



BUDGET WORKSHOP AND LONG TERM FINANCIAL PLAN



FY 2018 BUDGET



FY2018 Projected Budget

Fiscal Year 2017-2018 Projected General Fund Budget¹ (millions)

Revenues:	
Adopted Budget	\$166.59
<i>Significant Adjustments</i>	
Measure P Bond Proceeds	18.69
Increase to Measure P funding projections	1.48
Funding via SAFER Grant	0.46
Increase in MVLF	0.32
Other Adjustments	1.64
Projected Revenues	\$189.18
Expenditures:	
Adopted Budget	\$166.59
<i>Significant Adjustments</i>	
Transfer of Measure P Bond Proceeds	18.69
Transfer of Measure P funding	1.48
Increase in Debt Service payments	1.49
Addition of Fire Academy	1.00
Other Adjustments	0.34
Projected Expenditures	\$189.59
SURPLUS/(DEFICIT)	(\$0.41)

¹As of the FY 2017-2018 Second Quarter Report (2/27/18).



LONG-TERM FINANCIAL PLAN FY2018 TO FY2028



Fiscal Projections Summary (FY2018 – FY2023)

Ten-Year Financial Forecast (millions)

Description	Revised FY 2018	Forecast FY 2019	Forecast FY 2020	Forecast FY 2021	Forecast FY 2022	Forecast FY 2023
TOTAL REVENUES	\$ 189.18	\$ 172.80	\$ 176.20	\$ 179.92	\$ 183.00	\$ 186.84
TOTAL EXPENDITURES	\$ 189.59	\$ 180.80	\$ 189.59	\$ 199.18	\$ 208.88	\$ 216.68
TOTAL GENERAL FUND SURPLUS/(DEFICIT)	\$ (0.41)	\$ (8.01)	\$ (13.39)	\$ (19.26)	\$ (25.88)	\$ (29.84)
SURPLUS/(DEFICIT) AS % OF BUDGET	0%	-4%	-7%	-10%	-12%	-14%

FY 2018 Post-Budget Adoption Changes						
Utility Savings through Measure P Projects	\$ -	\$ -	\$ 0.83	\$ 1.65	\$ 1.65	\$ 1.65
Utility Savings through Renewable solar bonds		\$ 0.28	\$ 0.28	\$ 0.30	\$ 0.33	\$ 0.34
Additional Salary Savings	\$ -	\$ 0.50	\$ 0.51	\$ 0.52	\$ 0.53	\$ 0.54
Development Fee Revenue	\$ -	\$ 0.80	\$ 0.80	\$ 0.80	\$ 0.80	\$ 0.80
Interest Earning	\$ -	\$ 0.40	\$ 0.40	\$ 0.40	\$ 0.40	\$ 0.40
PFDIF Loan Repayment	\$ -	\$ 1.50	\$ -	\$ -	\$ -	\$ -
FEMA Reimbursement	\$ -	\$ 1.50	\$ -	\$ -	\$ -	\$ -
Liquidation of General Fund CIP Encumbrances	\$ -	\$ 0.80	\$ -	\$ -	\$ -	\$ -
Additional Police Expenses	\$ -	\$ (0.40)	\$ -	\$ -	\$ -	\$ -
TOTAL FY 2018 Post-Budget Adoption Changes	\$ -	\$ 5.78	\$ 2.82	\$ 3.67	\$ 3.71	\$ 3.73
SURPLUS/(DEFICIT) WITH ADMINISTRATIVE ACTIONS	\$ (0.41)	\$ (2.22)	\$ (10.58)	\$ (15.59)	\$ (22.17)	\$ (26.11)



Fiscal Projections Summary (FY2024 – FY2028)

Ten-Year Financial Forecast (millions)

Description	Forecast	Forecast	Forecast	Forecast	Forecast
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
TOTAL REVENUES	\$ 189.81	\$ 193.78	\$ 197.86	\$ 196.77	\$ 185.52
TOTAL EXPENDITURES	\$ 223.80	\$ 230.84	\$ 238.16	\$ 240.76	\$ 234.09
TOTAL GENERAL FUND SURPLUS/(DEFICIT)	\$ (33.98)	\$ (37.07)	\$ (40.30)	\$ (43.99)	\$ (48.56)
SURPLUS/(DEFICIT) AS % OF BUDGET	-15%	-16%	-17%	-18%	-21%

FY 2018 Post-Budget Adoption Changes					
Utility Savings through Measure P Projects	\$ 1.65	\$ 1.65	\$ 1.65	\$ 1.65	\$ 1.65
Utility Savings through Renewable solar bonds	\$ 0.32	\$ 0.33	\$ 0.34	\$ 0.35	\$ 0.35
Additional Salary Savings	\$ 0.55	\$ 0.56	\$ 0.57	\$ 0.59	\$ 0.60
Development Fee Revenue	\$ 0.80	\$ 0.80	\$ 0.80	\$ 0.80	\$ 0.80
Interest Earning	\$ 0.40	\$ 0.40	\$ 0.40	\$ 0.40	\$ 0.40
PFDIF Loan Repayment	\$ -	\$ -	\$ -	\$ -	\$ -
FEMA Reimbursement	\$ -	\$ -	\$ -	\$ -	\$ -
Liquidation of General Fund CIP Encumbrances	\$ -	\$ -	\$ -	\$ -	\$ -
Additional Police Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL FY 2018 Post-Budget Adoption Changes	\$ 3.72	\$ 3.74	\$ 3.76	\$ 3.78	\$ 3.79
SURPLUS/(DEFICIT) WITH ADMINISTRATIVE ACTIONS	\$ (30.27)	\$ (33.33)	\$ (36.54)	\$ (40.21)	\$ (44.77)



