



CITY OF PACIFICA LONG TERM FINANCIAL PLAN UPDATE

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CITY OF PACIFICA LONG TERM FINANCIAL PLAN UPDATE

- Tonight we start process for the 2015-16 Budget
- Presentation Includes:
 - National, State, and Regional Overview
 - Long-term Financial Projected
 - Impacts on 2015-16 Budget
 - Information only; no action required



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LONG TERM FINANCIAL PLAN UPDATE

- National Economic Trends
 - Increased business spending, rising incomes, cheaper oil prices, and low interest rates are features of current economic climate.
 - Although the financial markets are beginning to trend in a super high direction, none of the numbers suggest a significant misalignment at the moment.
 - The Fed has little reason to "even consider" raising short-term interest rates. Beacon Economics does not expect any movement on rates until the end of the year at the earliest.
 - Falling prices at the pump have not boosted U.S. consumer spending growth.



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- State Economic Trends
 - Virtually every aspect of the state's economy is improving
 - Jobs are up
 - Home prices are rising
 - New construction activity is occurring across the state
 - The agricultural sector has so far weathered the drought
 - California remains a top tourist destination
 - Businesses and consumers are still driving growth in spending



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- State Economic Trends
 - Major challenges
 - Funding the infrastructure investments
 - Housing
 - Make the state more friendly to manufacturing,
 - Reforming tax system
 - Widening the tax base to mitigate the effects of future economic downturns.



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- Regional Economic Trends
 - San Francisco Metropolitan Division (MD) (includes San Francisco, Marin, and San Mateo Counties) as of Fall 2014:
 - The employment forecast calls for annual growth of 3% in 2014.
 - The forecast calls for the unemployment rate to fall to 4% by the middle of 2015.
 - The Professional, Scientific, and Technical Services industry remains one of the largest job creators in the region. From July 2013 to July 2014 this industry grew by 9,200 jobs and represented 25% of the net increase in total nonfarm employment.
 - From the second quarter of 2013 to the second quarter of 2014 rents for office properties in the San Francisco MD have risen by 5.2%. In contrast, the average rent for office properties in the state overall rose by 3.7% during the same period.



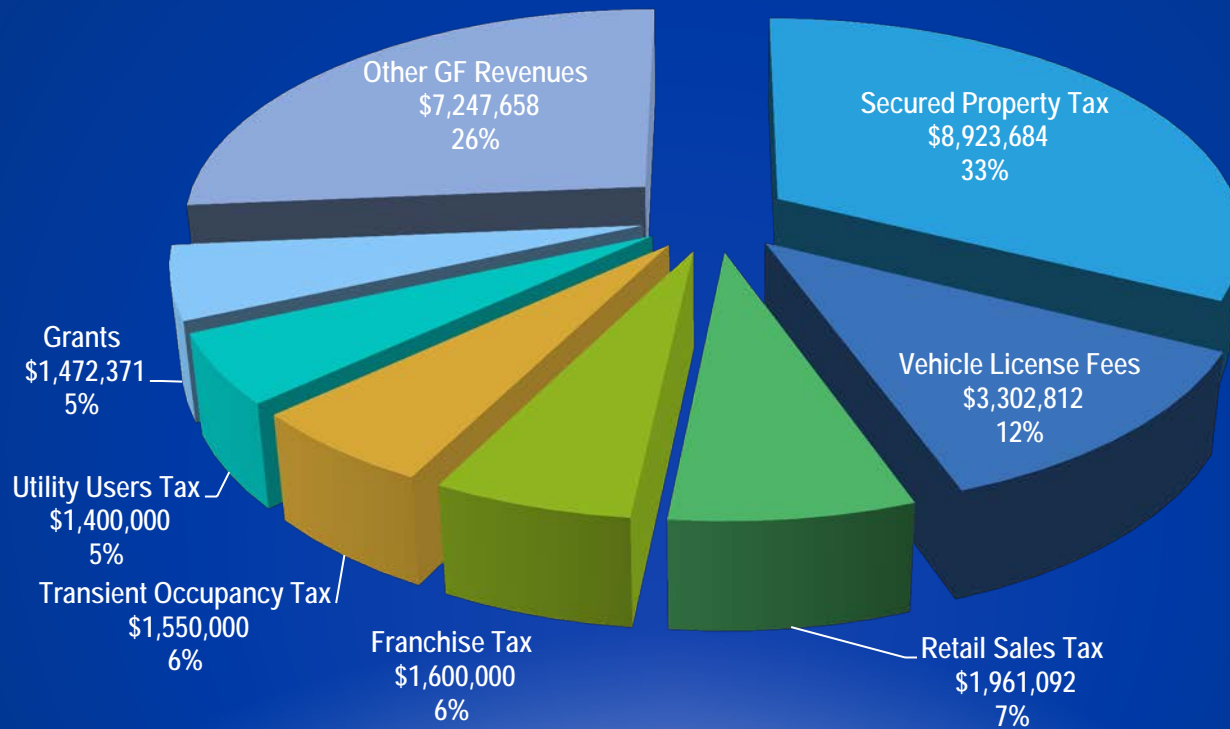
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- Our forecast Model:
 - Revenue and Expenditure Projection
 - Optimistic, Moderate, Pessimistic
 - “Most Likely”
 - 5-Year Forecast 2015-2020
 - General Fund Only
 - Transparent assumptions



