



Budget Forecast

City Council Annual Planning Session

February 25, 2023

Budget Challenges

Capital Improvement
Plan (CIP)

\$19 M annually

\$265 M backlog

Retiree Health and
Pensions

\$146 M unfunded
obligation

Human Capital
(Staffing)

\$5 M = Approx. 40
FTE

Capital Improvement Plan



Funding Category	Funding Need
Failed Assets	\$ 7 M
End of Life Assets	\$ 54 M
Overdue Assets	\$ 34 M
Streets Backlog	\$ 170 M
TOTAL	\$ 265 M

Capital Funding Needs From General Fund

General Fund Next 10 years

- Total estimated cost is \$120M (GF) = \$12M/year
- General Fund cost to Maintain Pavement is \$7M/year
- Total = \$19M/year

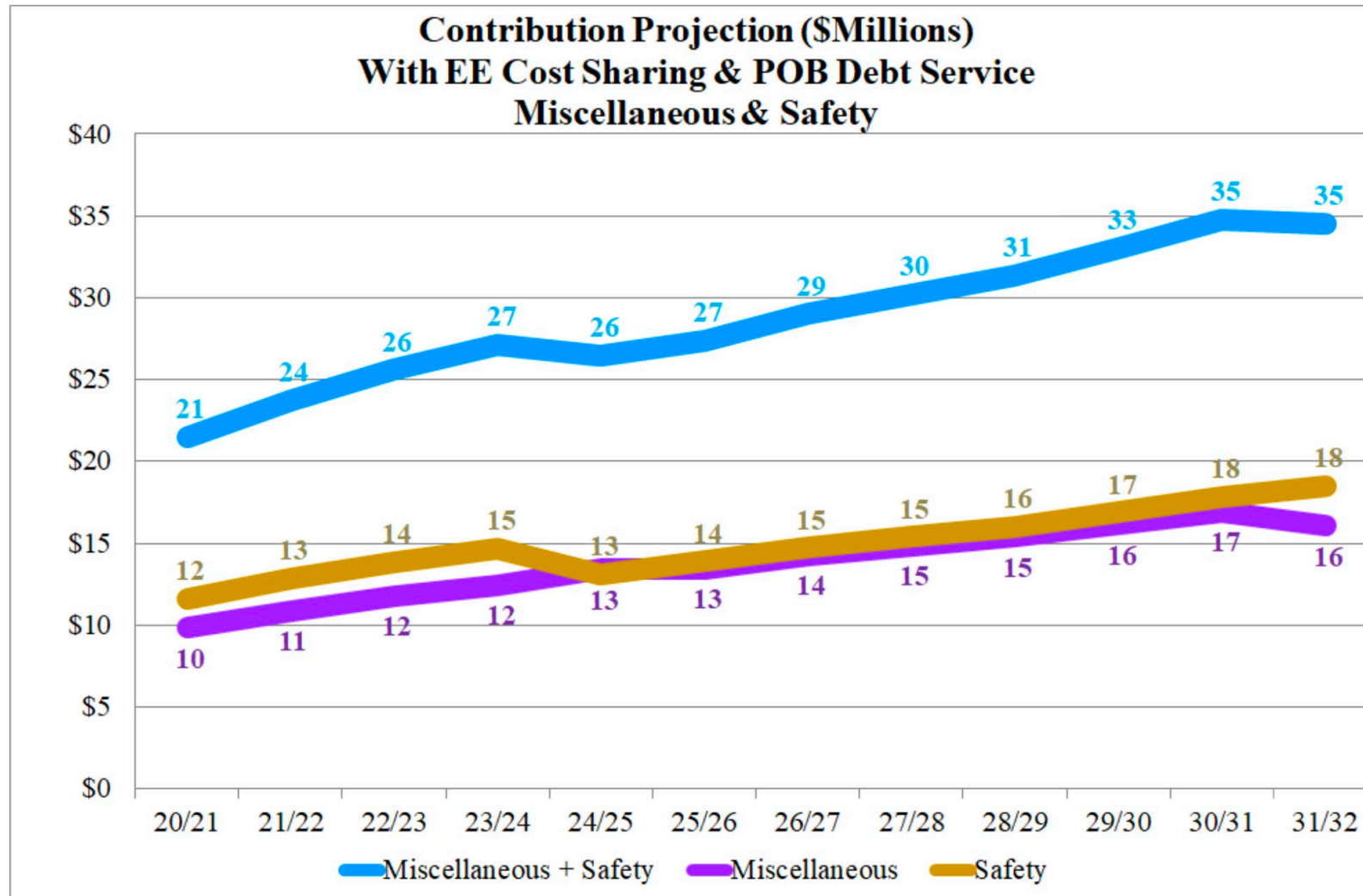
Category	Facility	Project	Year Due	ROM 2022 \$
Building	Senior Community Center Roof	Replace	2023	\$ 535,000
Surface Lot	560 Dutton	mill and fill	2023	\$ 74,048
Surface Lot	Washington Plaza at West Joaquin	Cape Seal	2023	\$ 33,500
Surface Lot	Washington Plaza at West Juana	Cape Seal	2023	\$ 140,000
Building	Fire Station 10 Roof	Replace	2023	\$ 495,000
Building	Manor Park Kiddie College aka Recreation Building Roof	Refresh / renovation	2024	\$ 85,000
Building	History Museum Roof	Replace	2024	\$ 260,000
Bridge	Monarch Bay Dr @ ACFC canal	Refresh / renovation	2024	\$ 800,000
Building	Marina Community Center	Refresh / renovation	2025	\$ 10,602,000
Fields	Washington Manor Middle School Field	Refresh / renovation	2025	\$ 3,500,000
Park Facilities	Victoria Park	Refresh / renovation	2025	\$ 1,000,000
Walkway/Plaza	E. 14th St. Bank entrance and entire plaza area in between buildings	Refresh / renovation	2025	\$ 19,470
Building	Casa Peralta	Refresh / renovation	2026	\$ 10,000,000
Building	Police Building aka Public Safety	Refresh / renovation	2026	\$ 11,614,500
Building	Public Works Service Center	Refresh / renovation	2027	\$ 8,436,000
Fixtures	Group 1 LED - 400 fixtures	Replace at end of life	2027	\$ 180,000
Building	City Hall	Refresh / renovation	2028	\$ 14,779,800
Building	Marina Park Restrooms North	Refresh / renovation	2028	\$ 500,000
Building	Marina Park Restrooms South	Refresh / renovation	2028	\$ 500,000
Park Facilities	Cherry Grove Park	Refresh / renovation	2028	\$ 4,200,000
Park Facilities	Floresta Park	Refresh / renovation	2029	\$ 1,700,000
Park Facilities	Halcyon Park General	Refresh / renovation	2029	\$ 5,000,000
Park Facilities	Marina Park General	Refresh / renovation	2029	\$ 15,000,000
Park Facilities	McCartney Park	Refresh / renovation	2029	\$ 1,800,000
Building	Bonaire Park Restroom	Refresh / renovation	2030	\$ 380,000
Equipment	Chabot Park Lift Station	Refresh / renovation	2030	\$ 200,000
Park Facilities	Benedict Park	Refresh / renovation	2030	\$ 300,000
Park Facilities	Bonaire Park General	Refresh / renovation	2030	\$ 5,400,000
Equipment	Police Building SS lift station	Refresh / renovation	2030	\$ 200,000
Walkway/Plaza	Downtown Walkway 1350 Washington	Refresh / renovation	2030	\$ 90,000
Walkway/Plaza	Downtown Walkway 1366 East 14th Street	Refresh / renovation	2030	\$ 125,000
Walkway/Plaza	Plaza west side of E14th between Davis and Estudillo	Refresh / renovation	2030	\$ 300,000
Trees	1100 Yarwoods	replace over 10 years	2030	\$ 825,000
Building	Main Library	Refresh / renovation	2031	\$ 18,626,200
Building	Halcyon Park Restroom	Refresh / renovation	2031	\$ 375,000
Building	Floresta Park Restroom	Refresh / renovation	2032	\$ 286,000
Fixtures	Climatec LED - 5600 fixtures	Replace at end of life	2032	\$ 2,520,000



