

Feb 4, 2020

CITY OF EL CERRITO

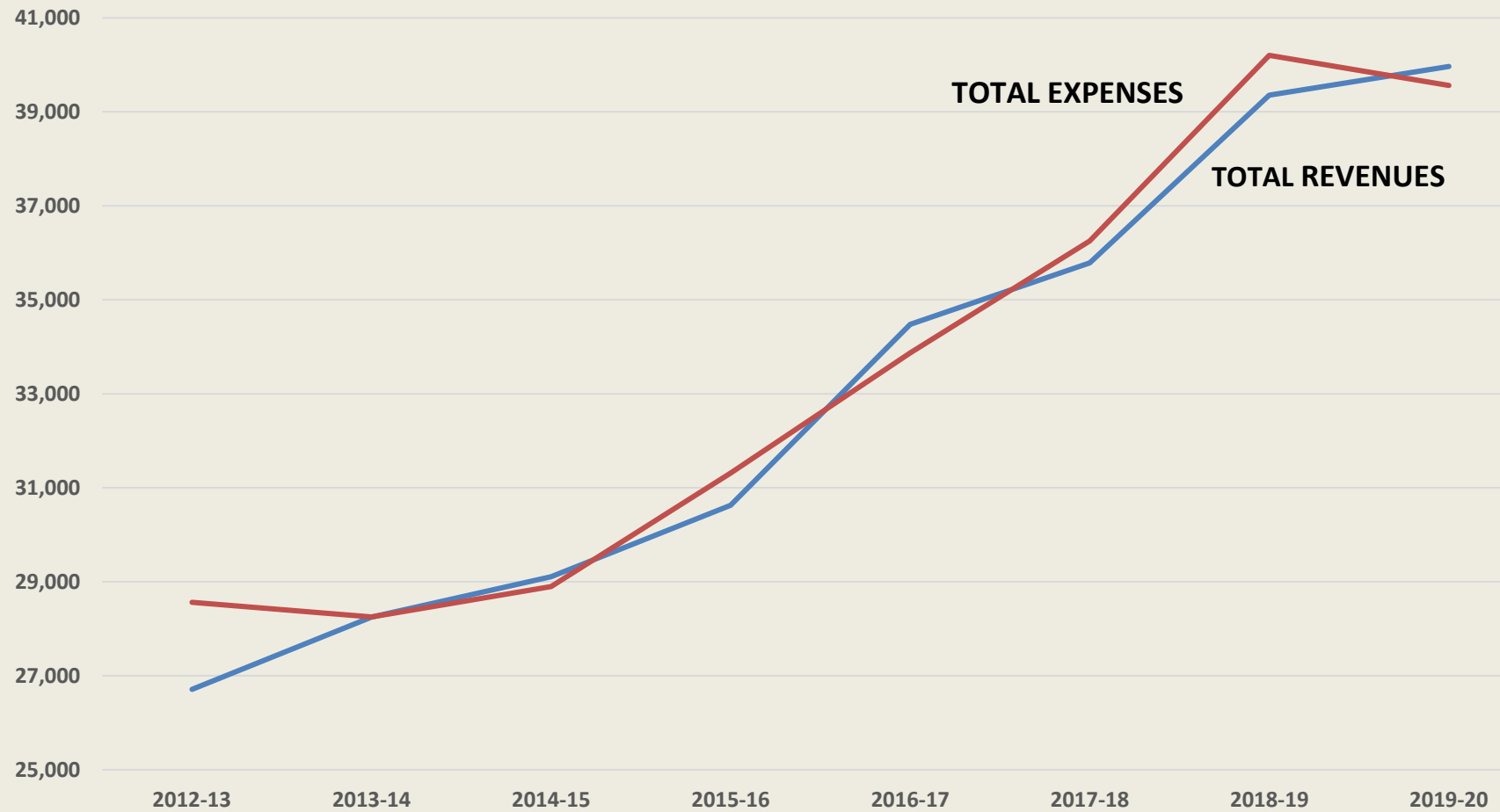
FY 2020-25 Five Year General Fund Forecast



AGENDA

- **FY 2012-20 Revenue-Expenditure trends**
- **FY 2020-25 Assumptions**
- **FY 2020-25 Baseline Scenario A projections**
- **One-time Forecast Amendments**
- **General Fund 5year Forecast**
 - Fund Balance Reserve Ratio Chart -Baseline Scenario A
 - Fund Balance Reserve Ratio Chart -with reductions (with and without emergency reserve fund).