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Top Seven General Fund Revenues - \$27,457,617
2014-2015





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- Assumption Rational
 - Consumer Price Index
 - Growth in the cost of a basket of goods
 - San Mateo County Property Tax Estimates
 - Excess ERAF is not included in General Fund totals
 - Discussions with Directors
 - Impact of recent labor agreements



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Revenues	Optimistic	Moderate	Pessimistic
Property Taxes	Inflation factor of 4.5%	Inflation factor of 4%, (based on most recent San Mateo County Assessment Valuation for the City of Pacifica) from 2015-2018, 3.5% thereafter.	Inflation factor of 3%.
Retail Sales Tax	Inflation factor of 4%	Consultant supplied estimate for 2014-2015 and 2015-2016. 2016-2017 and forward inflated by 3% based on regional CPI values for the 2014 calendar year ended December 2014	Inflation factor of 1%.
Other Business Taxes	Inflation factor of 4%	1st year, TOT increases 10%. All categories grow by the inflation factor of 3%, based on regional CPI values for the 2014 calendar year ended December 2014	Inflation factor of 2%



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Revenues	Optimistic	Moderate	Pessimistic
Current Service Charges <ul style="list-style-type: none"> • Construction Permits • Other Licensing and Permits • Beach and Community Center related • Recreation Fees • Public Safety Svc Charges 	Inflation factor of 3.5%	Inflation factor of 3% based on regional CPI values for the 2014 calendar year ended December 2014	Inflation factor 2%
Other Revenues <ul style="list-style-type: none"> • Misc. • Intergovernmental • Fines and Forfeitures 	Inflation factor of 1%	Inflation factor 0.0%	Inflation factor 0.0%
Transfers-In	Forecasted at agreed upon amounts and timelines	Forecasted at agreed upon amounts and timelines	Forecasted at agreed upon amounts and timelines



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Expenses	2015-16	2016-17	2017-18	2018-19	2019-20
Pension Rates (CalPERS)					
Police – City Pays	35.304%	41.8%	45.5%	49.5%	53.7%
Employee Pays	12.00%	12.00%	12.00%	12.00%	12.00%
Pension Obligation Bond Payments	12.50%	12.50%	12.50%	12.50%	12.50%
Fire – City Pays	27.651%	31.9%	34.5%	37.4%	40.3%
*Employee Pays	12.00%	12.00%	12.00%	12.00%	12.00%
Pension Obligation Bond **Payments	19.00%	19.00%	19.10%	19.10%	19.10%
Misc – City Pays	15.286%	16.3%	17.1%	17.9%	18.7%
Employee Pays	8.00%	8.00%	8.00%	8.00%	8.00%
Pension Obligation Bond Payments	24.80%	25.60%	26.40%	27.30%	28.20%

***Reflects the impact of recent labor MOU*



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Salaries & Wages	Assumed a flat 0% growth rate, except for recent labor MOUs <i>1% Increase in salary = \$128,807 (salary)+ 51,523 (benefits rate 40%) = \$180,330</i>
Personnel Benefits	Reflects CalPERS contribution rates estimated based upon the annual valuation report as of June 30, 2013
Dept. Exp., Other Svc. Chgs. & Services	Inflation factor of 3%, based on regional CPI, as defined above
Capital Outlay	3% growth rate
Intergovernmental, and Debt Svc.	0% growth rate



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LONG TERM FINANCIAL PLAN UPDATE

City of Pacifica, CA
Executive Summary - Current Trending Forecast - **Moderate**

