

FINANCIAL PRESENTATION

CITY COUNCIL
ANNUAL PLANNING
SESSION

APRIL 20, 2024

STRENGTHENING OUR FINANCIAL FOUNDATION



- Reserve Policy: 20% of budgeted expenditures held in reserve
- Pensions / OPEB
 - Policy to build up trust funds to reduce future liability payments
 - Future drawdown will reduce General Fund expenditures
- 10-Year Forecast: map out possible revenues and expenditures to plan out needs
- Internal Controls
 - RFP for Auditor
 - Internal Quarterly Budget Reviews
 - Performance Measures

BUDGET TASK FORCE

Recommendation	Implementation Status
Create Navigation Center	In Progress
Look Into Mental Health Crisis Response Team	In Progress
Redirect Activities Handled by Sworn Officers to Other Staff	In Progress
Prioritize and Increase Funding for City Buildings and Roads	In Progress
Study Potential Revenue Options for Capital Projects	In Progress
Create Civilian Police Review Board	Completed
Hire Grant Writer to Expand Grant Program	Completed
Establish Performance Measures for Each Department	Completed
Create Community Engagement in the Budget Process	Completed
Pilot Safety Liaison/Ambassador Program	Completed
Increase Funding for Community Resiliency	Completed

FINANCIAL CHALLENGES – UNFUNDED LIABILITIES

Capital Improvement Plan (CIP)