HISTORICAL GENERAL FUND REVENUES AND EXPENSES



FY 2020 - 2025 5 YEAR GENERAL FUND FORECAST

Key Assumptions

Revenues Growth:

Property taxes grow at 5.5%
Sales Taxes grow at 1.0%
Other revenues grow at 3%
Transfer Tax (RPTT) flat \$2.5m

Expenditure Growth:

Personnel Costs – annual COLA 3%
Non personnel cost inflation at 3%
PERS – projections per CalPERS

Other:

Operating transfers & Capital Expenditures are flat
Debt Service - as per refunding payment schedule
No new General Fund debt
Additional Pension costs of \$8.5m over the 5 years

FY 2018-25 GENERAL FUND BASELINE SUMMARY – SCENARIO A

FY 2020-2025 Assumptions		GENERAL FUND FIVE YEAR FORECAST with TENTATIVE BUDGET AMENDMENTS FOR FY 2020												
Prop Tax Growth Rate	5.5%	FY 19-20 Budget Changes					D R A F T					Baseline SCENARIO A		
Sales Tax/Other Tax Growth Rate	1%	Property Taxes (-\$500k) RPTT (+\$1,150k)					CURRENT					PROJECTIONS		
Other Revenue Growth Rate	3%	Sales Taxes (-\$500k) Expenses (-\$500k)												
Expenses Growth Rate	3%	AUDITED ACTUALS												
		Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Draft CAFR	Amended	Forecast	Forecast	Forecast	Forecast	Forecast
		2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Revenues:														
Property taxes		\$5,414	\$6,191	\$6,805	\$7,908	\$8,832	\$9,487	\$9,931	\$10,440	\$11,014	\$11,620	\$12,259	\$12,933	\$13,645
Sales Taxes		\$5,150	\$5,361	\$5,056	\$5,750	\$6,145	\$6,458	\$7,545	\$7,100	\$7,171	\$7,243	\$7,315	\$7,388	\$7,462
Other non property Taxes		4,965	5,395	5,700	5,006	5,800	5,386	5,762	6,180	6,242	6,304	6,367	6,431	6,495
Real Property Transfer Tax								1,103	2,000	2,500	2,500	2,500	2,500	2,500
Licenses and permits		517	540	493	608	720	766	776	993	1,023	1,053	1,085	1,118	1,151
Fines and forfeitures		289	388	277	327	351	222	219	351	362	372	384	395	407
Use of money and property		317	290	350	312	346	374	157	396	408	420	433	446	459
Intergovernmental		3,544	3,461	4,036	3,622	3,623	4,116	4,091	3,727	3,839	3,954	4,073	4,195	4,321
VLF - HdL		1,775	1,696	1,995	1,935	2,340	2,499	2,654	2,760	2,862	2,987	3,116	3,116	3,116
Charges for services		4,451	4,781	4,275	4,391	5,741	6,099	6,934	5,933	6,111	6,294	6,483	6,678	6,878
Other revenues		289	146	119	768	578	377	182	85	250	250	250	250	250
Total revenues		26,711	28,249	29,106	30,627	34,476	35,784	39,354	39,965	41,781	42,998	44,265	45,449	46,684
Expenditures:														
General government:														
City Management		2,596	2,731	2,521	3,140	3,567	3,832	4,403	4,134	4,258	4,386	4,517	4,653	4,792
Financial services		1,150	1,236	1,207	1,219	1,360	1,416	1,531	1,421	1,464	1,508	1,553	1,599	1,647
Public works		711	518	642	1,117	1,443	1,674	1,967	2,016	2,076	2,139	2,203	2,269	2,337
Recreation		3,964	4,002	4,154	4,465	4,818	5,184	5,794	5,685	5,856	6,031	6,212	6,399	6,590
Community development		1,790	1,515	1,688	1,769	2,157	2,405	2,522	2,562	2,639	2,718	2,800	2,884	2,970
Public safety:		18,166	18,058	18,460	19,326	20,277	21,260	23,379	23,649	24,358	25,089	25,842	26,617	27,416
Fire additional O/T									300					
Pensions- Additional cost										1000	1500	1800	2000	2200
Capital outlay		140	105	135	183	46	277	344	165	165	165	165	165	165
Debt service:		44	88	91	93	203	202	262	130	130	130	130	130	130
Total expenditures		28,561	28,253	28,898	31,312	33,871	36,250	40,202	40,062	41,946	43,666	45,222	46,715	48,248
Budget Reductions									(500)					
Expenditures w/reductions		28,561	28,253	28,898	31,312	33,871	36,250	40,202	39,562	41,946	43,666	45,222	46,715	48,248
Excess of revenues over (under) expenditures		(1,850)	(4)	208	(685)	605	(466)	(848)	403	(165)	(667)	(957)	(1,266)	(1,564)
Emergency Reserves (EDRF)														
Issuance of debt		1,595												
Transfers in		1,059	804	901	897	55	51	1,118	940	915	915	915	915	915
Transfers out		(1,753)	(1,869)	(918)	(624)	(457)	(317)	(1,330)	(706)	(706)	(706)	(706)	(706)	(706)
Capital Leases								116						
RDA debt writeoff											(450)	(450)	(500)	
Total other financing sources (uses)		901	(1,065)	(17)	273	(402)	(266)	(96)	234	209	209	(241)	(241)	(291)
Net change in fund balance		(949)	(1,069)	191	(412)	203	(732)	(944)	637	44	(458)	(1,198)	(1,507)	(1,855)
Special Items/Deferred Revenue								801						
Fund balance - July 1		3,289	2,340	1,271	1,462	616	819	87	-56	581	625	167	-1,031	-2,539
Fund balance - June 30		\$2,340	\$1,271	\$1,462	\$1,050	\$819	\$87	(\$56)	\$581	625	167	(1,031)	(2,539)	(4,394)
FUND BAL/EXPENDITURES		8.2%	4.5%	5.1%	3.4%	2.4%	0.2%	-0.1%	1.5%	1.5%	0.4%	-2.3%	-5.4%	-9.1%
BUDGETED PERS CONTRIBUTIONS (\$000s)					4,986			5,920	6,669	6,869	7,075	7,287	7,506	7,731
REQUIRED PERS CONTRIBUTION										7,901	8,545	9,107	9,506	9,905
Pensions- Additional cost INCLUDED above										1,032	1,470	1,820	2,000	2,174

