



THREE YEAR BUDGET SCENARIOS FISCAL YEAR 2021 - 2023



Three-Year Budget Scenarios FY 2021 – 2023

- During the FY 2020 budget discussions, the City Council requested staff to develop and present a three-year plan to address future projected budget deficits
- Staff has updated the City's Baseline Long-Term Financial Plan projections
- Based on updated scenarios, staff is presenting potential options for future budget development



Baseline Long-Term Financial Plan Projections

Long-Term Financial Plan FY 2021 - 2023 (millions)

Description	Forecast FY 2021	Forecast FY 2022	Forecast FY 2023
Revenues:			
MAJOR DISCRETIONARY REVENUES	\$ 155.68	\$ 158.86	\$ 161.78
OTHER REVENUES	45.22	44.48	44.77
NEW DEVELOPMENT REVENUES	2.76	3.00	3.26
TOTAL REVENUES	\$ 203.66	\$ 206.33	\$ 209.81
Expenditures:			
PERSONNEL SERVICES EXPENDITURES*	\$ 138.54	\$ 143.92	\$ 149.04
OTHER EXPENDITURES	70.43	72.33	71.46
NEW DEVELOPMENT EXPENDITURES	1.88	1.96	2.03
TOTAL EXPENDITURES	\$ 210.85	\$ 218.21	\$ 222.54
TOTAL GENERAL FUND SURPLUS/(DEFICIT)	\$ (7.19)	\$ (11.87)	\$ (12.73)

*Includes 2% CPI increase for salaries.



Three-Year Budget Scenarios Summary

2 Budget Scenarios

- Scenario 1 – Includes 2% CPI increases to salaries
- Scenario 2 – No CPI increases to salaries

Allocated reductions presented under each scenario

- Reductions allocated to all departments based on net cost (Net Cost Scenarios 1A and 2A)
- Reductions allocated to departments based on net cost excluding Public Safety departments (Net Cost Scenarios 1B and 2B)



Budget Scenario 1

Long-Term Financial Plan FY 2021 - 2023 (millions)

Description	Forecast FY 2021	Forecast FY 2022	Forecast FY 2023
TOTAL REVENUES	\$ 203.66	\$ 206.33	\$ 209.81
TOTAL EXPENDITURES*	\$ 210.85	\$ 218.21	\$ 222.54
TOTAL GENERAL FUND SURPLUS/(DEFICIT)	\$ (7.19)	\$ (11.87)	\$ (12.73)
BUDGETARY ADJUSTMENTS			
POTENTIAL REVENUES			
Cannabis Tax Revenue	1.00	2.00	4.00
Revenue offset to ALS Program and Dispatch	0.00	1.50	1.50
Increase of Police Revenue	0.50	0.50	0.50
Increase of Cost Recovery of Support Departments	0.50	0.50	0.50
EXPENDITURES			
Additional Peace Officer positions (funded via Measure A Reserves)	0.53	1.77	2.30
TOTAL GENERAL FUND SURPLUS/(DEFICIT)**	\$ (5.19)	\$ (7.37)	\$ (6.23)

Note: Projected Additional Peace Officer positions are assumed to be funded via Measure A. Therefore the expense for these positions are not included in the Total General Fund

*Assumes 2% CPI increase for salaries for FY 2021 - 2023.

** Potential expenditure reductions demonstrated on following slide.



FY 2021 Net Cost Analysis – Scenario 1A

Department	Net Cost	Net Cost %	Net Cost Reduction
Boards and Commissions	\$ 12,676	0.0%	\$ (517)
Development Services	852,059	0.7%	(34,738)
Economic Development	1,191,331	0.9%	(48,570)
Engineering & Capital Projects	1,959,345	1.5%	(79,882)
City Clerk	1,081,135	0.8%	(44,078)
City Council	1,677,508	1.3%	(68,392)
Animal Care Facility	1,707,785	1.3%	(69,626)
Parks & Recreation	9,196,167	7.2%	(374,926)
Human Resources	2,773,618	2.2%	(113,080)
Administration	2,228,020	1.8%	(90,836)
City Attorney	2,792,735	2.2%	(113,859)
Finance	2,856,568	2.2%	(116,462)
Information Technology Srvcs	3,907,449	3.1%	(159,306)
Library	3,529,536	2.8%	(143,898)
Public Works	5,101,966	4.0%	(208,006)
Police	56,356,462	44.3%	(2,297,641)
Fire	30,067,643	23.6%	(1,225,851)
Total	\$ 127,292,003		\$ (5,189,667)

* Excludes Non-Departmental Department

Reduced Expenditure Target: **\$ (5,189,667)**

Net Cost equals Departmental Revenue less Departmental Expenses. Measure A allocation not included in totals.