26-Feb-15

REVENUE	Distribution	2014-2015 Budget	2014-2015					
			Estimated	2015-2016 Projected	2016-2017 Projected	2017-2018 Projected	2018-2019 Projected	2019-2020 Projected
Property Tax	35%	\$ 9,335,000	\$ 9,585,794	\$ 9,825,706	\$ 10,218,734	\$ 10,627,483	\$ 10,999,445	\$ 11,384,426
Retail Sales Tax	7%	1,976,500	1,961,092	1,964,387	2,017,426	2,071,896	2,127,838	2,185,289
Other Business Taxes	20%	5,260,000	5,280,294	5,422,862	5,569,279	5,719,650	5,874,080	6,032,680
Department/Program Revenues	35%	9,405,314	9,878,751	9,639,587	9,740,779	9,844,703	9,951,434	10,061,046
Transfers In	3%	751,686	751,686	742,000	844,000	50,000	50,000	50,000
Total Annual Revenue	100%	\$ 26,889,000	\$ 27,457,617	\$ 27,594,542	\$ 28,390,218	\$ 28,313,733	\$ 29,002,797	\$ 29,713,441

EXPENSES	Distribution	2014-2015 Budget	2014-2015					
			Estimated	2015-2016 Projected	2016-2017 Projected	2017-2018 Projected	2018-2019 Projected	2019-2020 Projected
Salaries And Wages	48%	\$ 12,880,740	\$ 12,880,740	\$ 12,924,596	\$ 13,000,311	\$ 13,116,516	\$ 13,179,485	\$ 13,179,485
Personnel Benefits	26%	6,895,500	6,895,500	7,014,141	7,610,344	7,991,344	8,397,344	8,822,344
Departmental Expense	3%	865,853	865,853	827,015	849,344	872,277	895,828	920,016
Other Services/Charges	17%	4,616,831	4,616,831	4,741,485	4,869,506	5,000,982	5,136,009	5,274,681
Intergovernmental	1%	221,700	221,700	221,700	221,700	221,700	221,700	221,700
Capital Outlay	0%	134,376	134,376	138,407	142,559	146,836	151,241	155,779
Debt Service	3%	894,000	894,000	894,000	894,000	894,000	894,000	894,000
Transfer Out-POB Repayment	0%					171,000	147,000	905,000
Transfers-Out	1%	380,000	380,000	380,000	380,000	380,000	380,000	380,000
Total Annual Expense	100%	\$ 26,889,000	\$ 26,889,000	\$ 27,141,345	\$ 27,967,764	\$ 28,794,655	\$ 29,402,607	\$ 30,753,004
Total GF Surplus/Deficit		\$ -	\$ 568,617	\$ 453,197	\$ 422,453	\$ (480,923)	\$ (399,811)	\$ (1,039,563)