FY 2018-25 GENERAL FUND BASELINE SUMMARY – SCENARIO A

	Current		PROJECTIONS				
	Actuals	Budget					
	<u>Draft CAFR</u>	<u>Amended</u>	<u>Forecast</u>	<u>Forecast</u>	<u>Forecast</u>	<u>Forecast</u>	<u>Forecast</u>
(\$000S)	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>
Revenues	39,354	39,965	41,781	42,998	44,265	45,449	46,684
Expenditures	40,202	39,562	41,946	43,666	45,222	46,715	48,248
Total other financing sources (uses)	(96)	234	209	209	(241)	(241)	(291)
Special Items	801						
Change in Fund Balance	(143)	637	44	(458)	(1,198)	(1,507)	(1,855)
Fund balance - July 1	87	(56)	581	625	167	(1,031)	(2,539)
Fund balance - June 30	(\$56)	\$581	625	167	(1,031)	(2,539)	(4,394)
GENERAL FUND RESERVE RATIO	-0.1%	1.5%	1.5%	0.4%	-2.3%	-5.4%	-9.1%

SUMMARY OF ONE-TIME ADJUSTMENTS TO FORECAST

- **FY 2019-20: Tentative mid-year adjustments: Reduce property taxes by \$500k; sales taxes by \$500k; reduce operating expenses by \$500k(net); increase Fire overtime by \$300k; increase RPTT budget by \$1.15m.**
- **FY 2022-25: write-off General Fund advances to Successor Agency \$1.35 million.**