FY 2021 Net Cost Analysis – Scenario 1B

Department	Net Cost	Net Cost %	Net Cost Reduction
Boards and Commissions	\$ 12,676	0.0%	\$ (1,610)
Development Services	852,059	2.1%	(108,200)
Economic Development	1,191,331	2.9%	(151,283)
Engineering & Capital Projects	1,959,345	4.8%	(248,810)
City Clerk	1,081,135	2.6%	(137,289)
City Council	1,677,508	4.1%	(213,021)
Animal Care Facility	1,707,785	4.2%	(216,865)
Parks & Recreation	9,196,167	22.5%	(1,167,788)
Human Resources	2,773,618	6.8%	(352,212)
Administration	2,228,020	5.5%	(282,928)
City Attorney	2,792,735	6.8%	(354,639)
Finance	2,856,568	7.0%	(362,745)
Information Technology Srvcs	3,907,449	9.6%	(496,193)
Library	3,529,536	8.6%	(448,203)
Public Works	5,101,966	12.5%	(647,880)
Total	\$ 40,867,897		\$ (5,189,667)

*Excludes Non-Departmental Department and Public Safety Departments

Reduced Expenditure Target: **\$ (5,189,667)**

Net Cost equals Departmental Revenue less Departmental Expenses. Measure A allocation not included in totals.



Budget Scenario 2

Long-Term Financial Plan FY 2021 - 2023 (millions)

Description	Forecast FY 2021	Forecast FY 2022	Forecast FY 2023
TOTAL REVENUES	\$ 203.66	\$ 206.33	\$ 209.81
TOTAL EXPENDITURES*	\$ 209.03	\$ 214.52	\$ 216.95
TOTAL GENERAL FUND SURPLUS/(DEFICIT)	\$ (5.37)	\$ (8.19)	\$ (7.15)
BUDGETARY ADJUSTMENTS			
POTENTIAL REVENUES			
Cannabis Tax Revenue	1.00	2.00	4.00
Revenue offset to ALS Program and Dispatch	0.00	1.50	1.50
Increase of Police Revenue	0.50	0.50	0.50
Increase of Cost Recovery of Support Departments	0.50	0.50	0.50
EXPENDITURES			
Additional Peace Officer positions (funded via Measure A Reserves)	0.53	1.77	2.30
TOTAL GENERAL FUND SURPLUS/(DEFICIT)	\$ (3.37)	\$ (3.69)	\$ (0.65)

Note: Projected Additional Peace Officer positions are assumed to be funded via Measure A. Therefore the expense for these positions are not included in the Total General Fund

*Assumes no CPI increase for salaries for FY 2021 - 2023.

** Potential expenditure reductions demonstrated on following slide.



FY 2021 Net Cost Analysis – Scenario 2A

Department	Net Cost	Net Cost %	Net Cost Reduction
Boards and Commissions	\$ 12,566	0.0%	\$ (336)
Development Services	825,598	0.7%	(22,076)
Economic Development	1,171,428	0.9%	(31,323)
Engineering & Capital Projects	1,874,999	1.5%	(50,136)
City Clerk	1,071,703	0.9%	(28,657)
City Council	1,662,998	1.3%	(44,468)
Animal Care Facility	1,681,798	1.3%	(44,970)
Parks & Recreation	9,092,540	7.2%	(243,129)
Human Resources	2,745,688	2.2%	(73,418)
Administration	2,208,545	1.8%	(59,055)
City Attorney	2,763,085	2.2%	(73,883)
Finance	2,819,927	2.2%	(75,403)
Information Technology Srvcs	3,872,400	3.1%	(103,546)
Library	3,491,585	2.8%	(93,363)
Public Works	4,992,961	4.0%	(133,509)
Police	55,816,610	44.3%	(1,492,504)
Fire	29,772,874	23.7%	(796,109)
Total	\$ 125,877,303		\$ (3,365,886)

* Excludes Non-Departmental Department

Reduced Expenditure Target: **\$ (3,365,886)**

Net Cost equals Departmental Revenue less Departmental Expenses. Measure A allocation not included in totals.