Revenue Projections (FY2018 – FY2023)

Description	Revised FY 2018	Forecast FY 2019	Forecast FY 2020	Forecast FY 2021	Forecast FY 2022	Forecast FY 2023
Revenue Projections (millions)						
Property Taxes	\$ 33.69	\$ 34.36	\$ 35.30	\$ 36.26	\$ 37.26	\$ 38.28
Sales Tax	\$ 32.90	\$ 33.23	\$ 33.45	\$ 33.67	\$ 33.80	\$ 34.14
Measure P Sales Tax	\$ 17.80	\$ 17.98	\$ 18.10	\$ 18.22	\$ 18.32	\$ 18.47
Franchise Fees	\$ 11.97	\$ 11.57	\$ 11.76	\$ 11.96	\$ 12.16	\$ 12.36
Utility Users Taxes	\$ 5.86	\$ 5.92	\$ 5.98	\$ 6.04	\$ 6.10	\$ 6.16
Transient Occupancy Taxes	\$ 4.04	\$ 4.36	\$ 5.61	\$ 5.73	\$ 5.84	\$ 5.96
Motor Vehicle License Fees	\$ 21.16	\$ 21.47	\$ 22.11	\$ 22.77	\$ 23.45	\$ 24.15
SUBTOTAL MAJOR DISCRETIONARY REVENUES	\$ 127.42	\$ 128.88	\$ 132.30	\$ 134.64	\$ 136.92	\$ 139.50
Development Revenue	\$ 1.21	\$ 1.21	\$ 1.22	\$ 1.22	\$ 1.23	\$ 1.24
Licenses and Permits	\$ 1.38	\$ 1.39	\$ 1.42	\$ 1.45	\$ 1.48	\$ 1.51
Fines, Forfeitures & Penalties	\$ 1.08	\$ 1.10	\$ 1.12	\$ 1.14	\$ 1.16	\$ 1.19
Use of Money and Property	\$ 2.46	\$ 2.45	\$ 2.47	\$ 2.49	\$ 2.52	\$ 2.55
Other Local Taxes	\$ 2.60	\$ 2.62	\$ 2.65	\$ 2.68	\$ 2.70	\$ 2.73
Police Grants	\$ 0.77	\$ 0.76	\$ 0.76	\$ 0.76	\$ 0.76	\$ 0.76
Other Agency Revenue	\$ 2.05	\$ 2.05	\$ 2.07	\$ 2.09	\$ 2.11	\$ 2.13
Charges for Services	\$ 7.21	\$ 7.25	\$ 7.28	\$ 7.32	\$ 7.36	\$ 7.39
Interfund Reimbursements	\$ 9.82	\$ 9.92	\$ 10.01	\$ 10.11	\$ 9.76	\$ 9.86
Other Revenues - Miscellaneous	\$ 22.46	\$ 1.04	\$ 1.04	\$ 1.05	\$ 1.06	\$ 1.06
Transfers From Other Funds	\$ 10.72	\$ 10.90	\$ 10.90	\$ 10.90	\$ 10.90	\$ 10.90
SUBTOTAL OTHER REVENUES	\$ 61.76	\$ 40.67	\$ 40.94	\$ 41.20	\$ 41.03	\$ 41.30



Revenue Projections (cont.) (FY2018 – FY2023)

Description	Revised FY 2018	Forecast FY 2019	Forecast FY 2020	Forecast FY 2021	Forecast FY 2022	Forecast FY 2023
Revenue Projections (millions)						
<i>NEW DEVELOPMENT REVENUES</i>						
<i>Property Taxes</i>	\$ -	\$ 0.73	\$ 1.01	\$ 1.41	\$ 1.76	\$ 2.10
<i>Sales Tax</i>	\$ -	\$ 0.15	\$ 0.32	\$ 0.45	\$ 0.59	\$ 0.74
<i>Franchise Fees</i>	\$ -	\$ 0.20	\$ 0.28	\$ 0.36	\$ 0.45	\$ 0.54
<i>Utility Users Taxes</i>	\$ -	\$ 0.08	\$ 0.11	\$ 0.14	\$ 0.18	\$ 0.21
<i>Transient Occupancy Taxes</i>	\$ -	\$ 1.19	\$ -	\$ -	\$ -	\$ -
<i>Motor Vehicle License Fees</i>	\$ -	\$ 0.49	\$ 0.68	\$ 0.95	\$ 1.19	\$ 1.42
<i>Other Revenues - Miscellaneous</i>	\$ -	\$ 0.27	\$ 0.38	\$ 0.50	\$ 0.62	\$ 0.74
<i>Other Local Taxes</i>	\$ -	\$ 0.15	\$ 0.19	\$ 0.26	\$ 0.26	\$ 0.28
SUBTOTAL NEW DEVELOPMENT REVENUES	\$ -	\$ 3.25	\$ 2.96	\$ 4.07	\$ 5.05	\$ 6.03
TOTAL REVENUES	\$ 189.18	\$ 172.80	\$ 176.20	\$ 179.92	\$ 183.00	\$ 186.84
Year-over-Year Change		-8.66%	1.97%	2.11%	1.71%	2.10%



Revenue Projections (FY2024 – FY2028)