FY 2020-25 GENERAL FUND REVENUE PROJECTIONS

				CURRENT		PROJECTIONS				
	Actuals	Actuals	Actuals	Draft CAFR	Amended	Forecast	Forecast	Forecast	Forecast	Forecast
	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Revenues: (\$000s)										
Property taxes	\$7,908	\$8,832	\$9,487	\$9,931	\$10,440	\$11,014	\$11,620	\$12,259	\$12,933	\$13,645
Sales Taxes	\$5,750	\$6,145	\$6,458	\$7,545	\$7,100	\$7,171	\$7,243	\$7,315	\$7,388	\$7,462
Other non property Taxes	5,006	5,800	5,386	5,762	6,180	6,242	6,304	6,367	6,431	6,495
Real Property Transfer Tax				1,103	2,000	2,500	2,500	2,500	2,500	2,500
Licenses and permits	608	720	766	776	993	1,023	1,053	1,085	1,118	1,151
Fines and forfeitures	327	351	222	219	351	362	372	384	395	407
Use of money and property	312	346	374	157	396	408	420	433	446	459
Intergovernmental	3,622	3,623	4,116	4,091	3,727	3,839	3,954	4,073	4,195	4,321
VLF - HdL	1,935	2,340	2,499	2,654	2,760	2,862	2,987	3,116	3,116	3,116
Charges for services	4,391	5,741	6,099	6,934	5,933	6,111	6,294	6,483	6,678	6,878