Retiree Health and Pension Liability

- Other Post-Employment Benefits (OPEB)
 - Health benefits
 - Total Liability: \$23.1 M
 - Unfunded Liability: \$4.5 M
 - 81% funded
- Pension
 - Retirement pension through CalPERS
 - Total Liability: \$669.8 M
 - Unfunded Liability: \$161.1 M
 - 76% funded

Projection of Amortization Payments



Human Capital Need

- It takes staff to operate city services
- Pre-Great Recession: 388 F/T + 315 P/T = 703 Employees
- During Pandemic: 318 F/T + 169 P/T = 487 Employees
- Today: 313 F/T + 167 P/T = 480 Employees





Forecast Assumptions

- No new FTEs
- 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)	2022-23	2023-24		2024-25	2025-26		2026-27	2027-28		2028-29	2029-30	2030-31	2031-32
Revenue													
Property Tax	29,024	28,959		29,807	30,946		32,128	32,722		33,661	35,268	36,956	38,730
Sales Taxes	55,178	56,192		57,860	59,747		58,600	58,841		61,916	65,262	68,932	71,258
Utility Users Tax	11,537	10,780		10,961	11,082		11,205	11,330		11,458	11,588	11,720	11,855
Other Tax/Franchise	25,207	28,119		28,369	27,875		28,633	28,627		29,240	30,022	30,827	31,383
Other Revenue	12,622	13,114		12,552	12,090		11,735	11,461		11,434	11,572	11,855	12,008
Total Revenue	133,568	137,163		139,549	141,739		142,301	142,982		147,708	153,712	160,290	165,233
Expenditures													
Salaries & Benefits	53,360	56,854		60,256	62,594		64,970	67,346		68,911	70,469	72,076	73,733
Operating Expenses	70,676	78,958		74,411	73,585		76,143	77,545		76,932	79,621	81,289	82,669
Total Expenditures	124,036	135,812		134,667	136,179		141,113	144,891		145,843	150,090	153,365	156,402
Surplus/(Deficit)	9,532	1,351		4,882	5,560		1,188	(1,909)		1,866	3,622	6,925	8,831
Additional Needs													
43 FTEs		5,375		5,697	5,918		6,142	6,367		6,515	6,662	6,814	6,971
Capital Improvement Plan		19,000		19,665	20,353		21,066	21,803		22,566	23,356	24,173	25,019
Surplus/(Deficit)		(23,024)		(20,480)	(20,711)		(26,020)	(30,079)		(27,215)	(26,396)	(24,062)	(23,159)

Pension Obligation Bonds Retired

Recession/Recovery Begins

Recovery Ends; 3/4 Labor Agreements Expire



Questions?

