

City of Pacifica Long Term Financial Plan Update



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April 18, 2017



City of Pacifica Long Term Financial Plan Update

- Tonight we start process for the 2017-18 Budget
- Presentation Includes:
 - Long-term Financial Projected
 - Impacts on 2017-18 Budget
 - Information only; no action required



City of Pacifica

Long Term Financial Plan Update

- Our forecast Model:
 - Revenue and Expenditure Projections
 - Moderate, or “Most Likely”
 - 5-Year Forecast 2017-2022
 - General Fund Only
 - Transparent assumptions



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Long Term Financial Plan Update

- Assumption Rational
 - Consumer Price Index
 - Growth in the cost of a basket of goods
 - Property Tax Estimates
 - Discussions with Directors
 - Impact of recent labor agreements



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Long Term Financial Plan Update

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Long Term Financial Plan 2017-22							MODERATE FORECAST	
General Fund								
14-Mar-16								
REVENUE	2016-17 Distribution	2016-2017 Budget	2016-2017 Projected	2017-2018 Projected	2018-2019 Projected	2019-2020 Projected	2020-2021 Projected	2021-2022 Projected
Property Tax	34%	\$ 10,489,000	\$ 10,958,000	\$ 11,259,644	\$ 11,541,135	\$ 11,771,958	\$ 12,007,397	\$ 12,247,545
Retail Sales Tax	7%	2,118,000	2,084,000	2,104,840	2,125,888	2,147,147	2,168,619	2,190,305
Transient Occupancy Tax	6%	1,802,000	1,705,000	1,721,568	1,738,784	1,756,172	1,773,733	1,791,471
Other Taxes	13%	3,845,000	3,826,000	3,625,230	3,661,483	3,698,098	3,735,079	3,772,429
Department/Program Revenues	38%	11,558,000	11,700,000	11,349,277	11,516,295	11,688,170	11,865,062	12,047,136
Transfer In-POB from WWTP	3%	794,000	794,000	-	-	-	-	-
Transfers In	0%	105,000	105,000	564,398	564,398	564,398	564,398	564,398
Total Annual Revenue	100%	\$ 30,711,000	\$ 31,172,000	\$ 30,624,957	\$ 31,147,983	\$ 31,625,942	\$ 32,114,287	\$ 32,613,284
EXPENSES	2016-17 Distribution	2016-2017 Budget	2016-2017 Projected	2017-2018 Projected	2018-2019 Projected	2019-2020 Projected	2020-2021 Projected	2021-2022 Projected
Salaries And Wages	45%	\$ 13,751,045	\$ 13,981,045	\$ 15,087,401	\$ 15,087,401	\$ 15,087,401	\$ 15,087,401	\$ 15,087,401
Personnel Benefits	26%	7,958,480	7,958,480	7,603,478	8,161,878	8,687,078	9,264,778	9,629,078
Departmental Expense	2%	559,800	559,800	559,800	559,800	559,800	559,800	559,800
Other Services/Charges	23%	7,024,775	6,794,775	6,770,000	6,770,000	6,770,000	6,770,000	6,770,000
Intergovernmental	1%	238,100	238,100	246,434	255,059	263,986	273,225	282,788
Capital Outlay	0%	142,800	142,800	147,798	152,971	158,325	163,866	169,602
Debt Service	2%	744,000	656,000	413,000	413,000	413,000	413,000	712,500
Transfer Out-POB to WWTP	0%	-	-	171,000	147,000	905,000	905,000	-
Transfers-Out	1%	292,000	380,000	380,000	380,000	380,000	380,000	380,000
Total Annual Expense	126%	\$ 30,711,000	\$ 30,711,000	\$ 31,378,911	\$ 31,927,109	\$ 33,224,590	\$ 33,817,071	\$ 33,591,169
Total GF Surplus/Deficit		\$ -	\$ 461,000	\$ (753,953)	\$ (779,125)	\$ (1,598,647)	\$ (1,702,783)	\$ (977,885)
Pct. of GF Revenues		0.00%	1.48%	-2.46%	-2.50%	-5.05%	-5.30%	-3.00%



City of Pacifica Long Term Financial Plan Update

Table 1. Summary of Revenue Assumptions

Revenue Source	Assumption
Property Taxes	Growth factor of 2.75% for 2017-18, 2.5% for 2018-19, and 2.0% 2019-2020 through 2021-22.
Retail Sales Tax	Consultant supplied growth factor of 1%
Transient Occupancy Tax	Growth factor of 1%
Other Taxes: Franchise Tax Business License Utility Users Tax ½ Cent Sales Tax	Growth factor of -5.2% for 2017-18, and 1% from 2018-2022
Department/Program	Growth factor of -3.0% for 2017-18, and 1% from 2018-2022