FY 2021 Net Cost Analysis – Scenario 2B

Department	Net Cost	Net Cost %	Net Cost Reduction
Boards and Commissions	\$ 12,566	0.0%	\$ (1,050)
Development Services	825,598	2.0%	(68,975)
Economic Development	1,171,428	2.9%	(97,868)
Engineering & Capital Projects	1,874,999	4.7%	(156,649)
City Clerk	1,071,703	2.7%	(89,536)
City Council	1,662,998	4.1%	(138,937)
Animal Care Facility	1,681,798	4.2%	(140,507)
Parks & Recreation	9,092,540	22.6%	(759,645)
Human Resources	2,745,688	6.8%	(229,391)
Administration	2,208,545	5.5%	(184,515)
City Attorney	2,763,085	6.9%	(230,845)
Finance	2,819,927	7.0%	(235,594)
Information Technology Svcs	3,872,400	9.6%	(323,523)
Library	3,491,585	8.7%	(291,708)
Public Works	4,992,961	12.4%	(417,142)
Total	\$ 40,287,820		\$ (3,365,886)

*Excludes Non-Departmental Department and Public Safety Departments

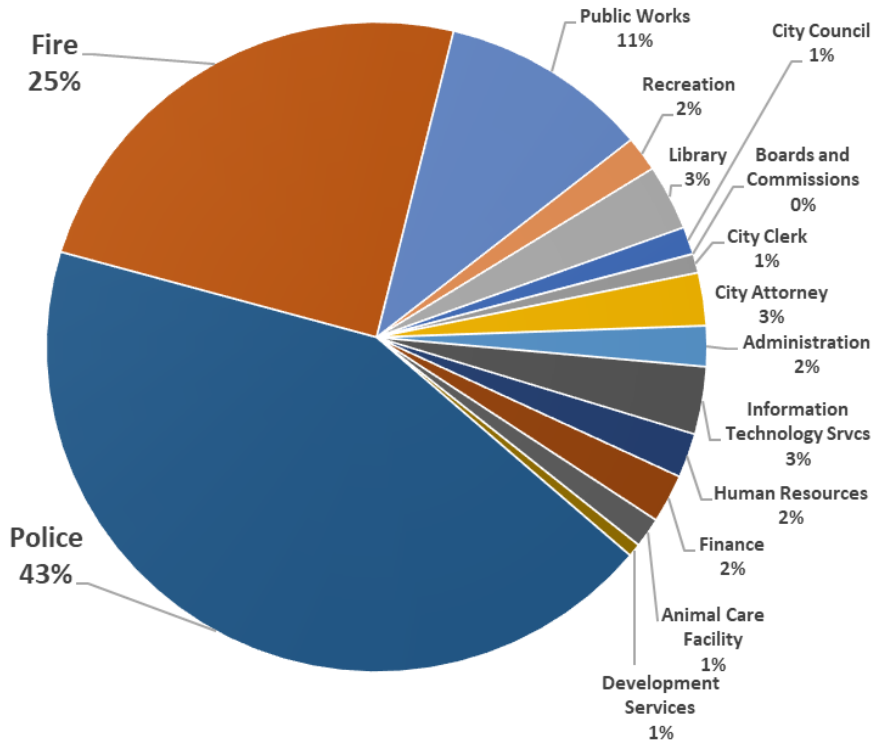
Reduced Expenditure Target:

\$ (3,365,886)

Net Cost equals Departmental Revenue less Departmental Expenses. Measure A allocation not included in totals.