Description	Forecast FY 2024	Forecast FY 2025	Forecast FY 2026	Forecast FY 2027	Forecast FY 2028
Revenue Projections (millions)					
Property Taxes	\$ 38.37	\$ 39.46	\$ 40.58	\$ 41.73	\$ 42.92
Sales Tax	\$ 34.48	\$ 34.82	\$ 35.17	\$ 35.52	\$ 35.88
Measure P Sales Tax	\$ 18.65	\$ 18.84	\$ 19.03	\$ 14.41	\$ -
Franchise Fees	\$ 12.56	\$ 12.77	\$ 12.98	\$ 13.20	\$ 13.42
Utility Users Taxes	\$ 6.22	\$ 6.28	\$ 6.35	\$ 6.41	\$ 6.47
Transient Occupancy Taxes	\$ 6.08	\$ 6.20	\$ 6.32	\$ 6.45	\$ 6.58
Motor Vehicle License Fees	\$ 24.87	\$ 25.61	\$ 26.38	\$ 27.17	\$ 27.98
SUBTOTAL MAJOR DISCRETIONARY REVENUES	\$ 141.23	\$ 143.98	\$ 146.80	\$ 144.88	\$ 133.24
Development Revenue	\$ 1.24	\$ 1.25	\$ 1.25	\$ 1.26	\$ 1.27
Licenses and Permits	\$ 1.54	\$ 1.57	\$ 1.60	\$ 1.63	\$ 1.66
Fines, Forfeitures & Penalties	\$ 1.21	\$ 1.24	\$ 1.26	\$ 1.29	\$ 1.31
Use of Money and Property	\$ 2.57	\$ 2.60	\$ 2.62	\$ 2.65	\$ 2.67
Other Local Taxes	\$ 2.76	\$ 2.79	\$ 2.81	\$ 2.84	\$ 2.87
Police Grants	\$ 0.76	\$ 0.76	\$ 0.76	\$ 0.76	\$ 0.76
Other Agency Revenue	\$ 2.15	\$ 2.17	\$ 2.19	\$ 2.22	\$ 2.24
Charges for Services	\$ 7.43	\$ 7.47	\$ 7.50	\$ 7.54	\$ 7.58
Interfund Reimbursements	\$ 9.96	\$ 10.06	\$ 10.16	\$ 10.26	\$ 10.36
Other Revenues - Miscellaneous	\$ 1.07	\$ 1.07	\$ 1.08	\$ 1.08	\$ 1.09
Transfers From Other Funds	\$ 10.90	\$ 10.90	\$ 10.90	\$ 10.90	\$ 10.90
SUBTOTAL OTHER REVENUES	\$ 41.58	\$ 41.86	\$ 42.13	\$ 42.42	\$ 42.71



Revenue Projections (cont.) (FY2024 – FY2028)

Description	Forecast FY 2024	Forecast FY 2025	Forecast FY 2026	Forecast FY 2027	Forecast FY 2028
Revenue Projections (millions)					
<i>NEW DEVELOPMENT REVENUES</i>					
<i>Property Taxes</i>	\$ 2.46	\$ 2.79	\$ 3.19	\$ 3.37	\$ 3.37
<i>Sales Tax</i>	\$ 0.85	\$ 0.96	\$ 1.06	\$ 1.16	\$ 1.17
<i>Franchise Fees</i>	\$ 0.63	\$ 0.72	\$ 0.80	\$ 0.88	\$ 0.90
<i>Utility Users Taxes</i>	\$ 0.25	\$ 0.28	\$ 0.32	\$ 0.32	\$ 0.32
<i>Transient Occupancy Taxes</i>	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Motor Vehicle License Fees</i>	\$ 1.66	\$ 1.89	\$ 2.15	\$ 2.27	\$ 2.34
<i>Other Revenues - Miscellaneous</i>	\$ 0.86	\$ 0.98	\$ 1.06	\$ 1.16	\$ 1.17
<i>Other Local Taxes</i>	\$ 0.31	\$ 0.33	\$ 0.35	\$ 0.30	\$ 0.30
SUBTOTAL NEW DEVELOPMENT REVENUES	\$ 7.01	\$ 7.94	\$ 8.92	\$ 9.47	\$ 9.58
TOTAL REVENUES	\$ 189.81	\$ 193.78	\$ 197.86	\$ 196.77	\$ 185.52
Year-over-Year Change	1.59%	2.09%	2.11%	-0.55%	-5.71%



LTFP Revenue Assumptions

- Major Revenues growth assumptions:
 - Property Tax and MVLF: average of 3% per year
 - Sales Tax: average of 1% per year
 - Measure P Sales Tax: average of 1% per year
 - Franchise Fees: approximately 2% per year
 - UUT: 1% per year
 - TOT: average of 2% per year



LTFP Revenue Assumptions (cont.)

- Development revenue projections based on continued development in the City
- Property Tax revenues include projected RPTTF payments for SERAF loan of approx. \$1.8 million per year from FY2019 – FY2023
- The use of Economic Contingency funds is not assumed. The forecast does not assume a recession.