- \$385.6 M backlog

Facilities Condition Assessment

- \$16.6 M current funding need

Stormwater Funding Needs

- \$81.6 M capital and operating & maintenance costs

Retiree Health and Pensions

- \$245.4 M unfunded liability

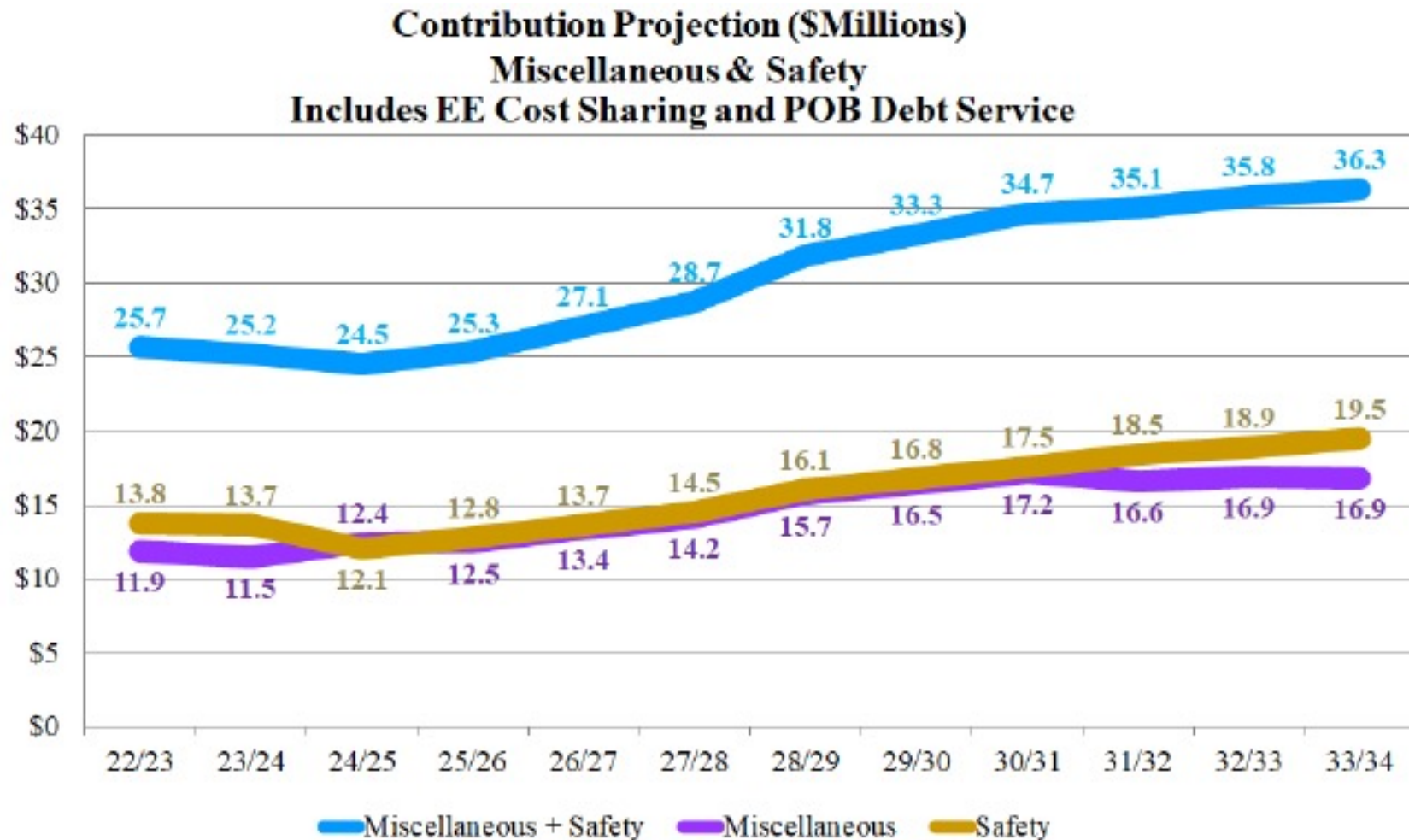


RETIREE HEALTH & PENSION LIABILITY



- Other Post-Employment Benefits (OPEB) – 6/30/22 Measurement Date
 - Health benefits
 - Total Liability: \$24.5 M
 - Unfunded Liability: \$4.5 M
 - 82% funded
 - Trust Fund Balance: \$21.1 M
- Pension – 6/30/22 Measurement Date
 - Retirement pension through CalPERS
 - Total Liability: \$696.6 M
 - Unfunded Liability: \$240.9 M
 - 65% funded
 - Trust Fund Balance: \$26.1 M

PROJECTION OF AMORTIZATION PAYMENTS



CAPITAL IMPROVEMENT PLAN NEEDS

Funding Category	Funding Need
Failed Assets	\$ 7 M
End of Life Assets	\$ 156 M
Overdue Assets	\$ 42 M
Streets Backlog	\$ 180 M
TOTAL	\$ 386 M



STREETS NEED

Funding Category	Funding Need
Failed Streets	\$ 108 M
End of Life Streets	\$ 28 M
Overdue Streets	\$ 4 M
TOTAL	\$ 180 M



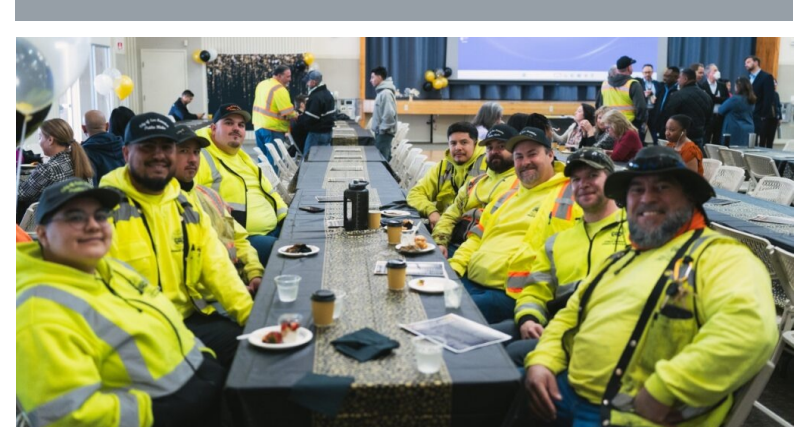
FACILITIES CONDITION ASSESSMENT

- 34 buildings totaling 556,127 ft²
- Current Replacement Value: \$163,285,997
- Total Needs
 - 2023: \$16,649,639
 - 2028: \$18,939,312
- Best practice for annual maintenance: 3% of CRV
 - = \$4.9 M
 - Current budget is \$3.8 M
 - \$1.1 M underfunded



