

Fiscal Sustainability

A Review of the Long-Range Financial Plan And A Strategic View of Our Future



December 7, 2021

Agenda

- ▶ Introduction, Goals and Objectives
- ▶ A 50,000 Foot View of the LRFP
- ▶ Revenues
- ▶ Expenses
- ▶ Unfunded Liabilities and Unmet Needs
- ▶ Starting Point
- ▶ Comments and Discussion
- ▶ Next Steps



Fiscal Sustainability

A Review of the Long-Range Financial Plan
And
A Strategic View of Our Future

Introduction



December 7, 2021

Introduction

- ▶ Welcome to this Evenings Discussion
- ▶ The Efforts of The City Council, Financial Advisory Committee (FAC) and others have Narrowed Our Focus
- ▶ The goals of this workshop are to:
 - ▶ Briefly Discuss:
 - ▶ Where we were
 - ▶ Where we are
 - ▶ Provide a view into the Future
 - ▶ Identify Future Workshops



City Council Actions to Date:

- ▶ Authorized Annual UAL Payments for the Two PEPRAs Plans
- ▶ Additional UAL Payment of \$750 thousand Appropriated \$500 Thousand for Parklands and
- ▶ Appropriated \$500 Thousand for CIP



Where We Were

- ▶ Uncertainty about the Financial Condition
- ▶ No Long-range Financial Plan
- ▶ Lack of Spending Information
- ▶ Loss of Institutional Knowledge
- ▶ Loss of Contractor Oversight
- ▶ Staffing Vacancies
- ▶ Inconsistent completion or Review of Tasks



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A Review of the Long-Range Financial Plan
And
A Strategic View of Our Future

Snapshot



December 7, 2021

The Plan

Current Service Levels:

A Summary View of Current Operating Levels

	Fiscal Year													
	Actual	Projected	Proposed											
		June 30, 21	June 30, 22	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Revenues (Operating Revenues)	20,329	20,795	20,853	21,401	21,970	22,562	22,951	23,349	23,868	19,263	19,780	20,313		
Expenditures (Operating Expenses)	17,966	18,213	20,202	22,095	23,638	24,972	25,687	27,491	28,413	28,542	29,186	30,139		
Net Income (Loss) from Operations	2,363	2,582	651	(694)	(1,668)	(2,410)	(2,736)	(4,142)	(4,545)	(9,279)	(9,406)	(9,826)		
Pension Debt Mitigation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Parklands	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Maint. & Improvements	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Note: Law Enforcement Parcel Tax Sunsets in FY 2027-28

Note: County Fire is Currently Negotiating Labor Contract

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Operating Revenues



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Operating Revenues

Key Assumptions:

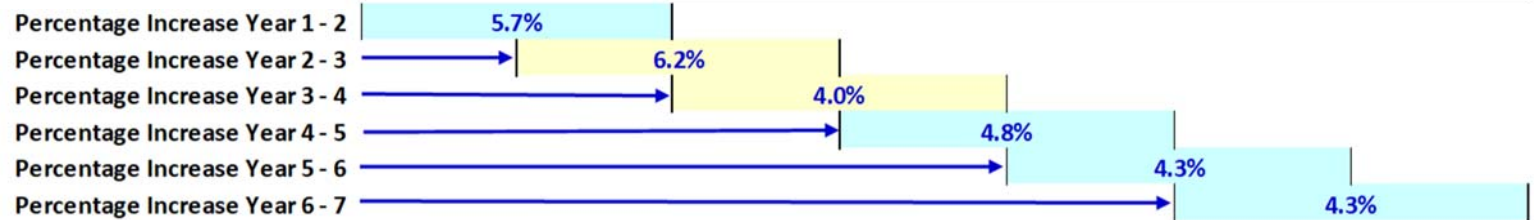
- Based on 7 Years of Historical Results
 - High and Low Excluded
 - Situational Judgement
 - Conservative Rate Selected
- Uses External Sources
- Assumes no New Revenue
- Law Enforcement Parcel Tax Ends.
- Rates are Adjusted over time

Revenues – Calculating Growth Rates

For Example:
Property Tax Rate was Calculated:

Property Taxes
Last 7 Fiscal Years
(In Thousands)

	2015	2016	2017	2018	2019	2020	2021
SECURED PROPERTY TAX	\$ 6,501	\$ 6,919	\$ 7,359	\$ 7,766	\$ 8,048	\$ 8,389	\$ 8,792
UNSECURED PROPERTY TAX	280	285	285	293	311	330	304
PROPERTY TAX PRIOR	3	(20)	(11)	(13)	(30)	(28)	(27)
OTHER PROPERTY TAXES	-	1	-	(107)	-	-	-
PENALTIES & DELINQUENCIES	27	15	20	24	23	26	27
HOMEOWNERS PTR	48	48	47	46	45	44	42
TOTAL PROPERTY TAXES	\$ 6,859	\$ 7,248	\$ 7,700	\$ 8,009	\$ 8,397	\$ 8,761	\$ 9,138



6-year Average = 4.9%

6-year Average excluding high and low years = 4.8%

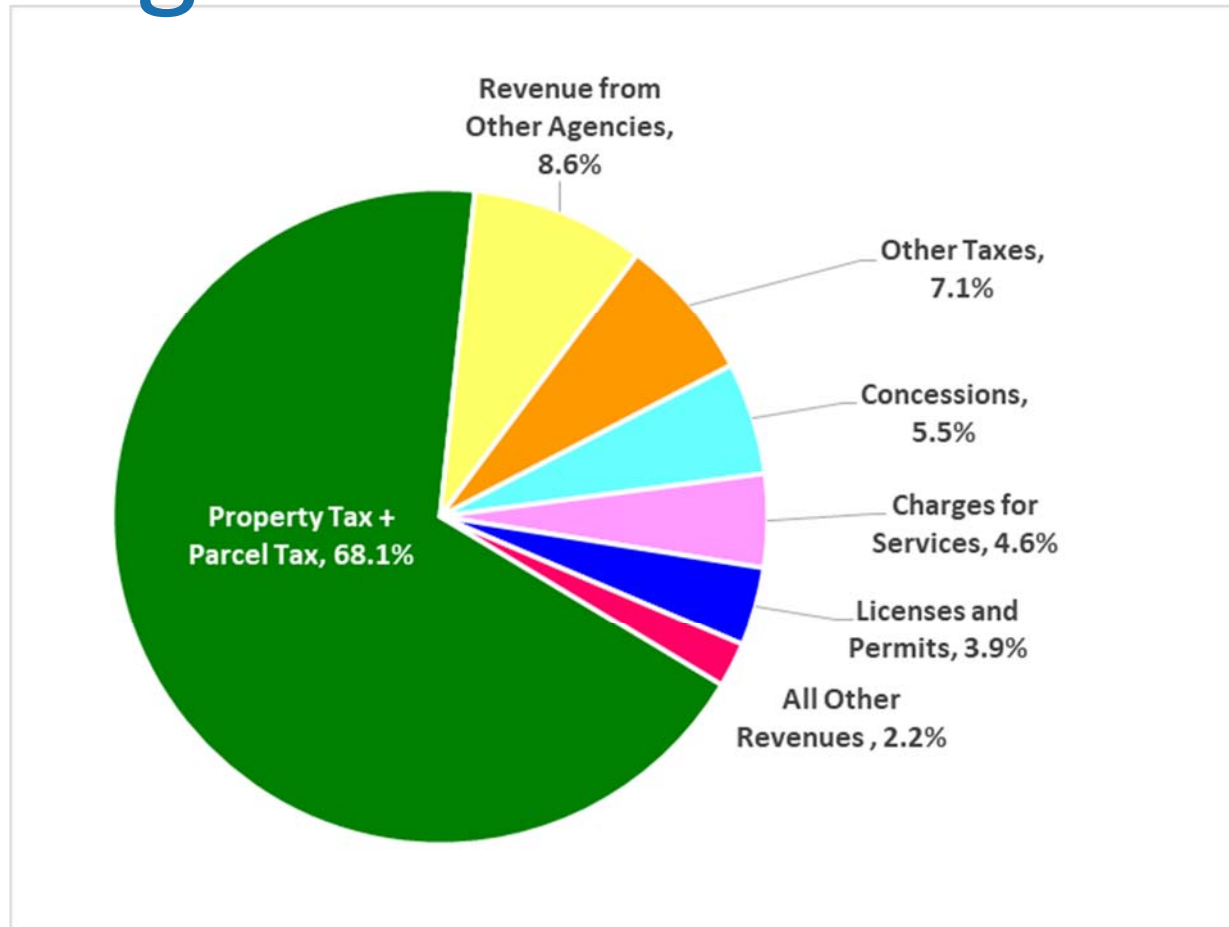
Last 3-years trend = 4.5%

Last 2-years trend = 4.3%

Select the most conservative = 4.3%

Note: Rates are 4.25% through FY 24-25, 2.5% in FY 26-27 and FY 27-28 per HDL forecast, and are 3.5% for the remainder.