Expenditure Projections (FY2018 – FY2023)



Description	Revised FY 2018	Forecast FY 2019	Forecast FY 2020	Forecast FY 2021	Forecast FY 2022	Forecast FY 2023
Expenditure Projections (millions)						
Personnel Services	\$ 91.28	\$ 91.11	\$ 92.42	\$ 94.17	\$ 95.97	\$ 97.80
PERS	\$ 24.43	\$ 27.69	\$ 31.68	\$ 35.59	\$ 38.89	\$ 41.90
Fire Department - MOU Differential	\$ -	\$ 0.13	\$ 0.13	\$ 0.13	\$ 0.13	\$ 0.14
Flex/Insurance	\$ 12.21	\$ 12.62	\$ 13.13	\$ 13.66	\$ 14.21	\$ 14.79
CalPERS UAL Differential	\$ -	\$ 1.30	\$ 1.55	\$ 1.75	\$ 1.99	\$ 2.21
Salary Savings (On Going)	\$ (0.84)	\$ (0.86)	\$ (0.89)	\$ (0.92)	\$ (0.95)	\$ (0.99)
Salary Savings (One-Time)	\$ (1.34)	\$ -	\$ -	\$ -	\$ -	\$ -
SUBTOTAL PERSONNEL SERVICES EXPENDITURES	\$ 125.75	\$ 131.99	\$ 138.01	\$ 144.37	\$ 150.24	\$ 155.84
Supplies and Services	\$ 16.80	\$ 15.49	\$ 16.73	\$ 18.07	\$ 19.34	\$ 19.72
Tyler Munis Ongoing License Fee	\$ -	\$ 0.29	\$ 0.29	\$ 0.29	\$ 0.29	\$ 0.29
Utilities	\$ 5.57	\$ 5.32	\$ 5.58	\$ 5.86	\$ 6.15	\$ 6.46
Other Expenses	\$ 1.18	\$ 0.66	\$ 0.67	\$ 0.68	\$ 0.70	\$ 0.71
Equipment (Capital not CIP)	\$ 0.35	\$ 0.15	\$ 0.15	\$ 0.15	\$ 0.15	\$ 0.15
Transfers/Debt Service	\$ 43.31	\$ 25.34	\$ 25.07	\$ 25.09	\$ 25.14	\$ 25.36
Capital Improvement Projects	\$ 1.48	\$ -	\$ -	\$ -	\$ -	\$ -
Non-CIP Project Expenditures	\$ 0.90	\$ 0.02	\$ 0.02	\$ 0.02	\$ 0.02	\$ 0.02
Prior Year Appropriations - Carry Forward	\$ (5.75)	\$ -	\$ -	\$ -	\$ -	\$ -
SUBTOTAL OTHER EXPENDITURES	\$ 63.85	\$ 47.26	\$ 48.51	\$ 50.16	\$ 51.78	\$ 52.71

Expenditure Projections (FY2018 – FY2023)



Description	Revised FY 2018	Forecast FY 2019	Forecast FY 2020	Forecast FY 2021	Forecast FY 2022	Forecast FY 2023
Expenditure Projections (millions)						
<i>NEW PROGRAMS & NEW DEVELOPMENT EXPENDITURES</i>						
<i>12 new firefighters with 3 yr SAFER grant offset</i>	\$ -	\$ 0.91	\$ 1.03	\$ 1.63	\$ 2.17	\$ 2.28
<i>4.0 Truck Staffing for Bayfront*</i>	\$ -	\$ -	\$ -	\$ -	\$ 0.48	\$ 0.51
<i>Peace Officer Funding</i>	\$ -	\$ 0.38	\$ 1.63	\$ 2.58	\$ 3.62	\$ 4.75
<i>New Police Technology</i>	\$ -	\$ 0.19	\$ 0.19	\$ 0.20	\$ 0.19	\$ 0.19
<i>Millenia Parks Maintenance</i>	\$ -	\$ 0.08	\$ 0.08	\$ 0.08	\$ 0.08	\$ 0.08
<i>Fire Station Supplies and Services</i>	\$ -	\$ -	\$ 0.16	\$ 0.16	\$ 0.32	\$ 0.32
SUBTOTAL NEW DEVELOPMENT EXPENDITURES	\$ -	\$ 1.55	\$ 3.08	\$ 4.64	\$ 6.86	\$ 8.13
TOTAL EXPENDITURES	\$ 189.59	\$ 180.80	\$ 189.59	\$ 199.18	\$ 208.88	\$ 216.68
Year-over-Year Change		-4.64%	4.86%	5.05%	4.87%	3.74%

*Personnel expenses related to Millenia Station shown in previous LTFP has been removed pending the outcome of future sales tax measure.

Expenditure Projections (FY2024 – FY2028)



Description	Forecast FY 2024	Forecast FY 2025	Forecast FY 2026	Forecast FY 2027	Forecast FY 2028
Expenditure Projections (millions)					
Personnel Services	\$ 99.66	\$ 101.57	\$ 103.51	\$ 105.50	\$ 107.52
PERS	\$ 44.17	\$ 46.19	\$ 48.31	\$ 50.53	\$ 52.86
Fire Department - MOU Differential	\$ 0.14	\$ 0.14	\$ 0.14	\$ 0.15	\$ 0.15
Flex/Insurance	\$ 15.40	\$ 16.03	\$ 16.69	\$ 17.38	\$ 18.11
CalPERS UAL Differential	\$ 2.37	\$ 2.49	\$ 2.61	\$ 2.74	\$ 2.88
Salary Savings (On Going)	\$ (1.02)	\$ (1.05)	\$ (1.07)	\$ (1.10)	\$ (1.13)
Salary Savings (One-Time)	\$ -	\$ -	\$ -	\$ -	\$ -
SUBTOTAL PERSONNEL SERVICES EXPENDITURES	\$ 160.72	\$ 165.37	\$ 170.19	\$ 175.20	\$ 180.38
Supplies and Services	\$ 20.12	\$ 20.52	\$ 20.93	\$ 21.35	\$ 21.78
Tyler Munis Ongoing License Fee	\$ 0.29	\$ 0.29	\$ 0.29	\$ 0.29	\$ 0.29
Utilities	\$ 6.79	\$ 7.12	\$ 7.48	\$ 7.85	\$ 8.25
Other Expenses	\$ 0.72	\$ 0.74	\$ 0.75	\$ 0.77	\$ 0.78
Equipment (Capital not CIP)	\$ 0.15	\$ 0.15	\$ 0.15	\$ 0.15	\$ 0.15
Transfers/Debt Service	\$ 25.53	\$ 25.70	\$ 25.87	\$ 21.01	\$ 6.70
Capital Improvement Projects	\$ -	\$ -	\$ -	\$ -	\$ -
Non-CIP Project Expenditures	\$ 0.02	\$ 0.02	\$ 0.02	\$ 0.02	\$ 0.02
Prior Year Appropriations - Carry Forward	\$ -	\$ -	\$ -	\$ -	\$ -
SUBTOTAL OTHER EXPENDITURES	\$ 53.62	\$ 54.54	\$ 55.49	\$ 51.44	\$ 37.96