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Long Term Financial Plan Update

Summary of Revenue Assumptions

Revenue Source	Assumption
Service Charges such as: <ul style="list-style-type: none"> • Construction Permits • Other Licensing and Permits • Beach and Community Center related services • Recreation Fees 	Annual growth factor of maximum 3.5% (or agreed upon increases) reflecting expected inflation rate and continued policy of full cost recovery for City services, i.e., as staff costs increase, those increases will be passed along in City fees.
Other Revenues such as: <ul style="list-style-type: none"> • Intergovernmental (mostly grants) • Fines and Forfeitures 	Growth factor of 0.0%
Vehicle License Fee	Growth factor of 1.0%
Transfers-In <ul style="list-style-type: none"> ▪ From other Funds to support General Fund activities 	Forecasted at agreed upon transfer amounts and timelines



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Long Term Financial Plan Update

2017-2018 Budget Impacts

Salaries and Wages

Increase over prior year and trended at 0.0% annual growth until 2022.

- Labor contract increases
- Minimum wage increases
- Movement of \$484,000 in personnel expenditures from other funds to the GF as part of budget realignment

Benefits

Decrease over prior year and increased by an average annually growth of 6% until 2022.

- Due to health benefit related contract increases
- Increase in CalPERS costs
- Reduction in Pension Obligation Debt Service

Non Personnel Costs

- Have increased by 3.5% (change in the CPI)



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Long Term Financial Plan Update

Annual Impact of CalPERS reduction in Discount Rate

On December 21, 2016 the California Public Employees' Retirement System (CalPERS) Board of Administration voted to lower the discount rate from 7.5 percent to 7.0 percent over the next three years.

Approved Discount Rate Phase-In		
Valuation Date	FY Required Contribution	Discount Rate
June 30, 2016	2018-19	7.375%
June 30, 2017	2019-20	7.25%
June 30, 2018	2020-21	7.00%

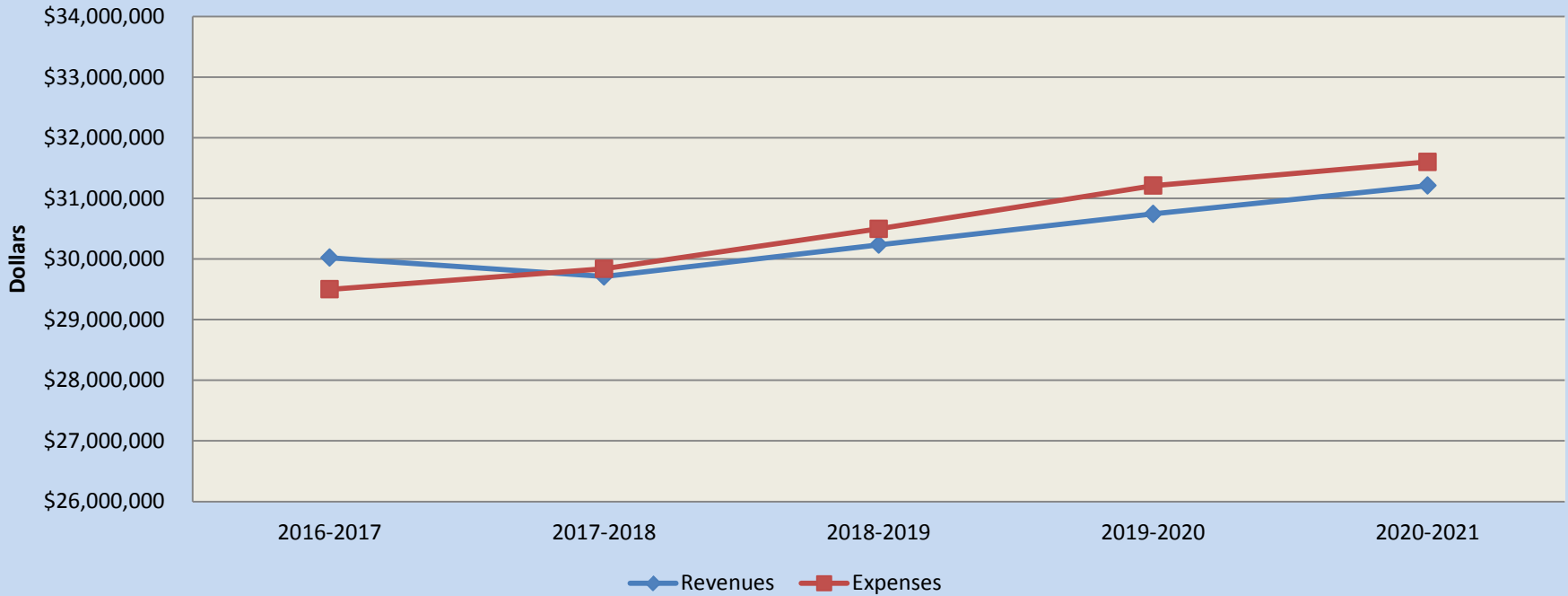
	2017-2018 Projected	2018-2019 Projected	2019-2020 Projected	2020-2021 Projected	2021-2022 Projected	Total Increase
Estimated Annual Cumulative Increase in CalPERS	None	\$558,400	\$525,200	\$577,700	\$364,300	\$2,025,600