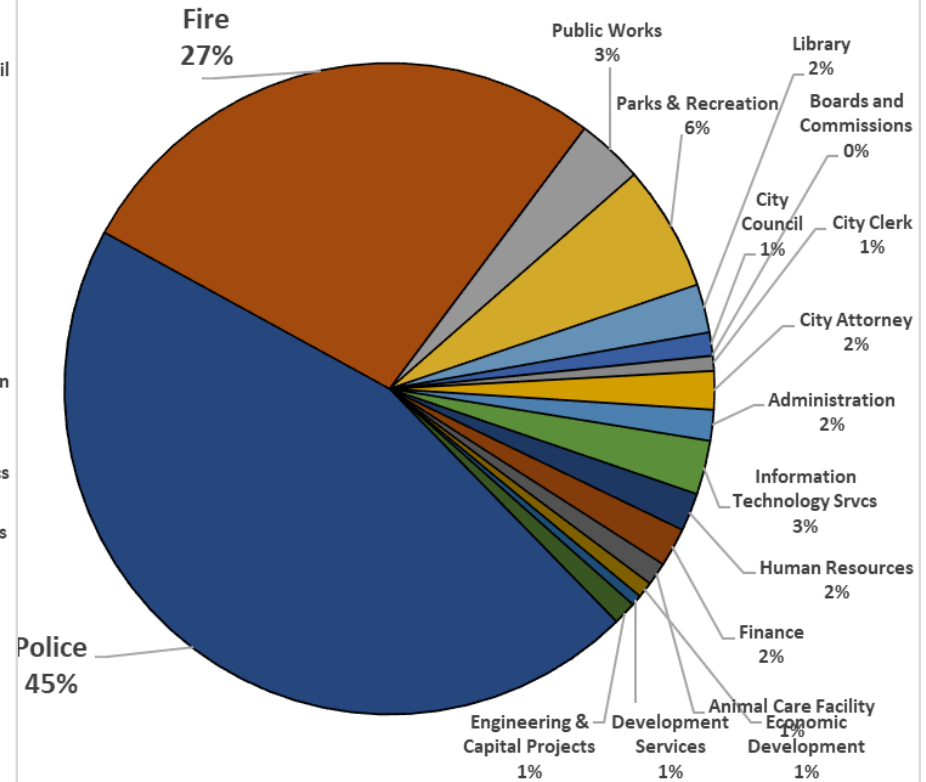
Net Cost Comparison FY 2013 and FY 2020

FY 2013 Net Cost Percentage by Department



Public Safety % - 68%

FY 2020 Net Cost Percentage by Department*



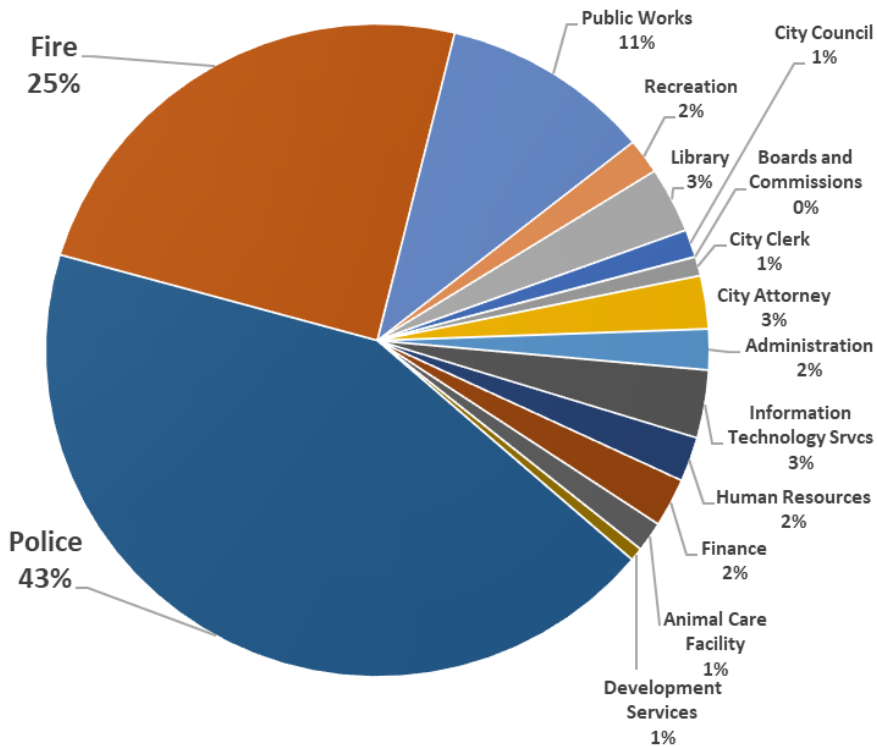
Public Safety % - 72%

*Figures include full allocation of Measure A funding to departments.