Expenditure Projections (FY2024 – FY2028)



Description	Forecast FY 2024	Forecast FY 2025	Forecast FY 2026	Forecast FY 2027	Forecast FY 2028
Expenditure Projections (millions)					
<i>NEW PROGRAMS & NEW DEVELOPMENT EXPENDITURES</i>					
<i>12 new firefighters with 3 yr SAFER grant offset</i>	\$ 2.39	\$ 2.50	\$ 2.61	\$ 2.73	\$ 2.82
<i>4.0 Truck Staffing for Bayfront*</i>	\$ 0.53	\$ 0.56	\$ 0.58	\$ 0.61	\$ 0.63
<i>Peace Officer Funding</i>	\$ 5.96	\$ 7.28	\$ 8.67	\$ 10.19	\$ 11.68
<i>New Police Technology</i>	\$ 0.20	\$ 0.20	\$ 0.22	\$ 0.21	\$ 0.21
<i>Millenia Parks Maintenance</i>	\$ 0.08	\$ 0.08	\$ 0.08	\$ 0.08	\$ 0.08
<i>Fire Station Supplies and Services</i>	\$ 0.32	\$ 0.32	\$ 0.32	\$ 0.32	\$ 0.32
SUBTOTAL NEW DEVELOPMENT EXPENDITURES	\$ 9.46	\$ 10.94	\$ 12.47	\$ 14.12	\$ 15.74
TOTAL EXPENDITURES	\$ 223.80	\$ 230.84	\$ 238.16	\$ 240.76	\$ 234.09
Year-over-Year Change	3.28%	3.15%	3.17%	1.09%	-2.77%

*Personnel expenses related to Millenia Station shown in previous LTFP has been removed pending the outcome of future sales tax measure.



Expenditure LTFP Assumptions

- Personnel Services
 - Includes a 2% wage inflation per year
 - PERS costs reflect estimated contribution rates provided by CalPERs Valuation Report as of June 30, 2016
 - Salary savings is calculated at 1% per year (Salaries/PERS/Medicare)
 - Assumes 4.0 fire staffing for Bayfront in FY2022
 - Projects the cost estimates for 50.0 Peace Officers
 - Includes Flex/Insurance increases of 2.75% for Misc and 5.5% for Safety per year
 - An increase in Workers Compensation contributions



Expenditure LTFP Assumptions (cont.)

- Supplies and Services
 - Assumes Millenia and Bayfront fire station in FY2020 and FY2022
- Other expenditure categories:
 - Utilities at 5% per year net of new renewable energy projects
 - Other Expenses at 2% per year
 - Equipment at 0% per year
 - Transfers Out includes expenditures related to debt service payments and anticipated transfers to other funds



PENSION

Pension Costs

City's contribution to pensions costs made up of two parts:

- (1) Unfunded Accrued Liability (UAL) contributions – for pension benefits already earned
- (2) Normal Cost Contribution (percentage of payroll) – for pensions benefits of active employees

The combination of the two costs create the City's total annual pension costs

Pension – UAL Costs

UAL contributions calculated by actuary and are impacted by multiple factors including:

- Amortization (pay off) schedule
- Assumed interest return/discount rate on investment portfolio
 - FY2019 (7.375%), FY2020 (7.250%), FY2021 (7.00%)
- Actual interest return on investment portfolio

UAL can be prepaid at beginning of fiscal year for discount savings

Pension – UAL Costs

UAL Balance, Funding Ratio and Payment*

	FY 2018	FY 2019	Increase / (Decrease)
UAL Balance	261,221,387	321,599,399	60,378,012
Funded Ratio	71.2%	66.5%	-4.7%
UAL Pre-Payment	15,204,466	18,293,245	3,088,779

*Based on CalPERS Actuarial Valuation Report as of June 30, 2016.

Drivers:	FY 2018	FY 2019
Change in Discount Rate	7.50%	7.50% to 7.375%
Investment Performance**	0.60%	11.30%

**UAL payment impacted by investment returns two years in arrears. Figures shown represent investment performance to impact payment year.