Other revenues	768	578	377	182	85	250	250	250	250	250
Total revenues	30,627	34,476	35,784	39,354	39,965	41,781	42,998	44,265	45,449	46,684

FY 2020-25 GENERAL FUND EXPENDITURES

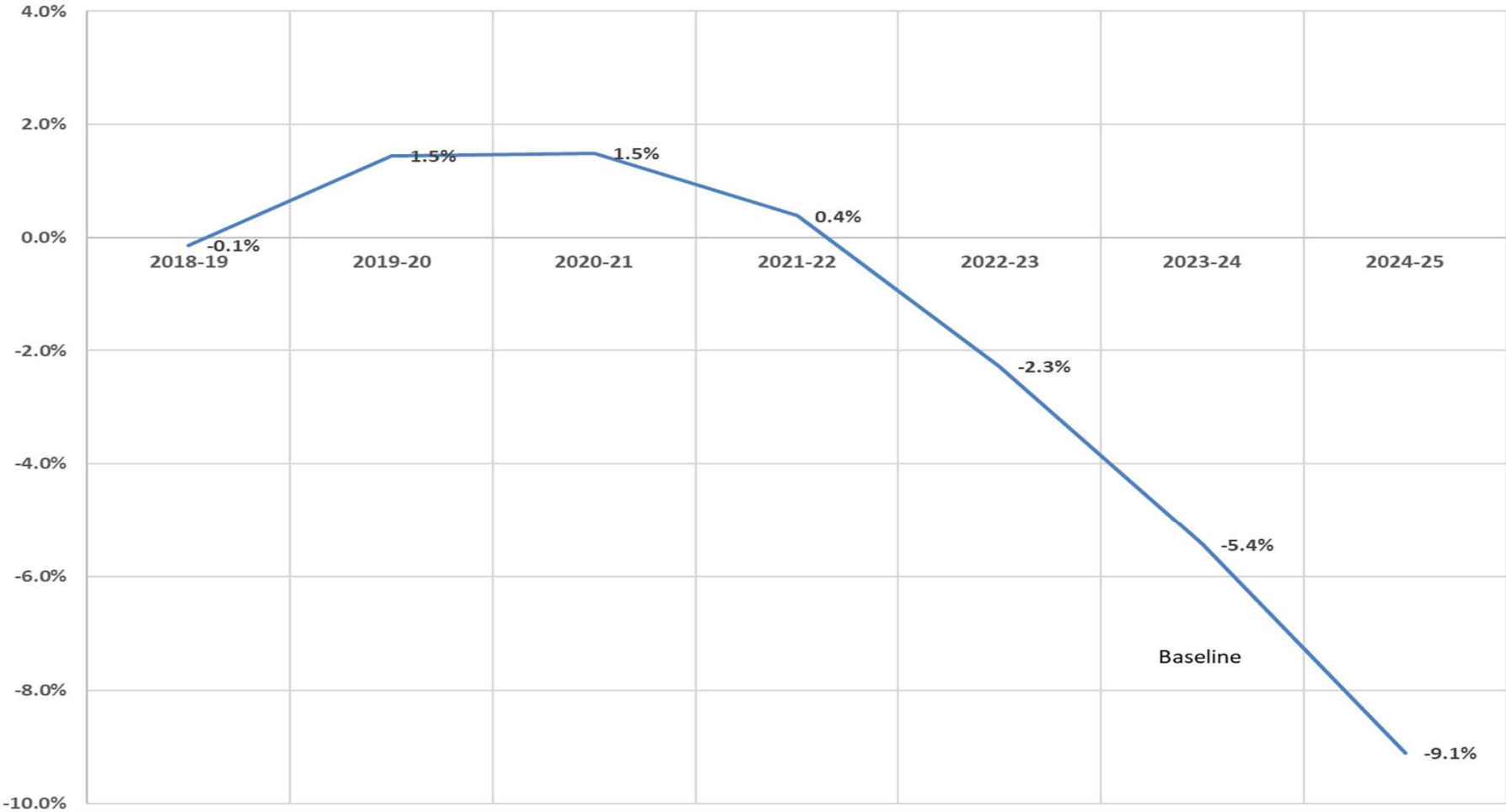
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	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Expenditures: (\$000s)										
General government:										
City Management	3,140	3,567	3,832	4,403	4,134	4,258	4,386	4,517	4,653	4,792
Financial services	1,219	1,360	1,416	1,531	1,421	1,464	1,508	1,553	1,599	1,647
Public works	1,117	1,443	1,674	1,967	2,016	2,076	2,139	2,203	2,269	2,337
Recreation	4,465	4,818	5,184	5,794	5,685	5,856	6,031	6,212	6,399	6,590
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Proposed Mid Year Budget Reductions					(500)					
Total Expenditures w/reductions	31,312	33,871	36,250		39,562	41,946	43,666	45,222	46,715	48,248
Excess of revenues over (under) expenditures	(685)	605	(466)	(848)	403	(165)	(667)	(957)	(1,266)	(1,564)