Operating Revenues



Operating Revenues

A look At Key Revenue Streams

	Fiscal Year											
	Projected		Proposed									
	Actual	June 30, 21	June 30, 22	2023	2024	2025	2026	2027	2028	2029	2030	2031
Property Tax	\$ 8,761	\$ 9,138	\$ 9,542	\$ 9,948	\$ 10,370	\$ 10,811	\$ 11,081	\$ 11,358	\$ 11,756	\$ 12,167	\$ 12,593	\$ 13,034
Parcel Tax	4,926	5,062	5,050	5,063	5,075	5,088	5,101	5,113	5,126	-	-	-
Property Tax and Parcel Tax	13,687	14,200	14,592	15,011	15,445	15,899	16,182	16,471	16,882	12,167	12,593	13,034
Revenue from Other Agencies	1,605	1,678	1,700	1,751	1,804	1,858	1,895	1,933	1,971	2,011	2,031	2,051
Other Taxes	1,348	1,485	1,486	1,501	1,516	1,531	1,547	1,562	1,578	1,594	1,609	1,626
Concessions	1,225	1,011	1,127	1,138	1,150	1,161	1,173	1,184	1,196	1,208	1,220	1,233
Charges for Services	829	1,016	905	932	960	989	1,009	1,029	1,049	1,070	1,092	1,114
Licenses and Permits	829	858	736	758	781	805	821	837	854	871	888	906
All Other Revenues	806	547	307	310	314	319	324	333	338	342	346	350
Total Revenues	\$ 20,329	\$ 20,795	\$ 20,853	\$ 21,401	\$ 21,970	\$ 22,562	\$ 22,951	\$ 23,349	\$ 23,868	\$ 19,263	\$ 19,779	\$ 20,314

Note: Law Enforcement Parcel Tax Sunsets in FY 2027-28

Fiscal Sustainability

A Review of the Long-Range Financial Plan
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Operating Expenses



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Operating Expenses

Key Assumptions:

- Based on 7 Years of Actual Results
 - Conservative Estimates Used
 - Rates Rounded Up
 - Recent History
 - Other Considerations
 - Includes recent MOU negotiations

Operating Expenses - New POA Contract

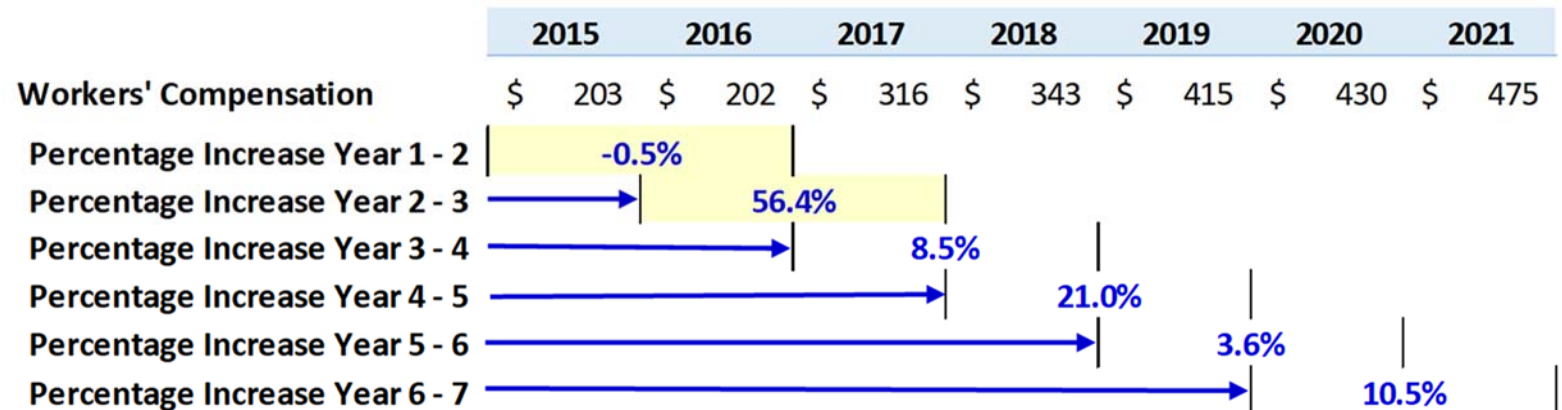
(In Thousands)

	YEAR 1 - 21/22	YEAR 2 - 22/23	YEAR 3 23/24
Total All POA	Total Costs	Total Costs	Total Costs
Total Cost By Year	\$ 3,414	\$ 3,516	\$ 3,621
Increase from Current Budget	130	232	337
Percentage Increase	4.0%	7.1%	10.3%
Sergeants			
Total Cost By Year	\$ 974	\$ 980	\$ 1,003
Increase from Current Budget	66	72	95
Police Officers/Corporals			
Total Cost By Year	\$ 1,664	\$ 1,732	\$ 1,801
Increase from Current Budget	58	126	195
Lead Service Officer			
Total Cost By Year	\$ 116	\$ 117	\$ 119
Increase from Current Budget	2	2	4
Service Officers			
Total Cost By Year	\$ 660	\$ 687	\$ 698
Increase from Current Budget	4	31	42

Expenses - Calculating Growth Rates

For Example:
Workers' Comp Rate was Calculated:

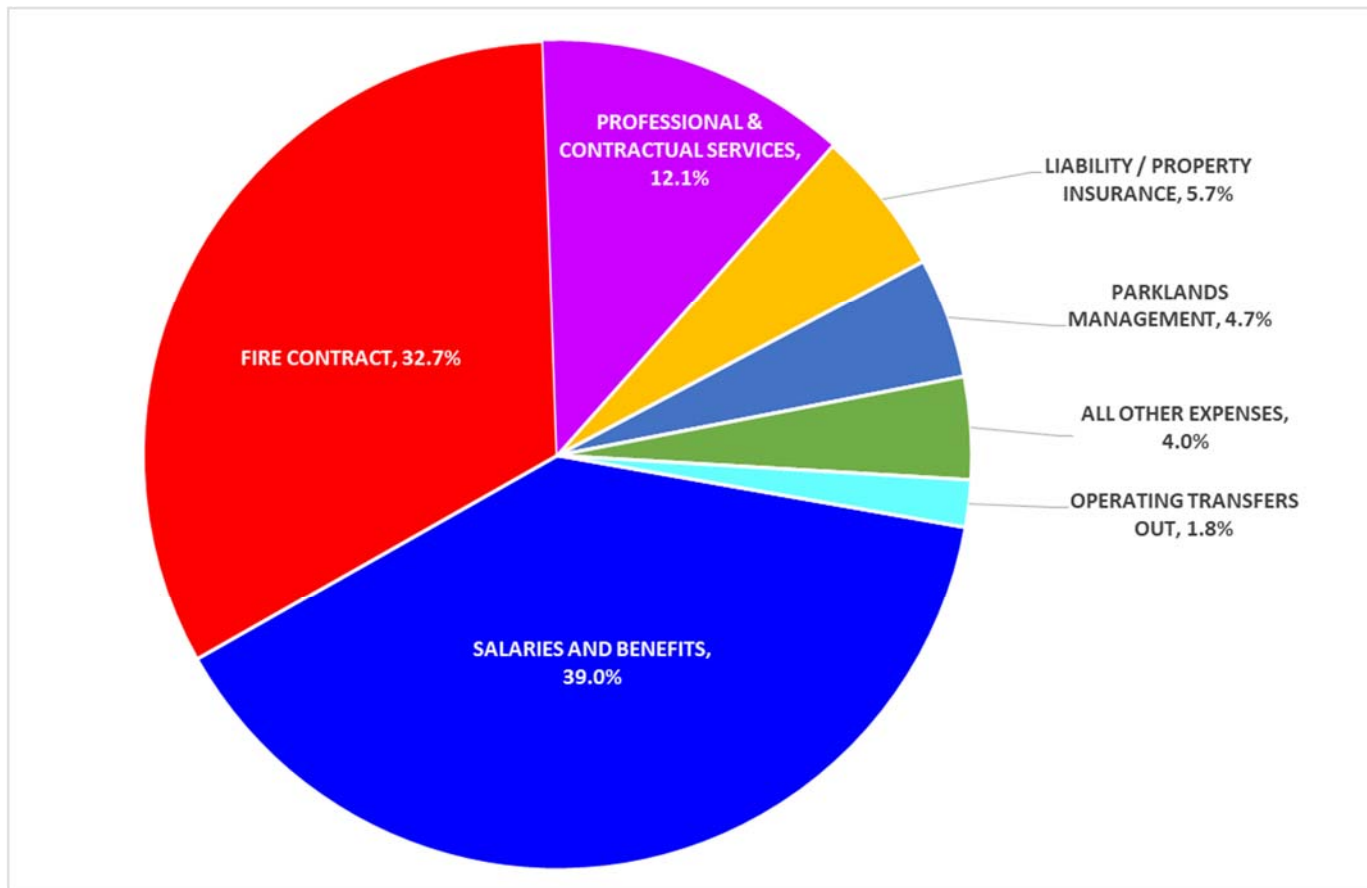
Workers' Compensation
Last 7 Fiscal Years
(In Thousands)



6-year Average % = 16.6%
 6-year Average excluding high and low s = 10.9%
 Last 3-years trend % = 11.7%
 Last 2-years trend % = 7.0%

Select the most conservative % = 11.7%

Operating Expenses



Operating Expenses

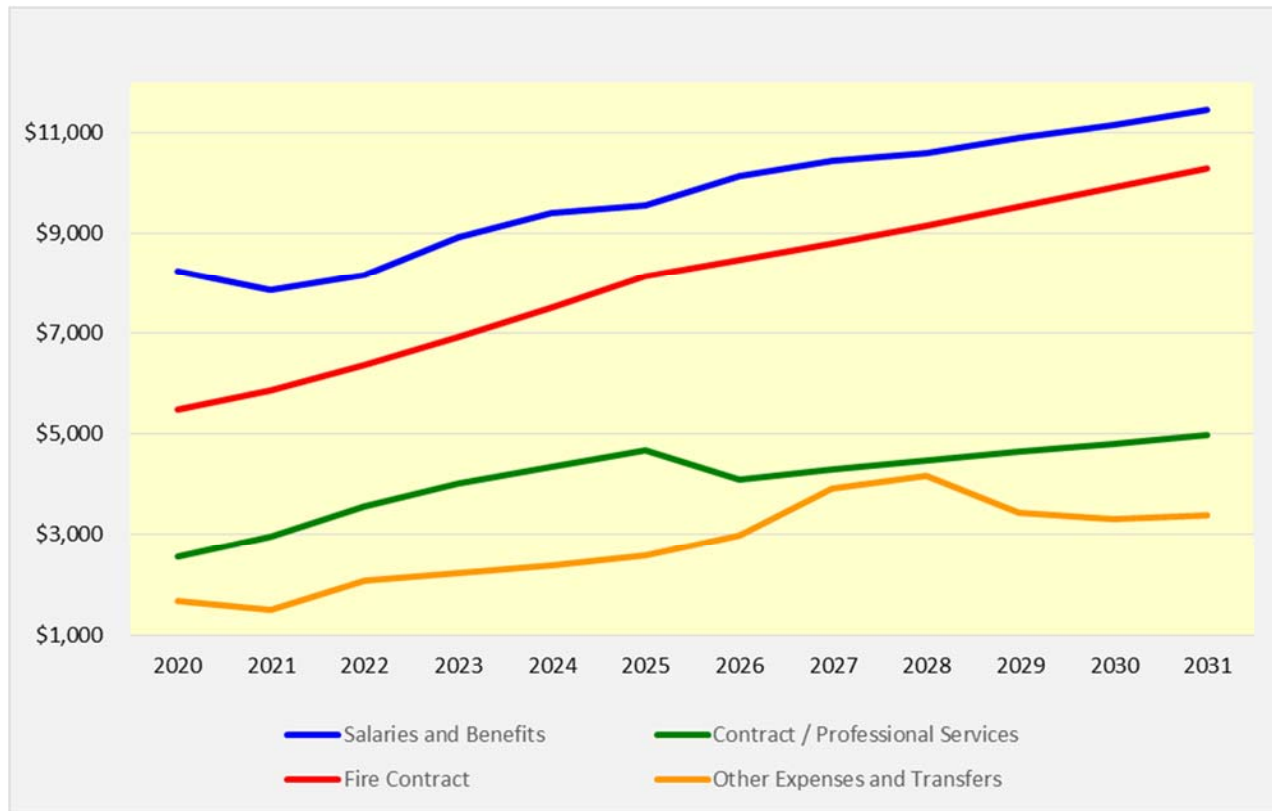
By Key Expense Categories:

Fiscal Year

	Projected		Proposed									
	Actual	June 30, 21	June 30, 22	2023	2024	2025	2026	2027	2028	2029	2030	2031
	2020	2021	2022									
Salaries and Benefits	8,243	7,873	8,171	8,938	9,403	9,573	10,148	10,447	10,606	10,909	11,163	11,450
Professional Services	1,379	1,293	1,411	1,505	1,605	1,712	1,817	1,929	2,018	2,111	2,208	2,310
Contractual Services	572	847	1,002	1,068	1,136	1,211	1,279	1,352	1,410	1,471	1,501	1,547
Fire Contract	5,481	5,871	6,376	6,918	7,506	8,144	8,469	8,808	9,161	9,527	9,908	10,304
Parklands Management	613	823	1,158	1,439	1,598	1,757	999	1,025	1,051	1,078	1,099	1,132
Liability / Property Insurance	813	728	858	987	1,135	1,305	1,461	1,637	1,768	1,909	1,947	2,006
Utilities	250	329	317	324	331	337	344	351	358	366	373	384
All Other Expenses	615	449	647	654	662	671	683	689	698	709	725	744
Operating Transfers Out	-	-	262	262	262	262	487	1,253	1,343	462	262	262
Total Operating Expenses	\$ 17,966	\$ 18,213	\$ 20,202	\$ 22,095	\$ 23,638	\$ 24,972	\$ 25,687	\$ 27,491	\$ 28,413	\$ 28,542	\$ 29,186	\$ 30,139