Pension – Normal Costs

Normal Cost contributions are calculated as a percentage of the current payroll and are impacted by multiple factors including:

- Retirement rates
- Salary growth rates
- Future investment earnings

City and employees contribute to Normal Costs

- Total Projected cost – Employees contribution = City's cost

Estimated City Contribution Based on Projected Payroll

Citywide	FY 2018	FY 2019
Total Normal Cost	\$20,654,496	\$21,673,645
Employee Contribution	\$7,291,437	\$7,532,988
City's Normal Cost	\$13,363,059	\$14,140,657



Projected Pension Costs

General Fund

	Required Contribution		Projected Future Employer Contributions			
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Annual Normal Costs*	\$11,811,859	\$12,509,770	\$12,895,678	\$14,449,003	\$14,882,473	\$15,328,947
Annual UAL Costs*	\$12,619,707	\$15,183,393	\$18,781,240	\$21,137,610	\$24,011,070	\$26,566,640
General Fund Total	\$24,431,566	\$27,693,163	\$31,676,918	\$35,586,613	\$38,893,543	\$41,895,587
Year-over-Year Increase		13%	14%	12%	9%	8%
Total Pension Costs	\$28,567,525	\$32,433,902	\$37,282,179	\$41,886,321	\$45,840,901	\$49,427,258

*FY 2019 - 2025 based CalPERS Annual Valuation Reports (Valuation Reports) as of June 30, 2016. FY 2026 - 2028 projections determined by continuing assumptions used in Valuation Reports.



Projected Pension Costs

General Fund

	Projected Future Employer Contributions				
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Annual Normal Costs*	\$15,788,816	\$16,262,480	\$16,750,355	\$17,252,865	\$17,770,451
Annual UAL Costs*	\$28,382,680	\$29,931,460	\$31,561,132	\$33,280,273	\$35,093,837
General Fund Total	\$44,171,496	\$46,193,940	\$48,311,486	\$50,533,138	\$52,864,288
Year-over-Year Increase	5%	5%	5%	5%	5%
Total Pension Costs	\$52,137,836	\$54,542,091	\$57,059,954	\$59,702,243	\$62,475,425

*FY 2019 - 2025 based CalPERS Annual Valuation Reports (Valuation Reports) as of June 30, 2016. FY 2026 - 2028 projections determined by continuing assumptions used in Valuation Reports.



Projected Pension Costs

Non-General Fund

	Required Contribution		Projected Future Employer Contributions			
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Annual Normal Costs*	\$1,551,200	\$1,630,887	\$1,758,501	\$1,970,319	\$2,029,428	\$2,090,311
Annual UAL Costs*	\$2,584,759	\$3,109,852	\$3,846,760	\$4,329,390	\$4,917,930	\$5,441,360
Non-General Fund Total	\$4,135,959	\$4,740,739	\$5,605,261	\$6,299,709	\$6,947,358	\$7,531,671
Year-over-Year Increase		15%	18%	12%	10%	8%
Total Pension Costs	\$28,567,525	\$32,433,902	\$37,282,179	\$41,886,321	\$45,840,901	\$49,427,258

*FY 2019 - 2025 based CalPERS Annual Valuation Reports (Valuation Reports) as of June 30, 2016. FY 2026 - 2028 projections determined by continuing assumptions used in Valuation Reports.