FY 2020-25 BUDGET GENERAL FUND RESERVES

	Actuals	Actuals	Actuals	Draft CAFR	Amended	Forecast	Forecast	Forecast	Forecast	Forecast
(\$000s)	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Emergency Reserves (EDRF)										
Issuance of debt										
Transfers in	897	55	51	1,118	940	915	915	915	915	915
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Fund balance - June 30	\$1,050	\$819	\$87	(\$56)	\$581	625	167	(1,031)	(2,539)	(4,394)
FUND BAL/EXPENDITURES	3.4%	2.4%	0.2%	-0.1%	1.5%	1.5%	0.4%	-2.3%	-5.4%	-9.1%

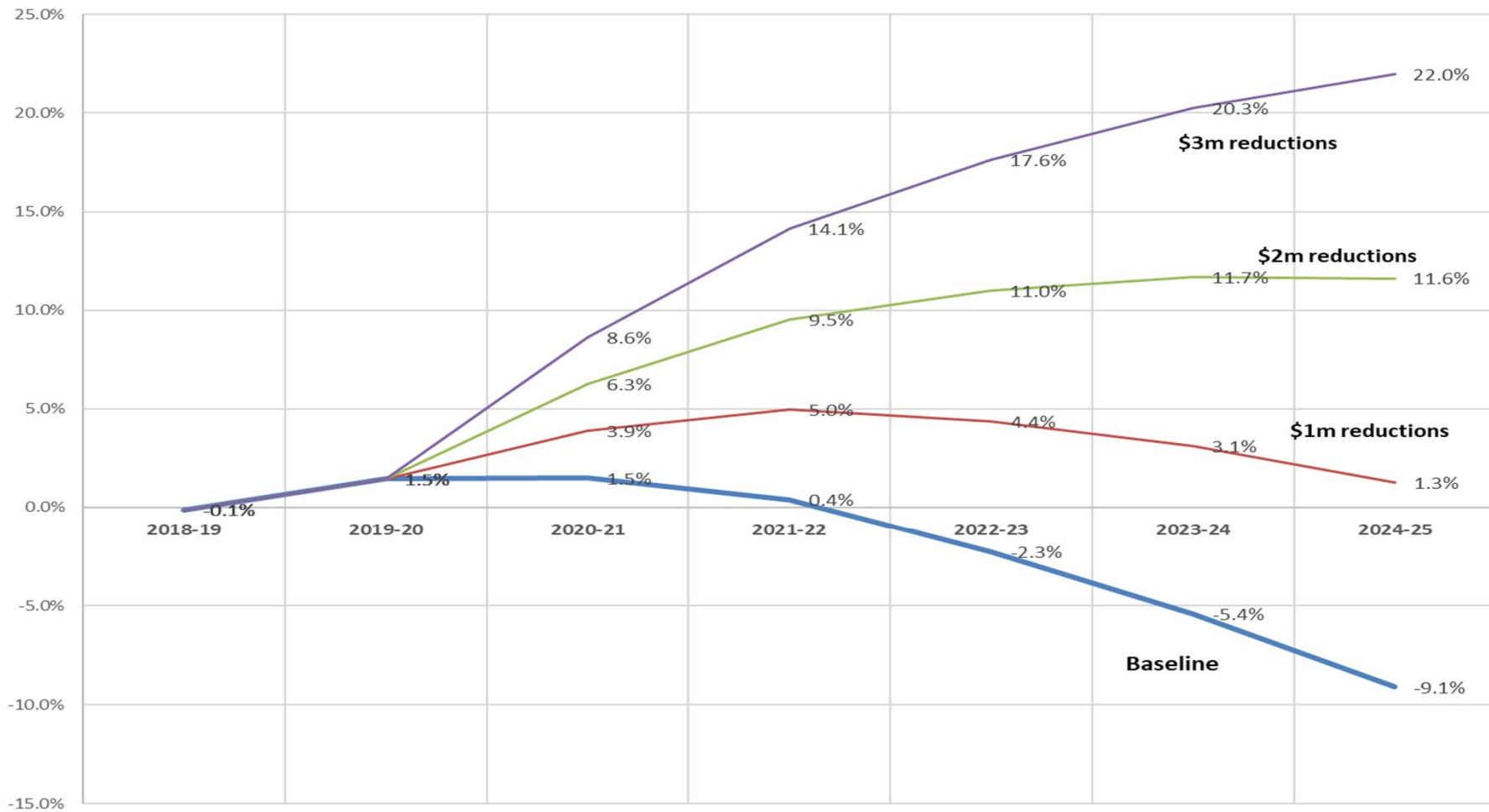
FY 2018-2025 GENERAL FUND RESERVE RATIO BASELINE SCENARIO A

General Fund Reserve Ratio - Baseline Scenario A

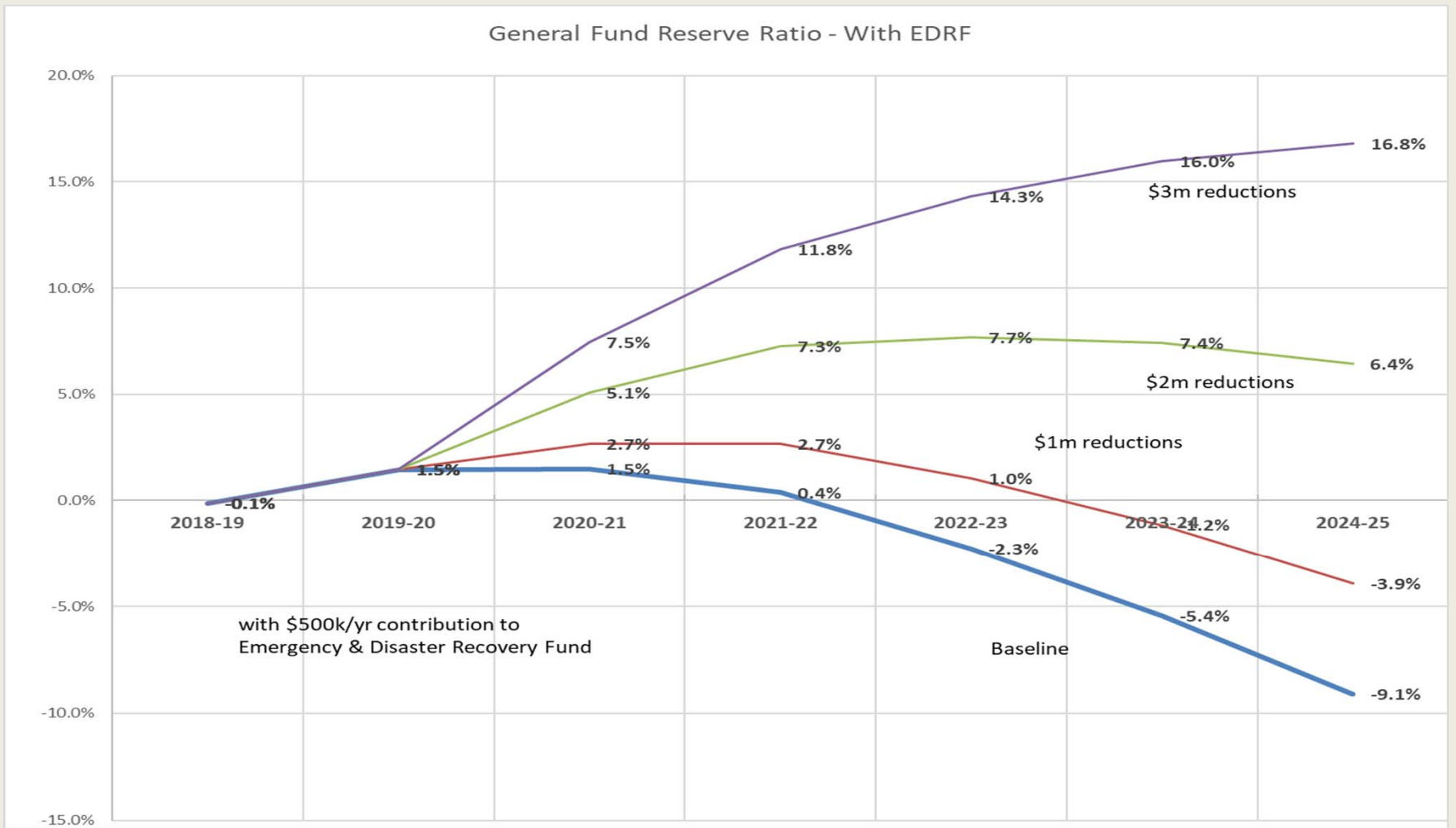


FY 2018-2025 GENERAL FUND RESERVE RATIO – NO EDRF

General Fund Reserve Ratio - No EDRF



GENERAL FUND RESERVE RATIO WITH EDRF



POTENTIAL REDUCTIONS FY 2020-25

- **3% COLA for unrepresented employees (\$135k/yr).**
- **Increased CalPERS contributions (tbd).**
- **Furlough days for non-sworn. Hiring freeze (tbd).**
- **Cost of expanded library hours (\$100k/yr).**
- **Senior center lease (\$125k/yr), less penalty.**
- **Reduce landscape/park mtce. services (\$200k/yr).**
- **OpenGov software (\$40k/year).**
- **Fourth of July event (\$60k/yr). Other City events.**
- **Credit card fees and charges (\$50k).**
- **Capital Improvement Program (\$165k/yr)**
- **Boards, commissions, committees (tbd).**
- **Defer large purchases (vehicles, equipment).**

FORECASTING RISKS

- **Macro-Economic shocks – a significant recession in the next 2 years**
- **Large settlements or one time payments**
- **Natural disasters**
- **Sharp increase in Insurance premiums**
- **A significant drop in CalPERS discount rate**
- **High public safety overtime costs**

5-YEAR GENERAL FUND FORECAST

Questions?