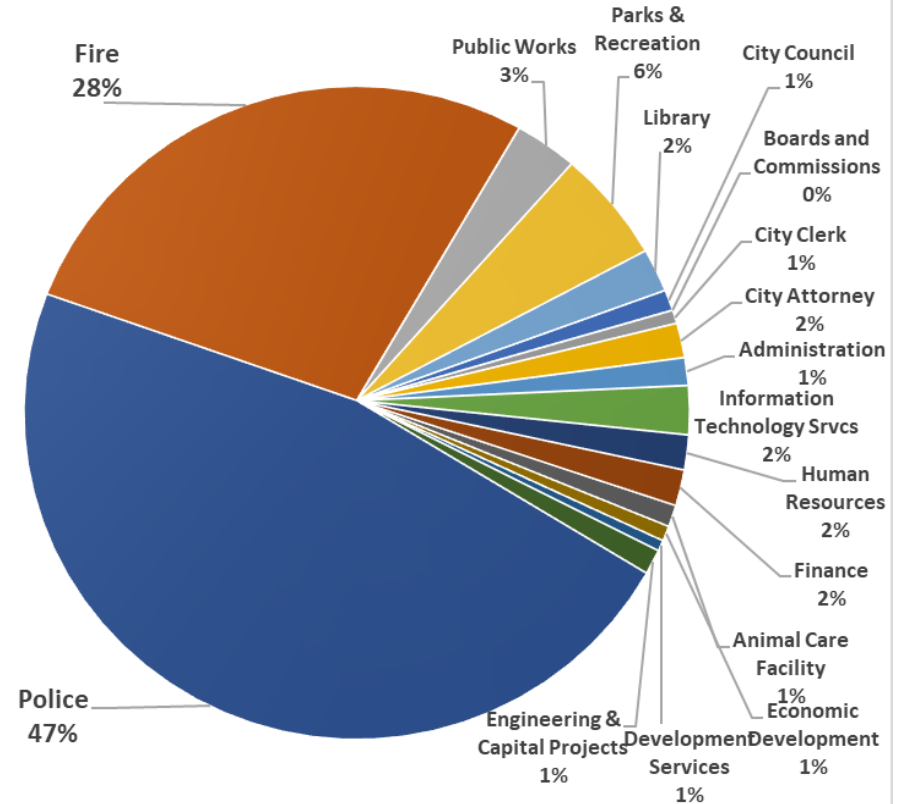
Net Cost Comparison FY 2013 and FY 2021 (Scenario 1B)