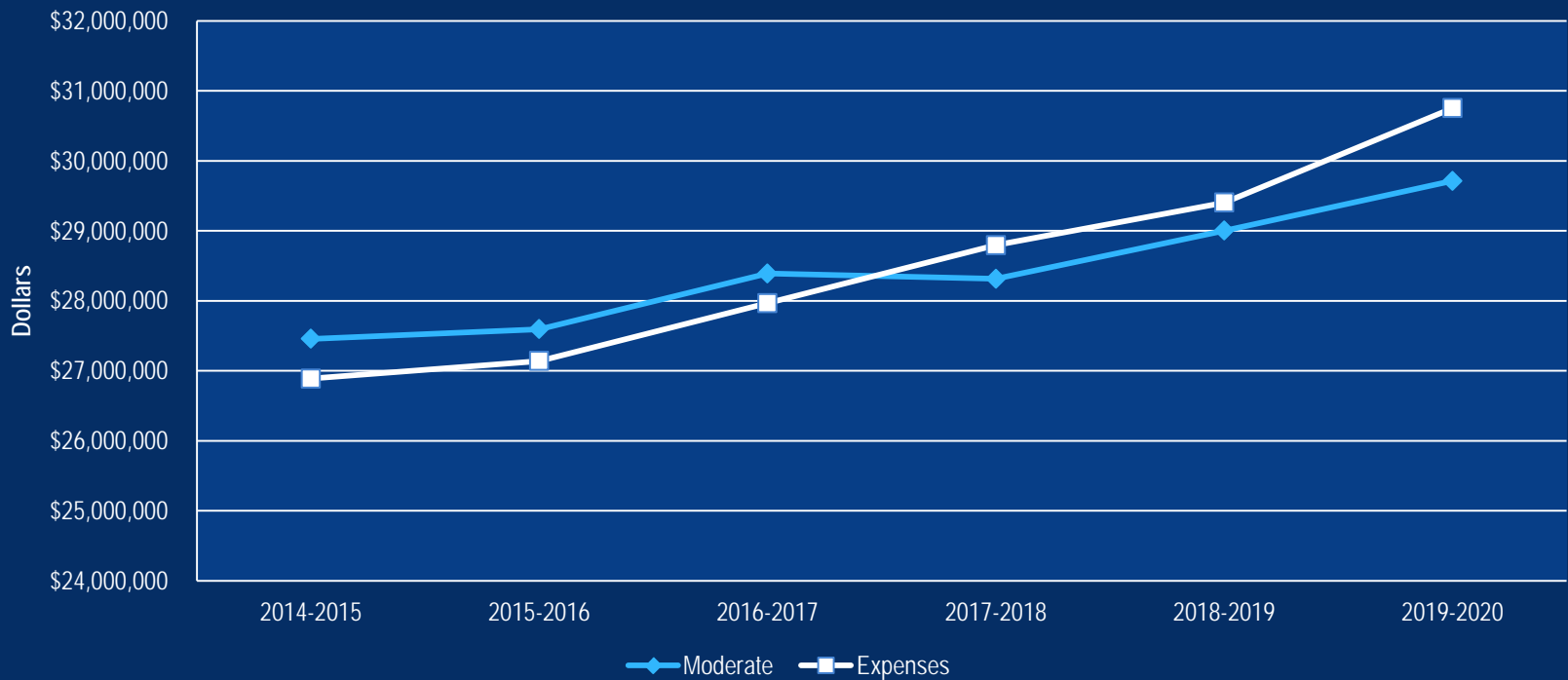
Pct. of GF Revenues			2.07%	1.64%	1.49%	-1.70%	-1.38%	-3.50%
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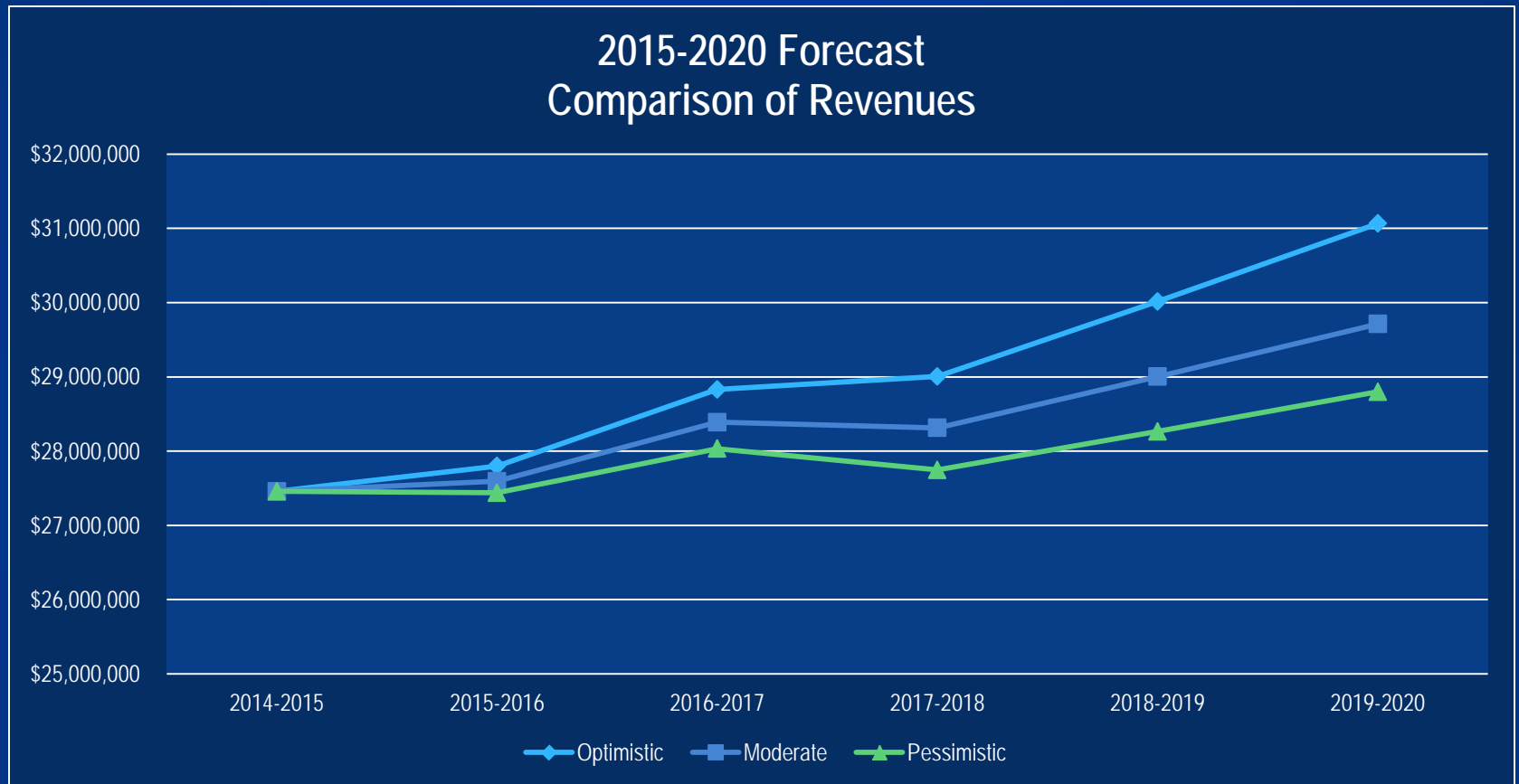
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2015-2020 Forecast Moderate Revenues & Expenses