Note: County Fire is Currently Negotiating Labor Contract

Operating Expenses



Note: County Fire is Currently Negotiating Labor Contract

Fiscal Sustainability

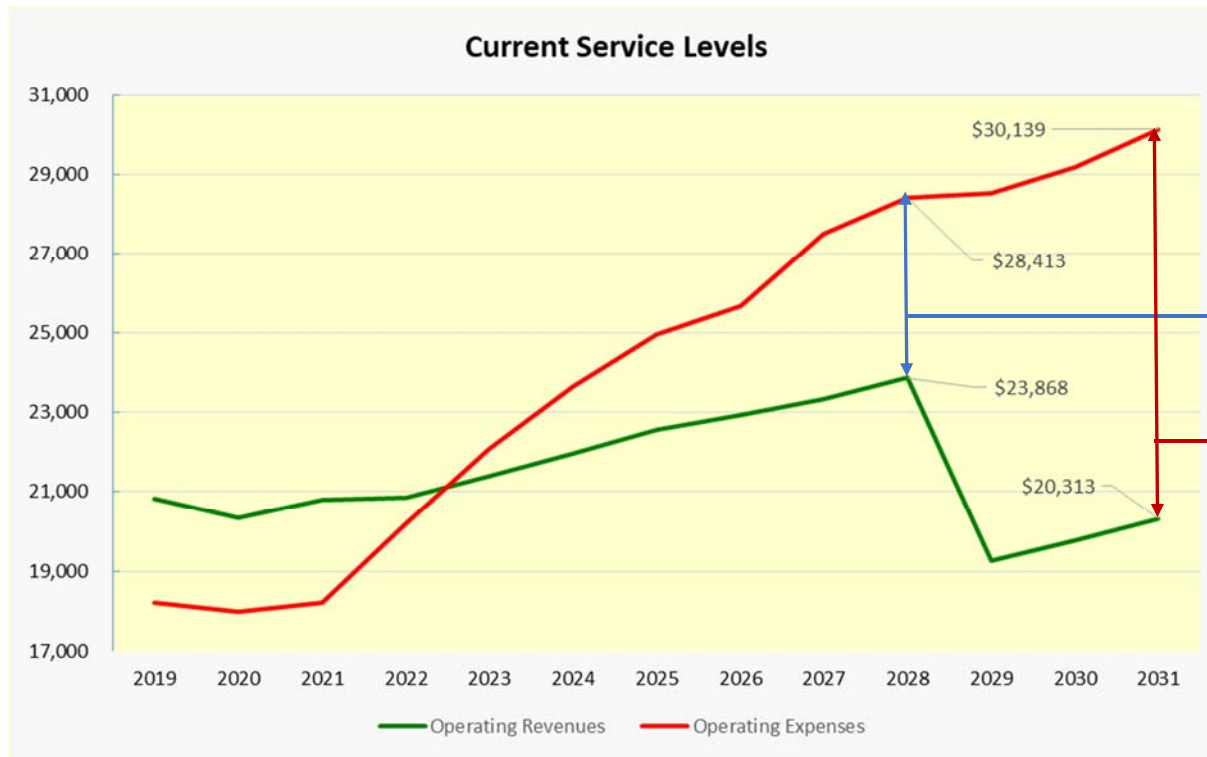
A Review of the Long-Range Financial Plan
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Summary Revenue and Expenses



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Operating Revenues and Expenses



FY 2027-28 Shortfall = \$4.5 MM

FY 2030-31 Shortfall = \$9.8 MM

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Revenues (Operating Revenues)	20,329	20,795	20,853	21,401	21,970	22,562	22,951	23,349	23,868	19,263	19,780	20,313
Expenditures (Operating Expenses)	(17,966)	(18,213)	(20,202)	(22,095)	(23,638)	(24,972)	(25,687)	(27,491)	(28,413)	(28,542)	(29,186)	(30,139)

Note: Law Enforcement Parcel Tax Sunsets in FY 2027-28

Note: County Fire is Currently Negotiating Labor Contract

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City Council and FAC Q & A



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Unfunded Liabilities and Unmet Needs



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Unfunded Liabilities and Unmet Needs

Primary Focus on:

- Pension Debt Mitigation
- Parklands
 - Fire Risk Mitigation
 - Landscaping maintenance
 - Tree Trimming
- Capital Infrastructure Maint. & Improvement

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Unfunded Pension Liability



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Unfunded Liabilities and Unmet Needs

Annual UAL Payment

- Extra Commitment
- FY 2020-21 Investment Return
- If all Assumptions are True.... then the UAL will be 90% Funded by FY 2030-31
- Scenarios
- Pension Debt Mitigation Policy

Unfunded Liabilities and Unmet Needs

Annual UAL Payment

FY 2021-22

FY 2030-31



Unfunded Liability
As of July 1



Funded Percentage
As of July 1



Unfunded Liability
As of July 1



Funded Percentage
As of July 1

Cost ▾ CalPERS Contribution ▾ 2021 ▾

CalPERS Contribution ▾ 2030 ▾

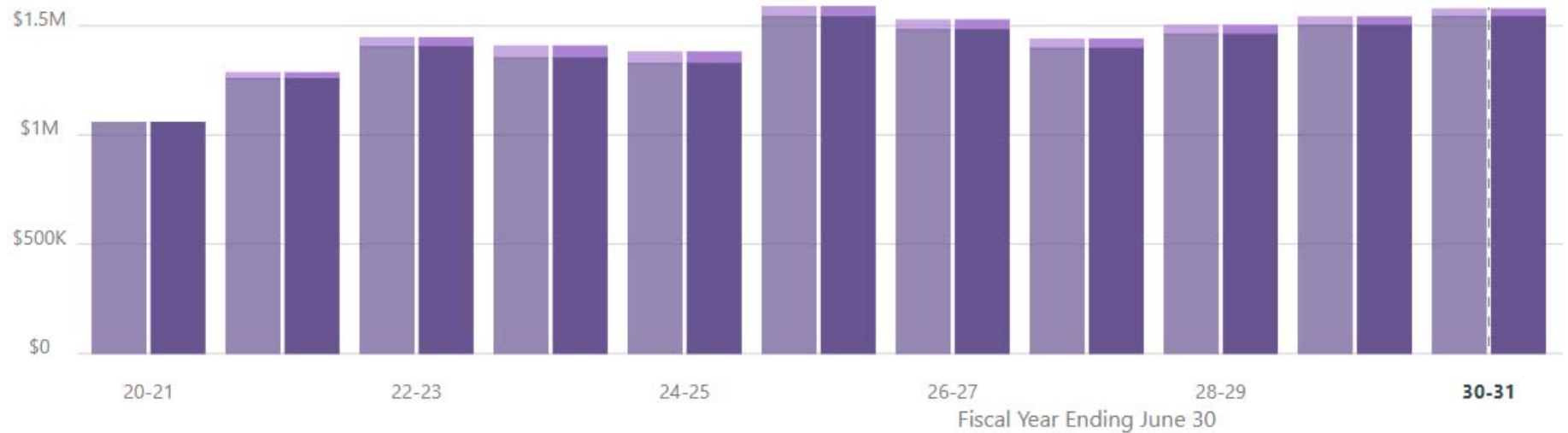
Source: GovInvest – CalPERS Data Based on 6.8% Discount / Investment Return Rate

Annual UAL Payment

Fiscal Year

(Amounts In Thousands)

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Annual UAL Payment	\$ 1,060	\$ 1,216	\$ 1,448	\$ 1,539	\$ 1,326	\$ 1,540	\$ 1,481	\$ 1,396	\$ 1,460	\$ 1,501	\$ 1,541



Source: GovInvest – CalPERS Data Based on 6.8% Discount / Investment Return Rate

Unfunded Liabilities and Unmet Needs

Annual UAL Payment: Scenario 1 – 90% Funded in 5 Years

	Fiscal Year					
	2022	2023	2024	2025	2026	2027
Additional Commitment to UAL	\$ 750	\$ 1,125	\$ 1,125	\$ 1,125	\$ 1,125	\$ 1,125
Funded Ratio	79.7%	80.6%	81.6%	84.4%	87.1%	90.0%



Unfunded Liability
As of July 1



Funded Percentage
As of July 1

Source: GovInvest – CalPERS Data Based on 6.8% Discount / Investment Return Rate

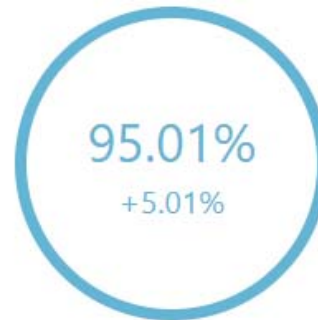
Unfunded Liabilities and Unmet Needs

Annual UAL Payment: Scenario 2 – 95% Funded in 10 Years

	Fiscal Year									
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Additional Commitment to UAL	\$ 750	\$ 530	\$ 530	\$ 530	\$ 530	\$ 530	\$ 530	\$ 530	\$ 530	\$ 530
Funded Ratio	79.7%	80.6%	80.7%	82.7%	84.7%	86.9%	89.0%	90.9%	93.0%	95.0%



