2027.

ASSUMPTIONS

Business License Taxes

- FY 2023 BLT receipts exceeded expectations by \$1,449,796, primarily due to increases in the following categories: Rental of Real Property (+\$1,636,816); and Constructor or Contractor (+\$427,375).
- During FY 2023, staff increased the Business License Taxes (BLT) revenue projection from \$19,000,000 to \$21,138,023.
- Projecting a 3.6% growth in FY 2023 Business License Tax revenue and 2% from FY 2024 through FY 2027, led by growth in rentals of real property.
- Long-term projections will be adjusted as the impact of the recent dramatic increase in interest rates on the post-pandemic economic environment becomes clearer.

ASSUMPTIONS

Transfers

- Transfers from other funds for FY 2023 totaled \$16,846,585 which was \$10,508,338 or 38.4% less than the \$27,354,923 received in FY 2022.
- This was primarily attributable to the Transfer of \$22,969,355 from the American Rescue Plan Fund to recover from the impact of the COVID-19 pandemic in FY 2022, compared to the Transfer of \$12,022,049 from the American Rescue Plan Fund in FY 2023.
- FY 2024 includes \$3,255,743 of remaining ARPA funding.
- FY 2025-2027 return to transfers of approximately \$4.5M annually

PERSONNEL ASSUMPTIONS

- Average 70% of revenues on personnel, increase to 73% in FY 2029
- Constant staffing level based upon FY 2024 Adopted Budget of 741 FTE
- Salaries include adopted MOUs only
 - 1% of projected salaries roughly equal to \$1M increase + PERS costs
- Projected fringe benefits of 8% annual increase + health insurance
- Salary Savings of 5% of personnel total for FY 2025-FY 2029

PERS Plan	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Miscellaneous	37.6%,	36.1%,	35.8%,	34.6%,	35.3%
Police	81.2%	81.0%	80.3%	78.8%	79.9%
Fire	53.5%	53.3%	52.6%	51.0%	52.0%

PERSONNEL EXPENDITURES

	FY 2022	FY 2023	FY 2024 Adopted Update	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected
	Actual	Est Actual							
Expenditures									
Personnel									
Personnel Sub-Total	153,421,034	159,413,080	178,103,341	182,403,341	199,566,457	205,305,833	207,732,846	209,416,915	213,867,264
Salary & Wages	87,033,323	92,353,528	102,786,715	107,086,715	109,858,973	111,973,413	111,859,407	111,736,281	111,603,305
PERS	37,317,040	38,320,204	42,216,768	42,216,768	53,959,637	54,724,746	54,177,151	52,648,643	53,629,409
Fringe Benefits	28,761,188	27,529,008	31,878,089	31,878,089	34,428,336	37,182,603	40,157,211	43,369,788	46,839,371
Measure P	309,483	1,210,340	1,221,769	1,221,769	1,319,511	1,425,071	1,539,077	1,662,203	1,795,179
Projected Health Insurance Increase				1,040,950	2,248,452	2,428,328	2,622,594	2,832,402	3,058,994
Salary Savings	0	0	(10,427,844)	(10,427,844)	(9,978,323)	(10,265,292)	(10,386,642)	(10,470,846)	(10,693,363)
FY 23/24 Tier 1 Funding Personnel Recurring	0	0	0	0	0	0	0	0	0
FY 23/24 Tier 1 Funding Personnel Temporary	0	0	228,396	228,396	228,396	0	0	0	0
Personnel Total	153,421,034	159,413,080	167,903,893	173,244,843	192,064,982	197,468,870	199,968,798	201,778,471	206,232,895