FY 2013 Net Cost Percentage by Department



Public Safety % - 68%

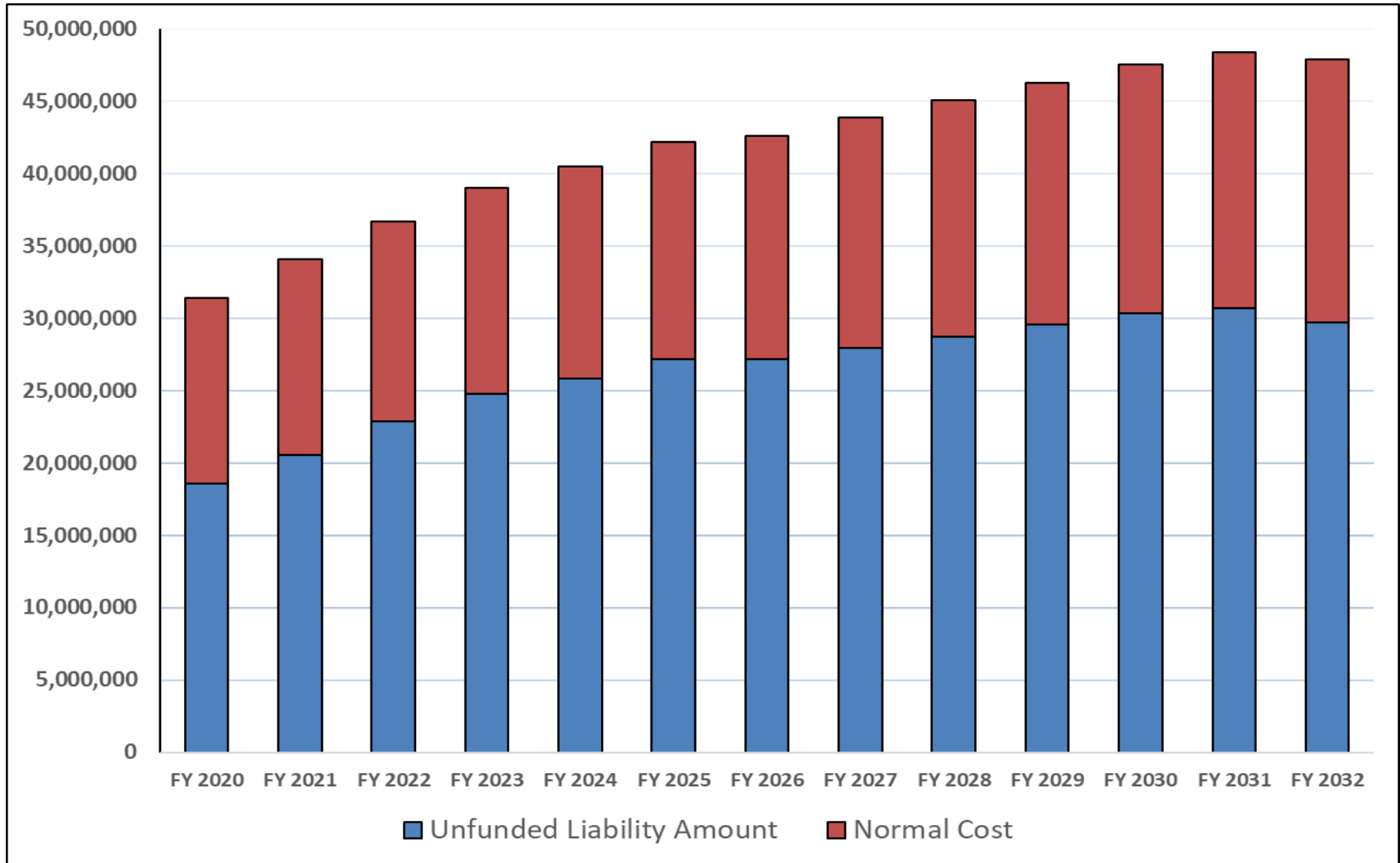
FY 2021 Net Cost Percentage by Department



Public Safety % - 75%

* Figures include full allocation of Measure A funding to departments.

General Fund Annual Pension Contributions



Source: CalPERS Valuation Reports.

*Assumes CalPERS meets their assumed 7% investment return rate.

Next Steps

- Request input from Council on presented budget options
- Continue monitoring and updating revenue and expenditures projections



Preliminary Budget Development Calendar

January – February	<ul style="list-style-type: none"> • Mid-Year Fiscal Year 2020 Budget Review (Second Quarter Financial Projections) • Develop Fiscal Year 2021 Baseline Budget; include changes from Mid-Year Budget Review
Mid February	<ul style="list-style-type: none"> • Review Fiscal Year 2021 Baseline Budget • Fiscal Year 2020 Second Quarter Financial Report
March	<ul style="list-style-type: none"> • City Council Workshop: FY 2021 Budget Projection Discussion, Updated LTFP Discussion
April	<ul style="list-style-type: none"> • Preliminary City Manager Proposed Budget Council Discussion Item • Fiscal Year 2020 Third Quarter Financial Report
May	<ul style="list-style-type: none"> • Hold two public workshops to provide overview of proposed budget • City Manager Proposed Budget document submitted to Council • City Council: Present Fiscal Year 2021 All Funds Budget and CIP Overview
June	<ul style="list-style-type: none"> • Public Hearing and Recommend Council adoption of Proposed FY 2021 Budget (All Funds)