Unfunded Liability
As of July 1



Funded Percentage
As of July 1

CalPERS Contribution ▾ 2030 ▾

Source: GovInvest – CalPERS Data Based on 6.8% Discount / Investment Return Rate

The Plan

Current Service Levels:

A Summary View of Current Operating Levels

	Fiscal Year											
	Actual	Projected	Proposed	2023	2024	2025	2026	2027	2028	2029	2030	2031
		June 30, 21	June 30, 22									
Revenues (Operating Revenues)	20,329	20,795	20,853	21,401	21,970	22,562	22,951	23,349	23,868	19,263	19,780	20,313
Expenditures (Operating Expenses)	17,966	18,213	20,202	22,095	23,638	24,972	25,687	27,491	28,413	28,542	29,186	30,139
Net Income (Loss) from Operations	2,363	2,582	651	(694)	(1,668)	(2,410)	(2,736)	(4,142)	(4,545)	(9,279)	(9,406)	(9,826)
95% Funded 10-years												
Pension Debt Mitigation	\$ -	\$ -	\$ 750	\$ 530	\$ 530	\$ 530	\$ 530	\$ 530	\$ 530	\$ 530	\$ 530	\$ 530

Note: Law Enforcement Parcel Tax Sunsets in FY 2027-28

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Parklands



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Unfunded Liabilities and Unmet Needs

Parklands - Fire Safety:

- Fire Safety
 - City in Very High Fire Hazard Severity Zone
 - Required Action.
 - Fuel Reduction and Clearing Requirements.
 - City Contract has 4 Zones out to 200'
 - Zone 1 - 20 feet Adjacent to the Property Line.
 - Zone 2 – 21 to 50 Feet from Property Line
 - Zone 3 – 51 to 100 Feet from Property Line
 - Zone 4 – 101 to 200 feet from Property line

Unfunded Liabilities and Unmet Needs

Parklands - Fire Safety:

- After this Work is Completed, it is Estimated that it will Cost \$650K+ Annually to Maintain

Additional Costs

Fire Safety

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Fire Safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 650	\$ 657	\$ 664	\$ 671	\$ 678	\$ 685

Note: 1% CPI Applied

Unfunded Liabilities and Unmet Needs

Parklands:

- Landscape Maintenance
 - Current Annual Contract Cost.
 - Upcoming Contract Bid Process will be Informative
 - Likely Annual Cost
 - Annual Increase likely \$198K to \$292K Annually

Additional Costs

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Landscape Maintenance	\$ -	\$ -	\$ -	\$ 198	\$ 204	\$ 210	\$ 216	\$ 222	\$ 228	\$ 234	\$ 240	\$ 246

Note: 1% CPI Applied

Unfunded Liabilities and Unmet Needs

Parklands:

- Tree Trimming
 - Current Contract.
 - Current Contract Includes Annual COLA.
 - Pays for about 106 Onsite Days
 - Recommended 240 days or \$610K Annually + Emergency Contingency.

Additional Costs

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Tree Trimming	\$ -	\$ -	\$ 4	\$ 12	\$ 350	\$ 356	\$ 362	\$ 368	\$ 374	\$ 380	\$ 387	\$ 394

Note: 3% CPI Applied FY 23, 1% CPI Applied Thereafter

Unfunded Liabilities and Unmet Needs

Parklands:

- Other One-time Projects
 - Tree Inventory estimated at \$75K to \$100K
 - Tree Management Plan Estimated at \$75K

Unfunded Liabilities and Unmet Needs

Parklands:

- Summary
 - Fire Safety - \$650K Annually after Current Contract Ends
 - Landscape Maintenance – Minimum Expected to be \$198K Annually above current Contract Levels
 - Tree Trimming – Estimated at an Increase of \$340K+ Annually
 - Other One-Time Projects - \$150K to \$175K

Additional Costs

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Fire Safety	-	-	-	-	-	-	650	657	664	671	678	685
Landscape Maintenance	-	-	-	198	204	210	216	222	228	234	240	246
Tree Trimming	-	-	4	12	350	356	362	368	374	380	387	394
Tree Inventory	-	-	-	75	-	-	-	-	-	-	-	-
Tree MGT Plan	-	-	-	75	-	-	-	-	-	-	-	-
Total	\$ -	\$ -	\$ 4	\$ 360	\$ 554	\$ 566	\$ 1,228	\$ 1,247	\$ 1,266	\$ 1,285	\$ 1,305	\$ 1,325

The Plan

Current Service Levels:

A Summary View of Current Operating Levels

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Parklands	\$ -	\$ -	\$ 4	\$ 360	\$ 554	\$ 566	\$ 1,228	\$ 1,247	\$ 1,266	\$ 1,285	\$ 1,305	\$ 1,325

Note: Law Enforcement Parcel Tax Sunsets in FY 2027-28

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Capital Infrastructure Maintenance and Improvements



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THE 10-YEAR CIP

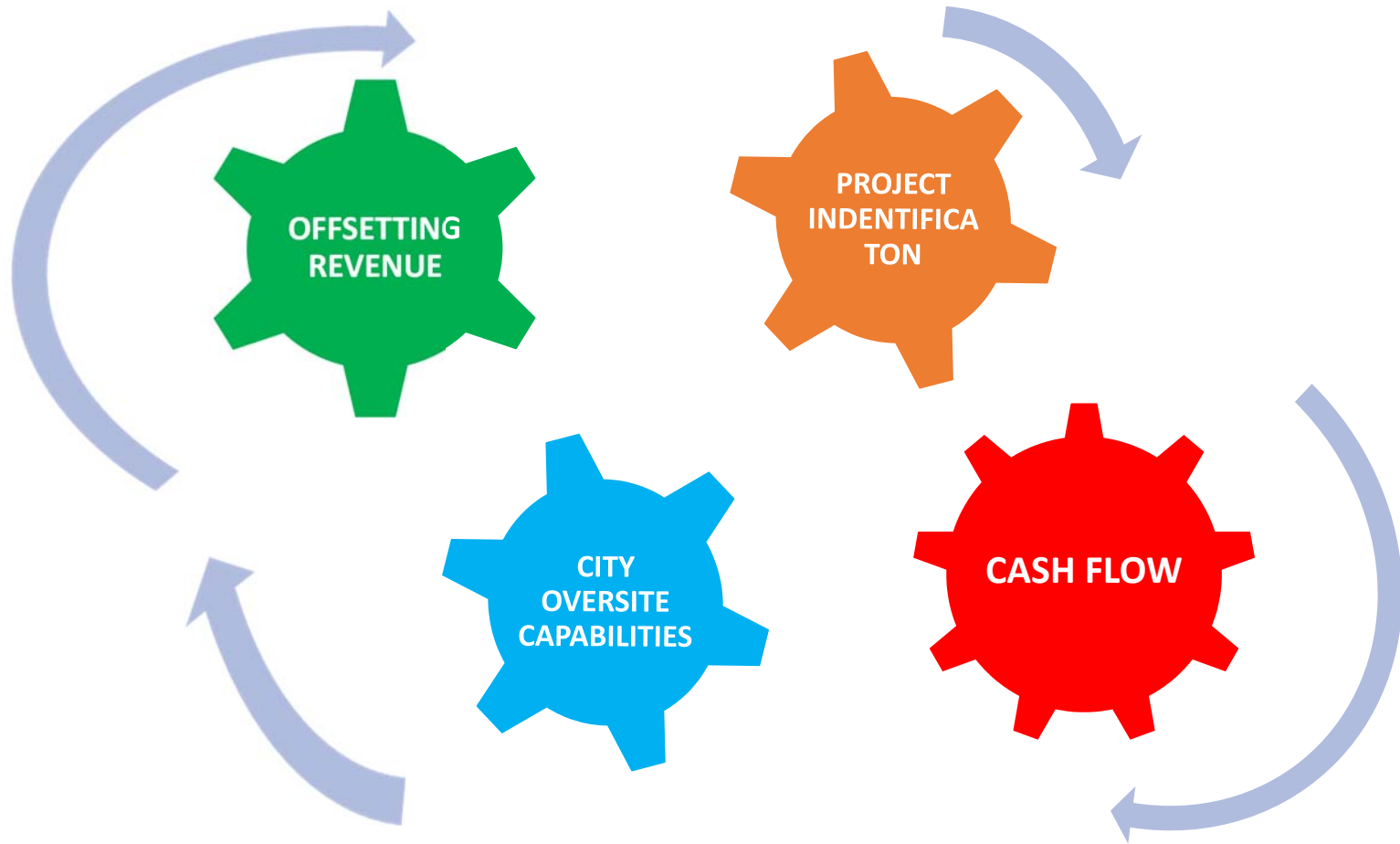
INTRODUCTION:

