

City of Pacifica 2014-15 Budget Development



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and

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Background

- Tonight starts process for 2014-15 Budget
- Presentation includes:
 - History
 - Long term financial outlook
 - Impacts on next year's budget
 - Concepts staff is exploring
 - Timeline
- Information only; no action needed

History (last 5 years or so)

- Balanced budget by:
 - Using reserves
 - Increasing fees & charges
 - Reducing staffing levels
 - Negotiating concessions (reduced staff compensation)

Staff Compensation Concessions

- Increased pension contributions
 - Employees pay 8-12%
 - Saves estimated \$2.76 million each year
- Capped City's health care contributions
 - Employees pay annual increases
 - More predictable for City
- Frozen salaries for 4 years
- Others such as reduced vacation/sick leave

Long Term Financial Plan (LTFP)

- New model developed
 - Revenue Projection(s)
 - Optimistic, **Moderate**, Pessimistic
 - Expenditure Projection
 - “Most likely”
- Still 5-year forecast – 2014-19
- General Fund Only
- Transparent assumptions

LTFP 2014-19 – Revenue Assumptions

Table 2. LTFP General Fund – Annual Growth Rates

Revenue Source	Optimistic	Moderate	Pessimistic
Property Tax	TBD	Inflation factor of 2.2% (average CPI for 2013); and "Excess ERAF" funds NOT included	TBD
Sales Tax	TBD	Expected to grow at 3% -- slightly more than CPI	TBD
Other Taxes	TBD	Inflation factor of 2.2% (average CPI for 2013)	TBD
Fees & Charges and Recreation Fees	TBD	Although growth has been high for last two years, revenue is highly volatile; 2.2% included here	TBD
All Other Revenues	TBD	Expected to remain at current levels - 0% growth	TBD
Notes	TBD	No additional revenue-producing development	TBD

LTFP 2014-19 – Expense Assumptions (Attachment 1)

Shown as % of salary	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
Salary Adjustments ←					
Miscellaneous (Misc)*	0%	0%	0%	0%	0%
Police	0%	0%	0%	0%	0%
Fire	0%	0%	0%	0%	0%
Pension Rates (PERS)** ←					
Misc - City pays	13.87%	15.20%	16.50%	17.80%	19.10%
Employee pays	8.00%	8.00%	8.00%	8.00%	8.00%
Police - City pays	27.85%	29.95%	32.05%	34.15%	36.25%
Employee pays	12.00%	12.00%	12.00%	12.00%	12.00%
Fire - City pays	22.25%	23.85%	25.45%	27.05%	28.65%
Employee pays	9.00%	9.00%	9.00%	9.00%	9.00%
Pension Obligation Bond Payments*** ←	16.12%	16.67%	17.23%	10.44%	10.81%

LTFP 2014-19 – Expense Assumptions (Attachment 1)

Year over year increase	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
Medical Insurance	7.00%	7.00%	7.00%	7.00%	7.00%
Dental/Long Term Disability	3.00%	3.00%	3.00%	3.00%	3.00%
Other benefits (fixed dollar amounts, i.e., uniform, car allowance, etc.)	0.00%	0.00%	0.00%	0.00%	0.00%
Other expenses (not related to S&B)	2.20%	2.20%	2.20%	2.20%	2.20%

Long Term Financial Plan 2014-19 (Attachment 2)