HUMAN CAPITAL

- Budgeted
 - 479.79 FTEs (Full and Part Time)
 - Approximately 413 F/T + 269 P/T = 682 Employees
 - Current Vacancies: 81.96 FTEs
 - Number of Employees Hired in 2023: 149
 - Number of Employees Separated in 2023: 86
- Filled
 - Prior to 2008: 388 F/T + 315 P/T = 703 Employees
 - Today: 343 F/T + 177 P/T = 520 Employees
 - Last Year: 313 F/T + 167 P/T = 480 Employees
 - People First Strategy



FORECAST ASSUMPTIONS



- Realistic onboarding of existing vacancies
- No capital funding (no new or backlogged projects)
- PERS cost increases per actuarial reports
- Economic growth occurs until 2026
- Annual salary growth aligned with MOUs
- Market inflation for all other costs
- Forecast = slight fluctuations will occur

GENERAL FUND FORECAST

(\$ in 000)	2023-24	2024-25	NEXT BIENNIAL BUDGET			2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
			2025-26	2026-27							
Revenue											
Property Tax	30,296	31,267	32,268	33,300	34,466	35,500	36,742	38,304	39,932	41,129	
Sales Taxes	56,112	58,045	60,150	59,368	60,555	62,675	65,495	68,770	72,380	74,552	
Utility Users Tax	12,647	12,812	12,979	13,108	13,266	13,531	13,869	14,216	14,571	14,863	
Other Tax/Franchise	25,954	27,032	27,843	27,704	28,673	29,247	29,905	30,653	31,342	31,812	
Other Revenue	14,963	15,117	14,815	14,592	14,539	14,830	15,275	15,733	16,205	16,327	
Total Revenue	139,972	144,273	148,054	148,073	151,499	155,782	161,286	167,675	174,431	178,683	
Expenditures											
Salaries & Benefits	65,938	72,050	72,754	74,937	77,185	79,887	82,283	84,752	87,294	89,913	
Operating Expenses	94,180	77,863	75,225	77,000	78,540	80,896	83,323	85,823	88,397	91,049	
Total Expenditures	160,118	149,913	147,979	151,937	155,725	160,783	165,606	170,574	175,692	180,962	
Transfer In From Available Undesignated Funds	20,146	5,640	(74)	3,864	4,226	5,000	4,320	2,899	1,261	2,279	
Total Fund Balance	97,319	71,533	71,607	67,743	63,517	58,517	54,197	51,298	50,037	47,758	
Available Undesignated Funds	39,600	16,530	12,931	13,392	8,736	3,753	(2,259)	(7,543)	(11,436)	(13,720)	
Undesignated Funds after draw	19,454	10,890	13,006	9,528	4,511	(1,247)	(6,579)	(10,442)	(12,697)	(16,000)	
Change to Economic Uncertainties Reserve	(2,924)	2,041	387	(792)	(758)	(1,012)	(965)	(994)	(1,023)	(1,054)	
Net Available Undesignated Funds	16,530	12,931	13,392	8,736	3,753	(2,259)	(7,543)	(11,436)	(13,720)	(17,054)	

1 Labor Agreement Expires

Recession/Recovery Begins

3 Labor Agreements Expire

CONTINUE TO SOLIDIFY OUR FINANCIAL FOUNDATION

- ERP Replacement
- Fee Study Adoption
 - General and Development
- Equipment Maintenance Fund Study
- Possible Bonding With Future Revenues
- Creating a Capital Funding Policy
 - Streets and Roads
 - Facilities Maintenance
- FYs 2025-26 and 2026-27 Biennial Budget



QUESTIONS?