FY2023 SALARY SAVINGS GENERAL FUND

DEPARTMENTS	FY 2023 Adopted Personnel	FY 2023 Actual Personnel	FY 2023 Adopted Target Salary Savings	FY 2023 Actual Salary Savings	FY 2023 Adopted Salary Savings %	FY 2023 Actual Salary Savings %	FY 2023 Net Actual Salary Savings
MAYOR AND COUNCIL	\$ 4,412,064	\$ 3,478,646	\$ -	\$ (933,418)	0.0%	21.2%	\$ (933,418)
CITY AUDITOR	\$ 2,701,643	\$ 2,334,921	\$ -	\$ (366,722)	0.0%	13.6%	\$ (366,722)
POLICE ACCOUNTABILITY	\$ 895,525	\$ 555,947	\$ -	\$ (339,578)	0.0%	37.9%	\$ (339,578)
CITY MANAGER'S OFFICE	\$ 9,375,769	\$ 8,528,443	\$ (774,258)	\$ (847,326)	8.3%	9.0%	\$ (73,068)
CITY ATTORNEY	\$ 3,638,321	\$ 2,595,726	\$ -	\$ (1,042,595)	0.0%	28.7%	\$ (1,042,595)
CITY CLERK	\$ 1,768,351	\$ 1,428,009	\$ (145,932)	\$ (340,342)	8.3%	19.2%	\$ (194,410)
FINANCE	\$ 7,449,186	\$ 5,624,045	\$ (615,647)	\$ (1,825,141)	8.3%	24.5%	\$ (1,209,494)
HUMAN RESOURCES	\$ 2,473,492	\$ 2,000,309	\$ (204,136)	\$ (473,183)	8.3%	19.1%	\$ (269,047)
INFORMATION TECHNOLOGY	\$ -	\$ -	\$ -	\$ -	0.0%	0.0%	\$ -
HEALTH, HSG & COMMUNITY SVC	\$ 15,229,579	\$ 11,220,618	\$ (1,257,302)	\$ (4,008,961)	8.3%	26.3%	\$ (2,751,659)
PARKS, RECREATION & WATERFRONT	\$ 5,854,874	\$ 5,507,015	\$ (274,747)	\$ (347,860)	4.7%	5.9%	\$ (73,113)
PLANNING & DEVELOPMENT	\$ 2,753,271	\$ 2,314,602	\$ (227,198)	\$ (438,669)	8.3%	15.9%	\$ (211,471)
PUBLIC WORKS	\$ 3,931,782	\$ 3,384,756	\$ (324,483)	\$ (547,026)	8.3%	13.9%	\$ (222,543)
POLICE	\$ 75,496,092	\$ 76,704,346	\$ (3,738,019)	\$ 1,208,255	5.0%	-1.6%	\$ 4,946,274
FIRE & EMERGENCY SERVICES	\$ 33,669,397	\$ 33,501,619	\$ -	\$ (167,778)	0.0%	0.5%	\$ (167,778)
TOTAL	\$ 169,649,347	\$ 159,179,002	\$ (7,561,722)	\$ (10,470,345)	4.5%	6.6%	\$ (2,908,623)

- Actual salary savings were \$10.5M. However, the FY 2023 Adopted Budget assumed savings of \$7.6M so the net savings (savings above the target) that contribute toward excess equity calculation is \$2.9M (less any requests to carry over FY 2023 salary savings into FY 2024).

NON-PERSONNEL ASSUMPTIONS

- 3% for inflation annually from FY 2025-FY 2029
- Assumes no programmatic changes in Measure P at this time
- Repayment for loan to Marina Fund for D&E Docks starting in FY 2025
- Transfer Out to CIP for Annual Baseline Allocation
 - \$1.925M streets; \$900k facilities; \$635k sidewalks, \$400k PRW & \$170k transportation
- Assumes excess property transfer tax over baseline of \$16M is allocated to capital (although policy allows for use for 1x items and reserves)
- First \$8M over baseline allocated to streets then remainder to capital
- Streets policy of \$8M in 2023 with annual CPI of 3% thereafter