CITY OF PACIFICA

LONG TERM FINANCIAL PLAN 2014-2019

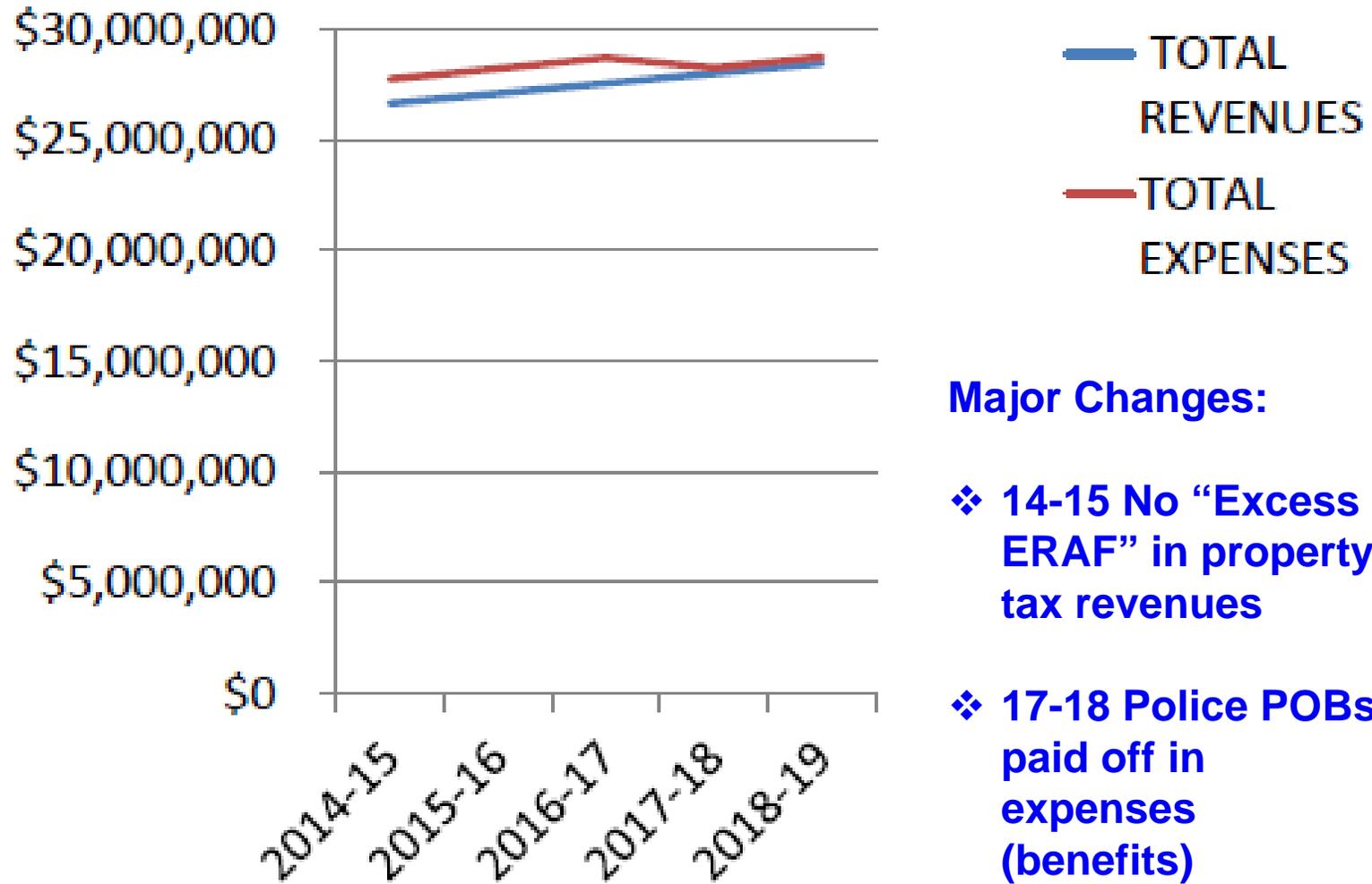
GENERAL FUND

MODERATE REVENUE SCENARIO

	2013-14 BUDGET	2013-14 MID-YR BUDGET*	2014-16 PROJECTION	2016-18 PROJECTION	2016-17 PROJECTION	2017-18 PROJECTION	2018-18 PROJECTION
SOURCE OF FUNDS							
PROPERTY TAXES	\$10,443,000	\$10,786,380	\$9,330,000	\$9,536,000	\$9,745,000	\$9,960,000	\$10,179,000
SALES TAX	\$1,483,000	\$1,483,000	\$1,527,000	\$1,573,000	\$1,620,000	\$1,669,000	\$1,719,000
OTHER TAXES	\$5,708,000	\$5,708,000	\$5,833,000	\$5,962,000	\$6,093,000	\$6,227,000	\$6,364,000
LICENSES & PERMITS	\$377,000	\$377,000	\$377,000	\$377,000	\$377,000	\$377,000	\$377,000
FINES & FORFEITURES	\$235,000	\$235,000	\$235,000	\$235,000	\$235,000	\$235,000	\$235,000
USE OF MONEY & PROPERTY	\$144,000	\$144,000	\$144,000	\$144,000	\$144,000	\$144,000	\$144,000
INTERGOVERNMENTAL REVENUE	\$4,322,000	\$4,511,000	\$4,511,000	\$4,511,000	\$4,511,000	\$4,511,000	\$4,511,000
CURRENT SERVICE CHARGES	\$1,789,000	\$1,789,000	\$1,828,000	\$1,868,000	\$1,909,000	\$1,951,000	\$1,994,000
RECREATION FEES	\$741,000	\$867,000	\$886,000	\$906,000	\$926,000	\$946,000	\$967,000
OTHER REVENUES	\$1,891,000	\$1,986,000	\$1,986,000	\$1,986,000	\$1,986,000	\$1,986,000	\$1,986,000
TOTAL GENERAL FUND SOURCE OF FUNDS	\$27,135,000	\$27,886,380	\$26,657,000	\$27,098,000	\$27,546,000	\$28,006,000	\$28,476,000
USE OF FUNDS							
SALARIES AND WAGES	\$13,002,000	\$13,142,000	\$13,142,000	\$13,142,000	\$13,142,000	\$13,142,000	\$13,142,000
PERSONNEL BENEFITS	\$6,690,000	\$6,750,000	\$6,998,000	\$7,363,000	\$7,733,000	\$7,160,000	\$7,524,000