Projected Pension Costs

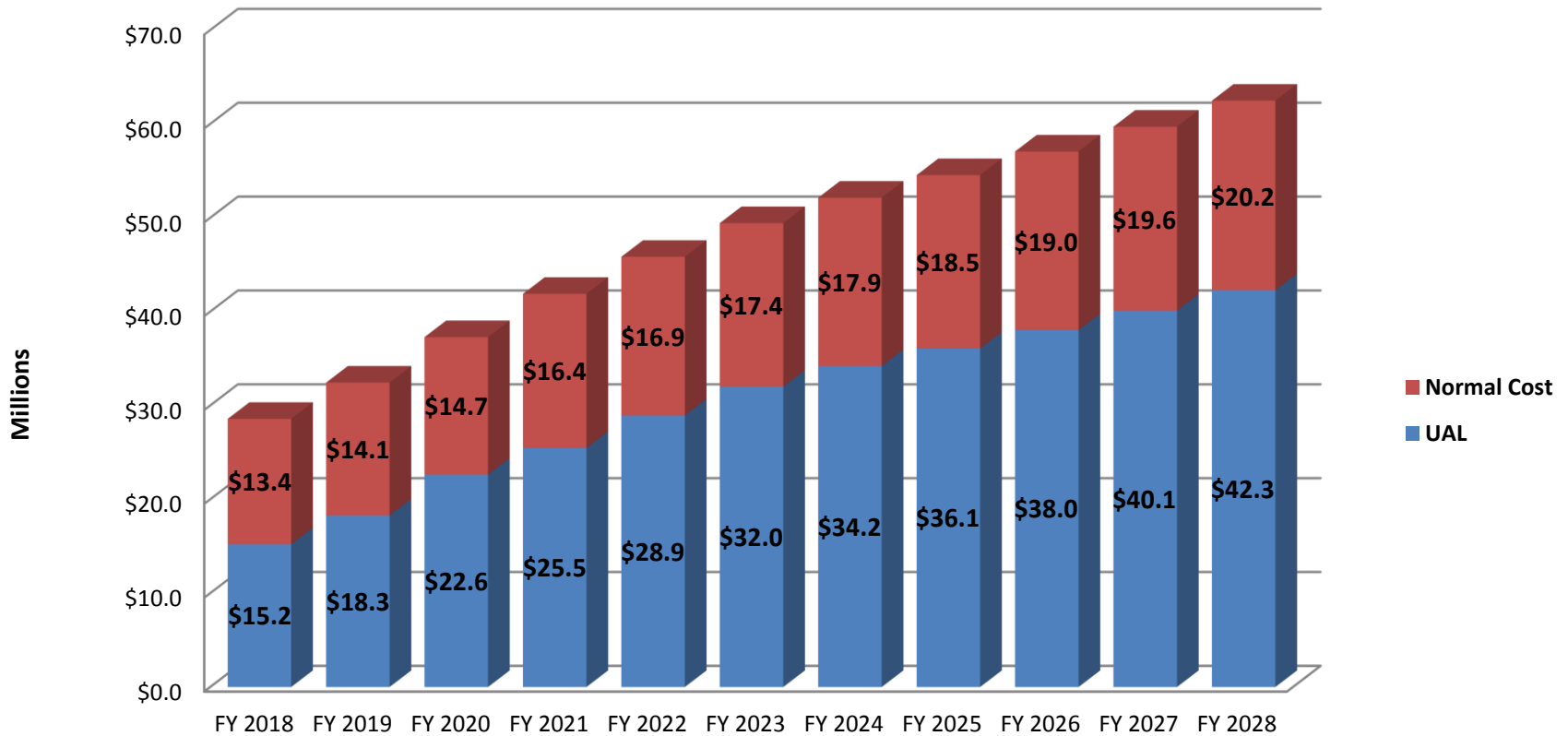
Non-General Fund

	Projected Future Employer Contributions				
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Annual Normal Costs*	\$2,153,020	\$2,217,611	\$2,284,139	\$2,352,663	\$2,423,243
Annual UAL Costs*	\$5,813,320	\$6,130,540	\$6,464,328	\$6,816,441	\$7,187,894
Non-General Fund Total	\$7,966,340	\$8,348,151	\$8,748,467	\$9,169,105	\$9,611,138
Year-over-Year Increase	6%	5%	5%	5%	5%
Total Pension Costs	\$52,137,836	\$54,542,091	\$57,059,954	\$59,702,243	\$62,475,425

*FY 2019 - 2025 based CalPERS Annual Valuation Reports (Valuation Reports) as of June 30, 2016. FY 2026 - 2028 projections determined by continuing assumptions used in Valuation Reports.

Citywide Pension Contribution

Projected Total Annual City Pension Contribution

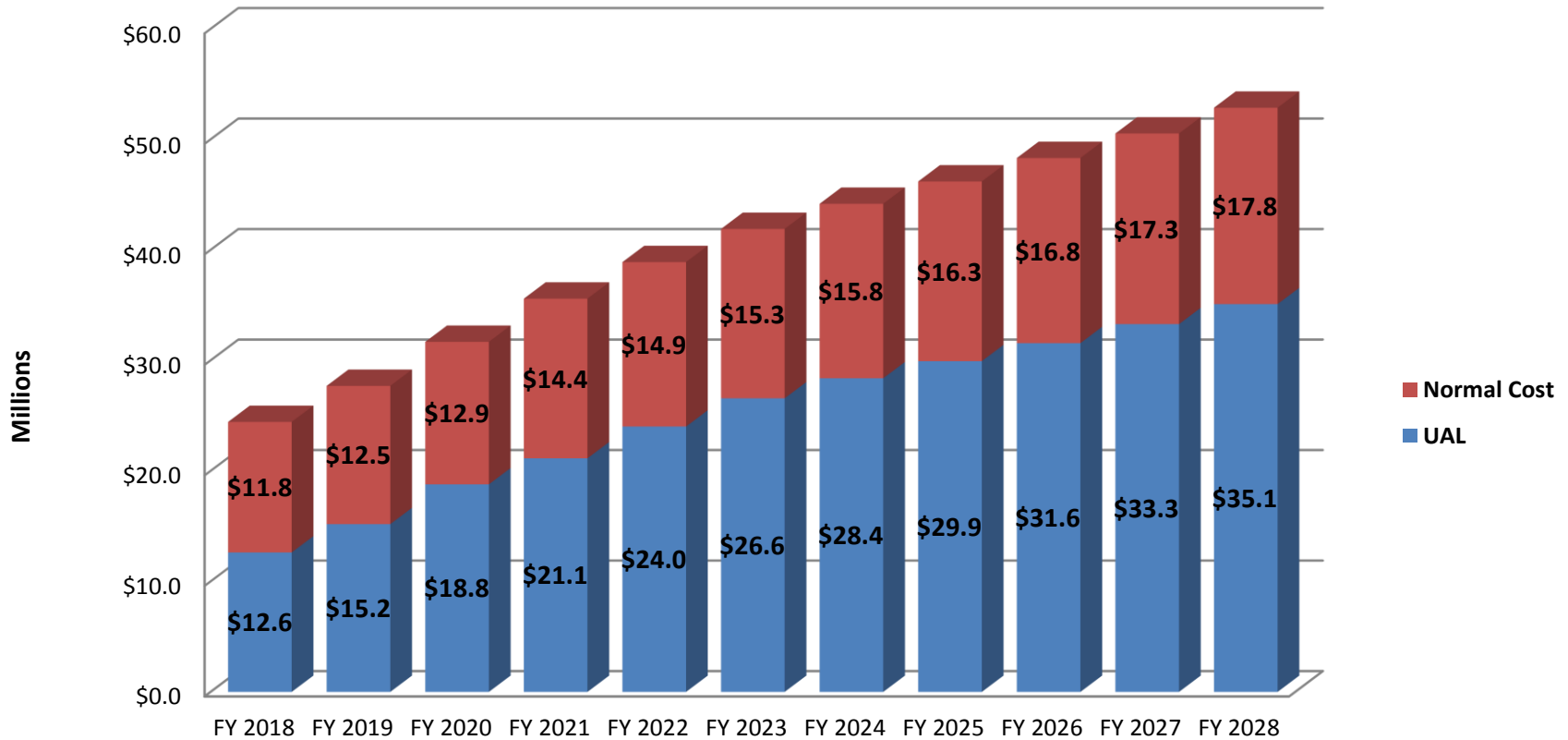


Notes:

Based on CalPERS Actuarial Valuation as of June 30, 2016. FY 2026 - 2028 projections determined by continuing assumptions used in Valuation Reports.