NON-PERSONNEL EXPENDITURES

	FY 2022	FY 2023	FY 2024 Adopted Update	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected
	Actual	Est Actual							
Revenues Total	286,618,657	275,142,181	266,418,342	266,418,342	272,154,570	282,558,213	290,826,850	297,493,021	296,715,926
Expenditures									
Non-Personnel									
FY 23/24 Tier 1 Funding Non-Personnel	0	0	4,891,071	4,891,071	0	0	0	0	0
FY 23/24 Tier 1 Funding CIP	0	0	0	0	0	0	0	0	0
Non-Personnel	40,586,758	45,480,240	41,339,107	41,339,107	39,837,667	41,032,797	42,263,781	43,531,695	44,837,646
Transfer Out	35,822,474	22,395,006	24,165,586	24,165,586	28,009,283	28,009,283	28,009,283	28,009,283	28,009,283
Encumbered Rollovers (AAO#1)				16,752,951					
Unencumbered Carryovers (AAO#1)				11,023,938					
Adjustments (AAO#1)				11,222,229					
Measure P	14,531,078	11,885,035	19,878,407	19,878,407	13,073,372	15,651,121	15,765,663	11,354,720	11,413,020
Repayment to Worker Comp Fund for Marina Dock Loan	0	0	0	0	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
CIP (GF Transfer Out to CIP Fund for Annual Baseline Allocation)	4,954,493	4,950,905	4,950,905	4,950,905	4,950,905	4,950,905	4,950,905	4,950,905	4,950,905
CIP (GF Transfer Out to CIP Fund for FY 23/24 Tier 1)	0	14,050,000	4,320,000	4,320,000	0	0	0	0	0
CIP (GF Transfer Out to CIP Fund from Excess Property Transfer Tax)	0	0	0	0	0	483,949	1,482,834	1,742,526	2,004,713
New Policy of \$8M to Streets	0	0	9,100,000	9,100,000	8,480,000	8,734,400	8,996,432	9,266,325	9,544,315
Non-Personnel Total	95,894,803	98,761,186	108,645,076	147,644,194	95,351,227	99,862,455	102,468,898	99,855,453	101,759,882

MEASURE P ASSUMPTIONS

- Assumes sunset of Measure P in January 2029
- Personnel costs of 8% to reflect increase in PERS and fringe benefits only
- Assumes no Measure P for COVID-19 Emergency or Anti-Displacement programs in FY 2025-2029
- Assumes funding for various community programs from General Fund in FY 2025-2029 (one-time shift to Measure P in FY 2023 & 2024)
- Assumes continuation of HRT, emergency shelter, permanent housing and other programs in FY 2025-2029

MEASURE P PROJECTIONS

	FY 2019 Actuals	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Adopted	FY 2025 Estimate	FY 2026 Estimate	FY 2027 Estimate	FY 2028 Estimate	FY 2029 Estimate
Revenues											
<i>Beginning Fund Balance</i>		\$ 2,932,313	\$ 9,859,779	\$ 17,032,464	\$ 22,783,216	\$ 19,887,422	\$ 8,976,746	\$ 5,282,839	\$ (559,430)	\$ (6,068,551)	\$ (7,289,855)
<i>Measure P Revenues</i>	\$ 2,932,313	\$ 9,512,603	\$ 10,919,576	\$ 20,591,313	\$ 10,199,580	\$ 10,189,500	\$ 10,698,975	\$ 11,233,923	\$ 11,795,619	\$ 11,795,619	\$ 5,897,810
Total Revenues and Balance of Funds	\$ 2,932,313	\$ 12,444,916	\$ 20,779,355	\$ 37,623,777	\$ 32,982,796	\$ 30,076,922	\$ 19,675,721	\$ 16,516,762	\$ 11,236,189	\$ 5,727,068	\$ (1,392,046)
LESS: Total Expenses		\$ 2,585,137	\$ 3,746,891	\$ 14,840,561	\$ 13,095,374	\$ 21,100,176	\$ 14,392,883	\$ 17,076,192	\$ 17,304,740	\$ 13,016,923	\$ 13,208,200
<i>Personnel Costs (1)</i>	\$ -	\$ 118,521	\$ 155,753	\$ 309,483	\$ 1,210,340	\$ 1,221,769	\$ 1,319,511	\$ 1,425,071	\$ 1,539,077	\$ 1,662,203	\$ 1,795,179
<i>Non-Personnel Costs/ Program Expenses</i>		\$ 2,466,616	\$ 3,591,138	\$ 14,531,078	\$ 11,885,035	\$ 19,878,407	\$ 13,073,372	\$ 15,651,121	\$ 15,765,663	\$ 11,354,720	\$ 11,413,020
Fiscal Year Surplus (Shortfall)	\$ 2,932,313	\$ 6,927,466	\$ 7,172,686	\$ 5,750,752	\$ (2,895,794)	\$ (10,910,676)	\$ (3,693,908)	\$ (5,842,269)	\$ (5,509,121)	\$ (1,221,304)	\$ (7,310,390)
Ending Fund Balance	\$ 2,932,313	\$ 9,859,779	\$ 17,032,464	\$ 22,783,216	\$ 19,887,422	\$ 8,976,746	\$ 5,282,839	\$ (559,430)	\$ (6,068,551)	\$ (7,289,855)	\$ (14,600,245)