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Long Term Financial Plan Update

**General Fund
2016-2021 Forecast
Revenues & Expenses**

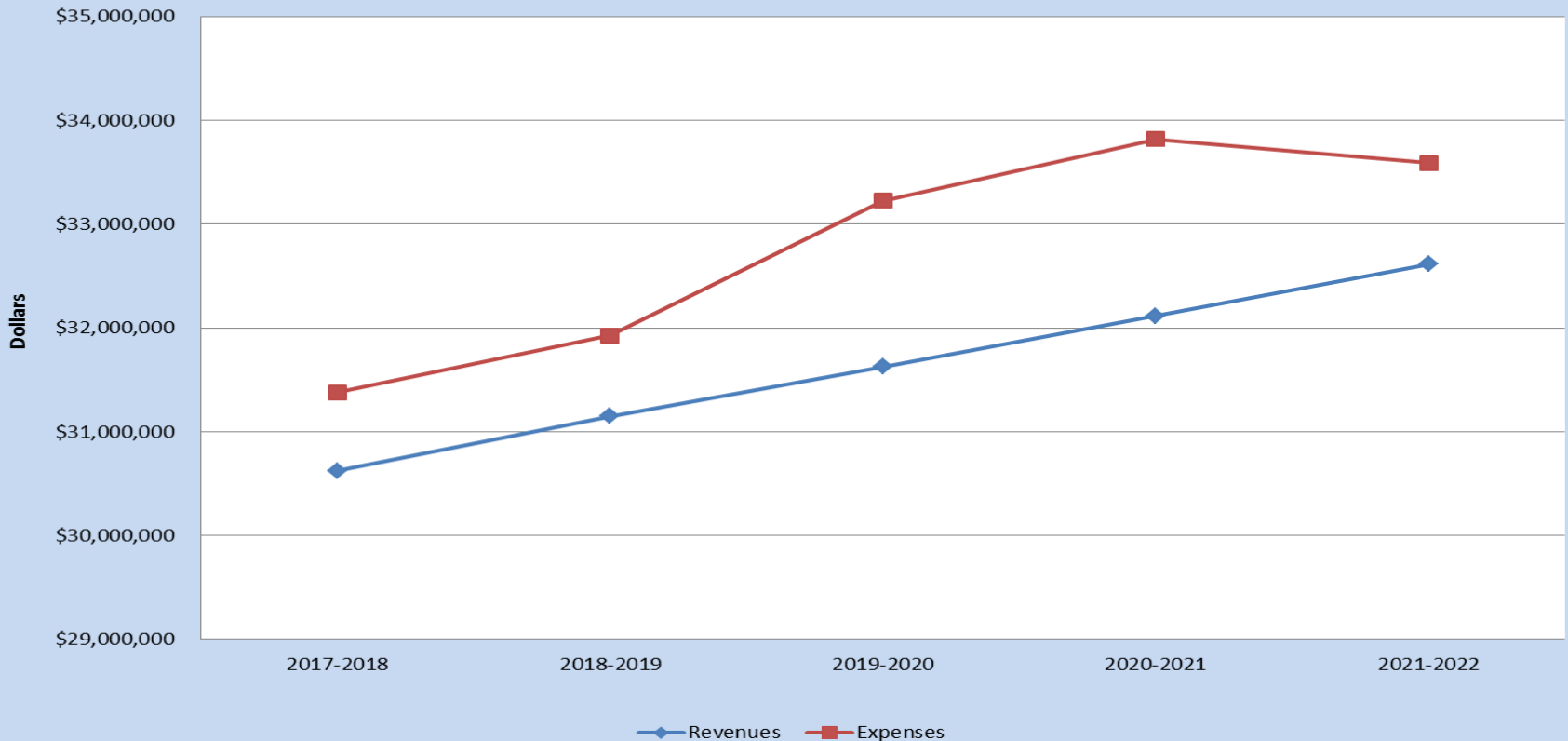




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**General Fund
2017-2022 Forecast
Revenues & Expenditures**





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Questions?