DEPARTMENTAL EXPENSE/SUPPLIES	\$727,000	\$768,200	\$785,000	\$802,000	\$820,000	\$838,000	\$856,000
OTHER SERVICES/CHARGES	\$4,271,000	\$4,496,000	\$4,630,000	\$4,732,000	\$4,836,000	\$4,942,000	\$5,051,000
INTERGOVERNMENTAL	\$676,000	\$738,000	\$738,000	\$738,000	\$738,000	\$738,000	\$738,000
CAPITAL OUTLAY	\$189,000	\$189,000	\$189,000	\$189,000	\$189,000	\$189,000	\$189,000
DEBT SERVICE	\$877,000	\$877,000	\$877,000	\$877,000	\$877,000	\$877,000	\$877,000
TRANSFERS-OUT	\$380,000	\$380,000	\$380,000	\$380,000	\$380,000	\$380,000	\$380,000
TOTAL GENERAL FUND USE OF FUNDS	\$26,812,000	\$27,340,200	\$27,739,000	\$28,223,000	\$28,715,000	\$28,266,000	\$28,757,000
NET SURPLUS (DEFICIT)	\$323,000	\$546,180	(\$1,082,000)	(\$1,125,000)	(\$1,169,000)	(\$260,000)	(\$281,000)
Net surplus (deficit) as a percentage of General Fund revenues:		1.96%	-4.06%	-4.15%	-4.24%	-0.93%	-0.99%

*Mid-Year Budget update adopted by Council on March 24, 2014

Long Term Financial Plan 2014-19



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2014-15 Budget Development

~ Concepts ~

- Internal refinancing of Pension Obligation Bonds
- Increases to Fees & Charges
- Delaying vehicle replacement
- Redirecting State grant funds
- Reducing funding to Non-Governmental Orgs
- Creating a Parking Enterprise Fund
- Other, smaller changes

Timeline

- April 28: Presentation of Balanced Budget on 4/28/14
- May 12: Public Hearing #1
- May 27: Public Hearing #2
- June 9: Final Direction (or Adoption)
- June 23: Adoption (if not before)

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QUESTIONS