SHORT-TERM FISCAL PROJECTIONS

	FY 2022	FY 2023	FY 2024 Adopted Update	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected
Revenues Total	286,618,657	275,142,181	266,418,342	272,154,570	282,558,213	290,826,850	297,493,021	296,715,926
Personnel Total	153,421,034	159,413,080	167,903,893	192,064,982	197,468,870	199,968,798	201,778,471	206,232,895
Non-Personnel Total	95,894,803	98,761,186	108,645,076	95,351,227	99,862,455	102,468,898	99,855,453	101,759,882
Expenditures Total	249,315,837	258,174,266	276,548,969	287,416,210	297,331,325	302,437,696	301,633,925	307,992,777
Projected Annual Surplus/Shortfall	37,302,820	16,967,915	(10,130,627)	(15,261,640)	(14,773,112)	(11,610,846)	(4,140,904)	(11,276,851)

- With these assumptions, expenditures outpace revenues largely due to pension costs and Measure P funded programs. Any changes in operational costs will increase the projected shortfall, including personnel-related costs, since these expenditures make up approximately 67% of projected expenses.

FISCAL CHALLENGES ON THE HORIZON

- Pending contractual obligations
- Legal/litigation
- Operational increases such as fuel, utilities, vehicles, construction costs, space needs, acquisitions
- Insurance costs including healthcare and general liability
- Cybersecurity, WIFI and other technology needs
- Unfunded federal and state mandates and regulatory changes, federal and state legislation and initiatives that could impact ability to raise revenue and/or increase cost to providing services
- Matching funds requirements to leverage funding opportunities, absorb cost increases over grant and other administrative caps
- Revenue volatility buffer
- Assist with structural deficit in future years

SHORT-TERM FISCAL PROJECTIONS

	FY 2022	FY 2023	FY 2024 Adopted Update	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
	Actual	Est Actual	Update	Projected	Projected	Projected	Projected	Projected
Revenues Total	286,618,657	275,142,181	266,418,342	272,154,570	282,558,213	290,826,850	297,493,021	296,715,926
Personnel Total	153,421,034	159,413,080	167,903,893	192,064,982	197,468,870	199,968,798	201,778,471	206,232,895
Non-Personnel Total	95,894,803	98,761,186	108,645,076	95,351,227	99,862,455	102,468,898	99,855,453	101,759,882
Expenditures Total	249,315,837	258,174,266	276,548,969	287,416,210	297,331,325	302,437,696	301,633,925	307,992,777
Contingency for Operational Expenses				4,311,243	4,459,970	4,536,565	4,524,509	4,619,892
Projected Annual Surplus/Shortfall	37,302,820	16,967,915	(10,130,627)	(19,572,883)	(19,233,082)	(16,147,412)	(8,665,413)	(15,896,743)

- This scenario includes a “contingency” for anticipated and unexpected expenditures as illustrated on the previous slide, based upon 1.5% of projected expenditures, which would increase the projected annual shortfall.

CONCLUSION

- Balancing budget in past required strategies (holding positions vacant, deferring of expenditures including capital, use of reserves) and also offset by one-time ARPA funds of \$66M
- Expenditures projected to outpacing revenues, as revenues estimated to grow by only 2-3% each fiscal year and remain flat in FY 2029
- Projected shortfalls beginning in FY 2025 of \$15M and continuing through FY 2029 based on current assumptions
- Without new revenue sources, projected expenditures will either need to be reduced and/or fund balance will need to be used in order to balance the budget. Fiscal prudence is recommended to address projected shortfalls in future years.

QUESTIONS AND DISCUSSION