- THIS IS AN ONGOING ITERATIVE PROCESS
- THE INTENT IS TO PROVIDE AN ORDER OF MAGNITUDE
- PROJECTIONS ARE BASED ON THE BEST INFORMATION AVAILABLE AND ARE DYNAMIC
- MAJOR PROJECTS FOR CITY BUILDINGS / STRUCTURES ARE NOT INCLUDED
- IMPORTANT CONSIDERATIONS ARE CASH FLOW AND CITY OVERSIGHT CAPABILITIES



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CONSIDERATIONS INCLUDE



Transparent – Efficient – Responsive
Protecting, Enhancing and Caring for our Home



SUMMARY OF CIP PLAN /PROGRAM COSTS

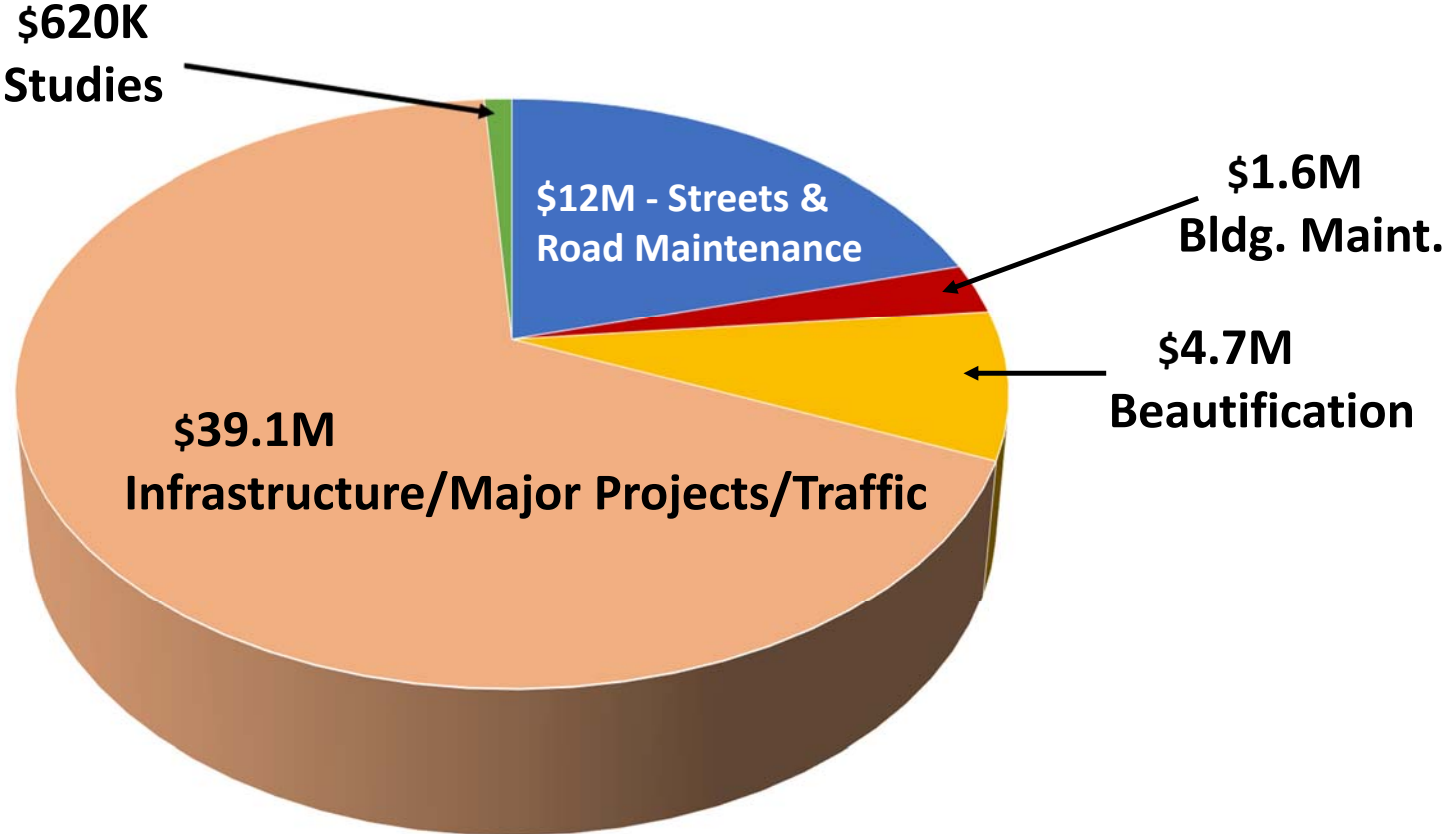
PROJECT NAME	Fiscal Year Projections					5-YEAR COST	Fiscal Year Projections					5-YEAR COST	10-YEAR COST
	2021/22	2022/23	2023/24	2024/25	2025/26		2026/27	2027/28	2028/29	2029/30	2030/31		
SUMMARY OF COSTS BY CLASSIFICATION:													
Safety	\$ 1,226	\$ 5,531	\$ 5,155	\$ 144	\$ 148	\$ 12,204	\$ 473	\$ 867	\$ 162	\$ 161	\$ 161	\$ 1,824	\$ 14,028
Mandated	-	225	225	-	-	450	-	-	-	465	-	465	915
Preventative Maintenance	3,309	2,380	2,989	2,687	3,081	14,446	2,784	3,561	3,040	3,312	3,002	15,699	30,145
Best Practice	374	1,044	1,036	1,036	1,334	4,824	1,610	1,721	2,110	2,201	471	8,113	12,937
TOTAL	\$ 4,909	\$ 9,180	\$ 9,405	\$ 3,867	\$ 4,563	\$ 31,924	\$ 4,867	\$ 6,149	\$ 5,312	\$ 6,139	\$ 3,634	\$ 26,101	\$ 58,025
SUMMARY OF COSTS BY CATAGORY:													
Street and Roadways/Maintenance	\$ 1,229	\$ 782	\$ 1,558	\$ 1,214	\$ 1,134	\$ 5,917	\$ 1,610	\$ 1,019	\$ 886	\$ 1,757	\$ 786	\$ 6,058	\$ 11,975
Building Maintenance	-	260	-	50	445	755	-	200	100	465	80	845	1,600
Major City Buildings / Structures	-	-	-	-	-	-	-	-	-	-	-	-	-
City Beautification/Quality of Life/Parklands	-	450	100	642	615	1,807	1,336	952	409	100	100	2,897	4,704
Infrastructure/Major Projects	3,580	7,518	7,468	1,891	2,369	22,826	1,921	3,978	3,917	3,817	2,668	16,301	39,127
Studies	100	170	280	70	-	620	-	-	-	-	-	-	620
Projected Grand Total	4,909	9,180	9,406	3,867	4,563	31,925	4,867	6,149	5,312	6,139	3,634	26,101	58,026
Total of Offsetting Revenues	4,909	8,770	7,515	2,590	2,590	26,374	2,590	2,590	2,583	2,271	2,006	12,040	38,414
PROJECTED SURPLUS/DEFICIT	\$ -	\$ (410)	\$ (1,891)	\$ (1,277)	\$ (1,973)	\$ (5,551)	\$ (2,277)	\$ (3,559)	\$ (2,729)	\$ (3,868)	\$ (1,628)	\$ (14,061)	\$ (19,612)