General Fund Pension Contribution

Projected Annual General Fund Pension Contribution



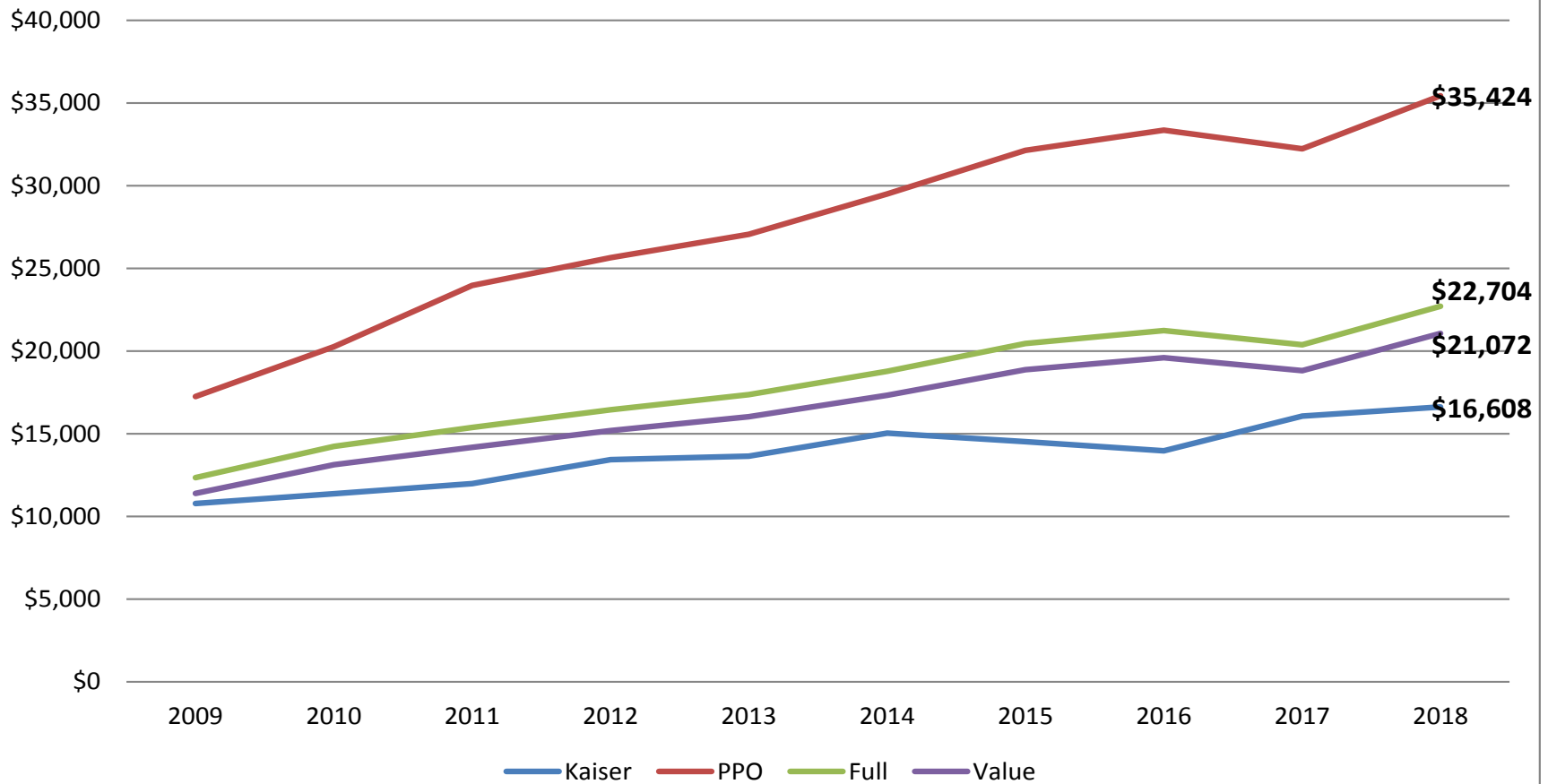
Notes:

Based on CalPERS Actuarial Valuation as of June 30, 2016. FY 2026 - 2028 projections determined by continuing assumptions used in Valuation Reports.



Health Insurance Premium History

Employee + Family Healthcare Premiums 2009 to 2018





Potential Solutions

- Technology
- Efficiency
- Use of One-Time Funds
- Public Private Partnerships
- Internship/Volunteer Programs
- Contract Services
- Service Levels
- Changing Service Delivery Model



Potential Solutions (cont.)

- Fees/Cost Recovery
- Priority Based Budgeting
- Competitive Purchasing
- Municipal Code/Charter Updates
- Cannabis Sales Tax Measure

Next Steps

- Staff will continue refining the LTFP
- April budget workshop (Date: TBD) with refined Fiscal Year 2018-2019 Baseline numbers
- Development of the Fiscal Year 2018-19 Proposed Budget
- LTFP will be presented with the Proposed Budget document in May

QUESTIONS?