Note: Projects not necessarily completed in the year identified

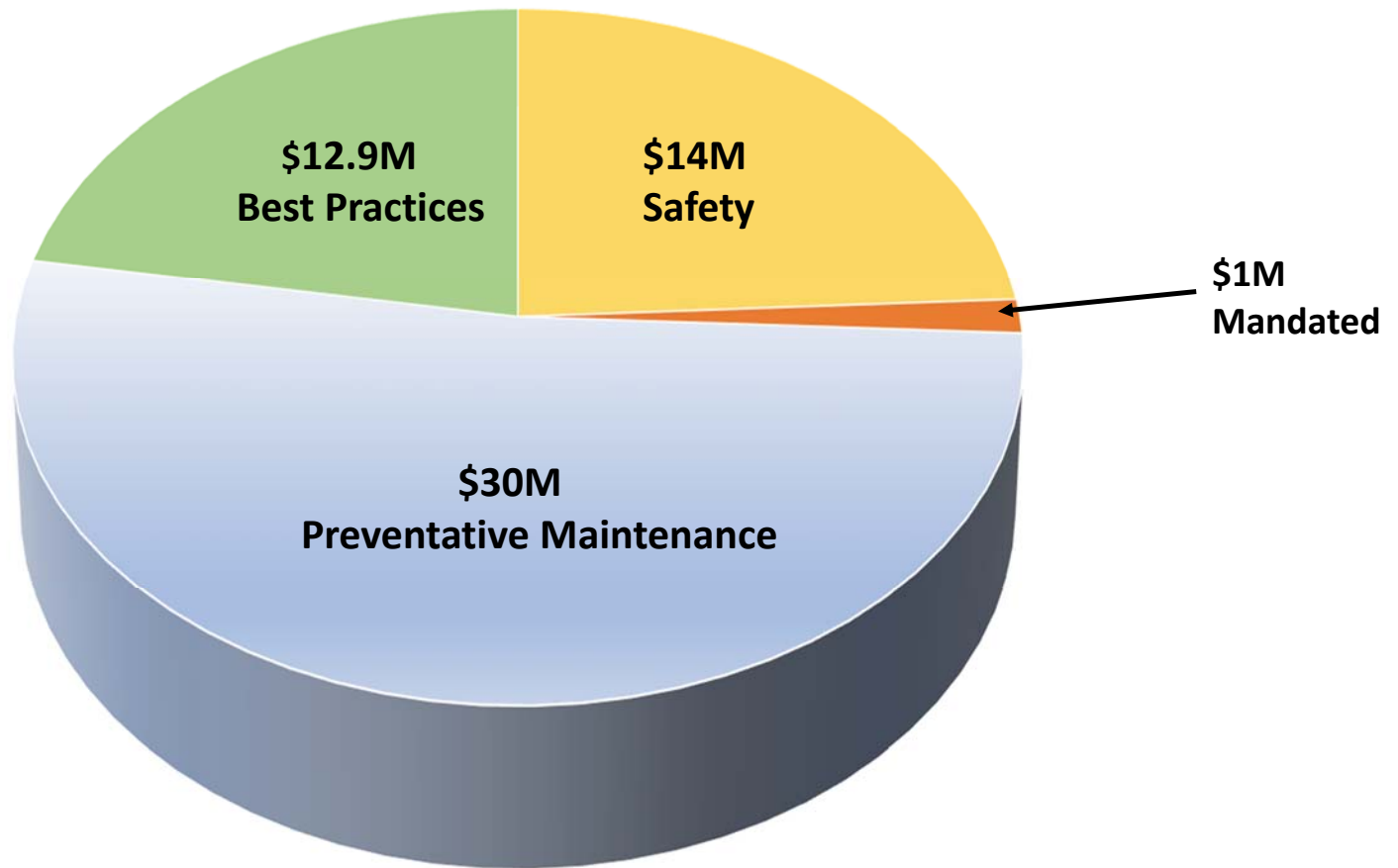
*In thousands



10-YEAR CIP CATEGORY BREAKDOWN



10-YEAR CIP - CLASSIFICATION BREAKDOWN



10-YEAR CIP - RECAP

- ACTUAL PROJECTS ARE SUBJECT TO CURRENT AND FUTURE CITY COUNCIL POLICY DIRECTION AND ACTIONS
- PROJECT TIMELINES ARE FLEXIBLE
- PROJECT COSTS ARE ESTIMATED AND ARE BASED ON THE BEST INFORMATION AVAILABLE
- THE INTENT IS TO PROVIDE AN ORDER OF MAGNITUDE
- VARIOUS CONSIDERATIONS IMPACT THE CIP PLAN AND CITY POLICY DEVELOPMENT.
- EXCLUDES MAJOR CITY BUILDINGS / STRUCTURES
- CIP TO BE THE SUBJECT FUTURE WORKSHOPS

The Plan

Projected Costs:

	Fiscal Year											
	Actual	Projected	Proposed									
	2020	June 30, 21	June 30, 22	2023	2024	2025	2026	2027	2028	2029	2030	2031
Revenues (Operating Revenues)	20,329	20,795	20,853	21,401	21,970	22,562	22,951	23,349	23,868	19,263	19,780	20,313
Expenditures (Operating Expenses)	17,966	18,213	20,202	22,095	23,638	24,972	25,687	27,491	28,413	28,542	29,186	30,139
Net Income (Loss) from Operations	2,363	2,582	651	(694)	(1,668)	(2,410)	(2,736)	(4,142)	(4,545)	(9,279)	(9,406)	(9,826)
Capital Maint & Improvements	\$ -	\$ -	\$ -	\$ 410	\$ 1,891	\$ 1,277	\$ 1,973	\$ 2,277	\$ 3,559	\$ 2,729	\$ 3,868	\$ 1,628

Fiscal Sustainability

A Review of the Long-Range Financial Plan
And
A Strategic View of Our Future

City Council and FAC Q & A



December 7, 2021

Fiscal Sustainability

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The Starting Point



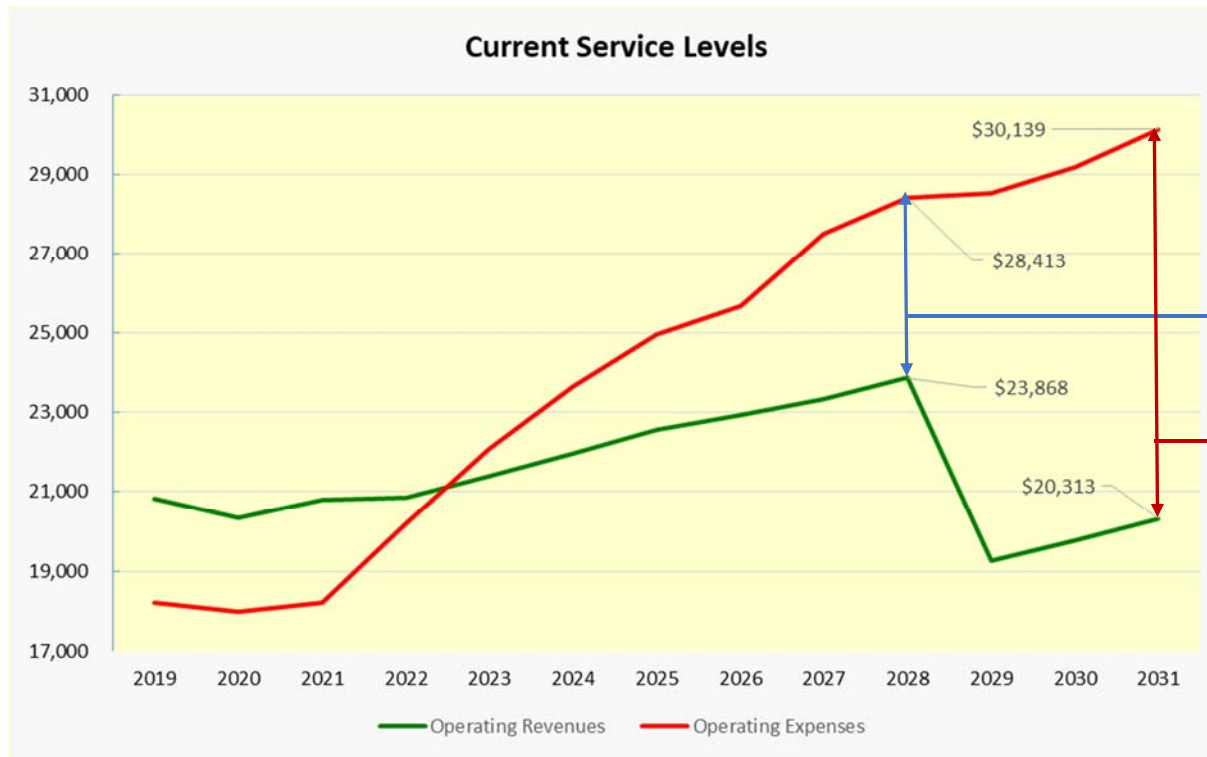
December 7, 2021

The Starting Point – Work Begins Here

Assumptions:

- Pension Debt Mitigation Assumes a Policy that Provides Additional UAL Payments that Seek to Stay Between 90% and 95% Funded in Ten years.
- Parklands Assumes that the City will Commit to Bringing and Maintaining our Three Parklands Elements at a near Optimum Level
- Capital Maintenance and Improvements has the Greatest Flexibility in Projects and Outlay Schedule, but Delay in some Projects could Add Liability and Project Costs.

Operating Revenues and Expenses



FY 2027-28 Shortfall = \$4.5 MM

FY 2030-31 Shortfall = \$9.8 MM

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Revenues (Operating Revenues)	20,329	20,795	20,853	21,401	21,970	22,562	22,951	23,349	23,868	19,263	19,780	20,313
Expenditures (Operating Expenses)	(17,966)	(18,213)	(20,202)	(22,095)	(23,638)	(24,972)	(25,687)	(27,491)	(28,413)	(28,542)	(29,186)	(30,139)

Note: Law Enforcement Parcel Tax Sunsets in FY 2027-28

Note: County Fire is Currently Negotiating Labor Contract

The Starting Point – Work Begins Here

	Fiscal Year											
	Actual	Projected	Proposed									
	2020	June 30, 21	June 30, 22	2023	2024	2025	2026	2027	2028	2029	2030	2031
Revenues (Operating Revenues)	20,329	20,795	20,853	21,401	21,970	22,562	22,951	23,349	23,868	19,263	19,780	20,313
Expenditures (Operating Expenses)	17,966	18,213	20,202	22,095	23,638	24,972	25,687	27,491	28,413	28,542	29,186	30,139
Net Income (Loss) from Operations	2,363	2,582	651	(694)	(1,668)	(2,410)	(2,736)	(4,142)	(4,545)	(9,279)	(9,406)	(9,826)

Add: Unfunded Liabilities / Unmet Needs

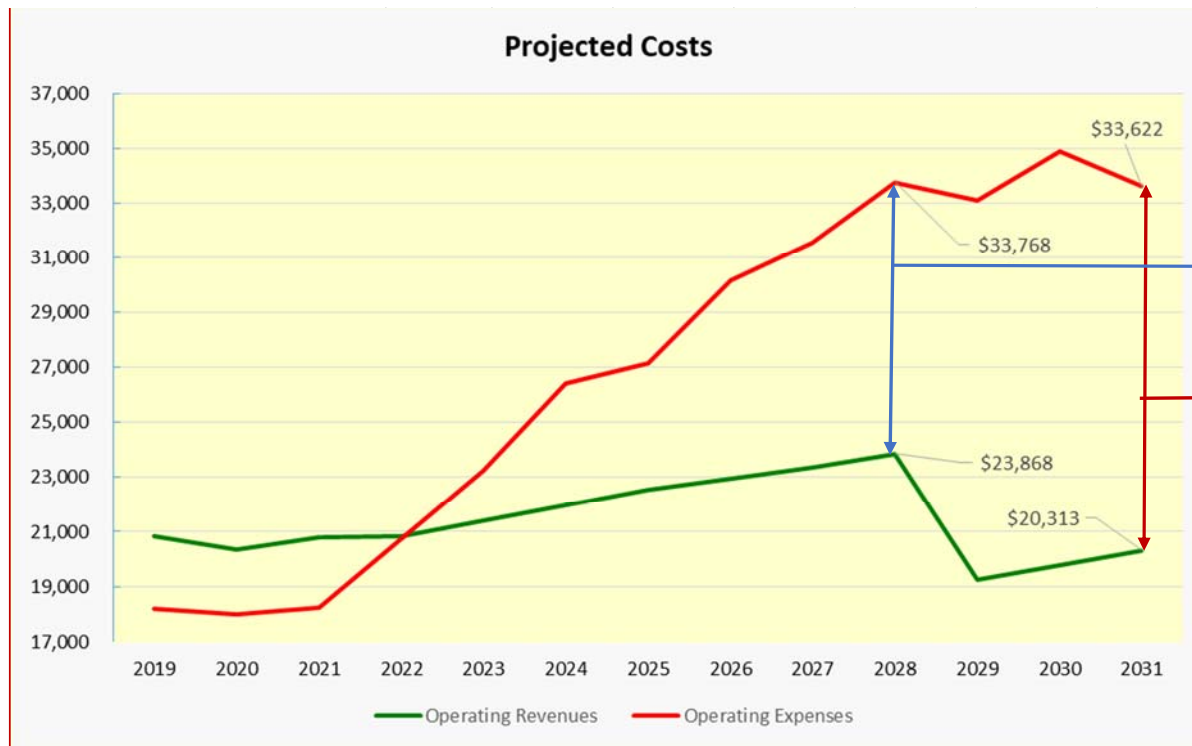
Pension Debt Mitigation	\$ -	\$ -	\$ 750	\$ 530	\$ 530	\$ 530	\$ 530	\$ 530	\$ 530	\$ 530	\$ 530	\$ 530	\$ 530
Parklands	-	-	4	360	554	566	1,228	1,247	1,266	1,285	1,305	1,325	
Capital Maint & Improvements	-	-	-	410	1,891	1,277	1,973	2,277	3,559	2,729	3,868	1,628	
Total	\$ -	\$ -	\$ 754	\$ 1,300	\$ 2,975	\$ 2,373	\$ 3,731	\$ 4,054	\$ 5,355	\$ 4,544	\$ 5,703	\$ 3,483	

Note: Law Enforcement Parcel Tax Sunsets in FY 2027-28

The Starting Point – Work Begins Here

Revised Net Income (Loss)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Revenues (Operating Revenues)	20,329	20,795	20,853	21,401	21,970	22,562	22,951	23,349	23,868	19,263	19,780	20,313
Expenditures (Operating Expenses)	17,966	18,213	20,018	21,911	23,454	24,789	26,421	27,491	28,413	28,542	29,186	30,139
Unfunded Liabilities / Unmet Needs	-	-	754	1,300	2,975	2,373	3,731	4,054	5,355	4,544	2,868	3,483
Updated Net Income (Loss)	2,363	2,582	81	(1,810)	(4,459)	(4,600)	(7,201)	(8,196)	(9,900)	(13,823)	(12,274)	(13,309)



FY 2027-28 Shortfall = \$9.9 MM
An Increase of \$5.4 MM

FY 2030-31 Shortfall = \$13.3 MM
An Increase of \$3.5 MM

Note: Law Enforcement Parcel Tax Sunsets in FY 2027-28

Fiscal Sustainability

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Staff Recommendations



December 7, 2021

Staff Recommendations

- Additional Workshops are Needed
 - Council Priorities should be Updated Annually
 - Focus on Planning and Policy Development
 - Schedule and Number of Workshops
- Additional Outside Expertise Needed
- Thank you to all who Contributed to the Development of this Presentation
 - The FAC, the City Treasurer, City Staff, Residents and Members of the City Council.

Fiscal Sustainability

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Public Comment



December 7, 2021

Fiscal Sustainability

A Review of the Long-Range Financial Plan
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City Council Discussion



December 7, 2021

City Council Discussion and Next Steps

Fiscal Sustainability

A Review of the Long-Range Financial Plan
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Next Steps



December 7, 2021