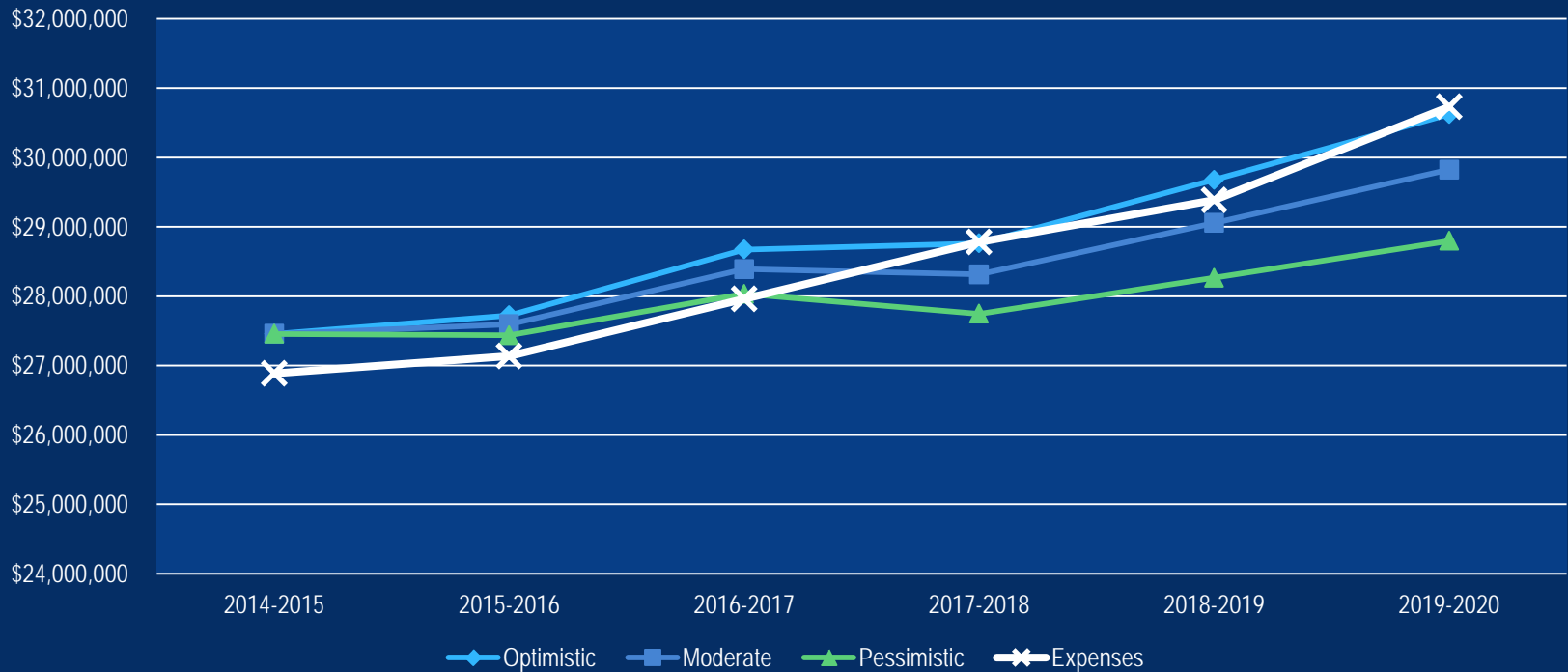
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2015-2020 Forecast Comparison of Revenues to Expenditures





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Questions?



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LONG TERM FINANCIAL PLAN UPDATE

City of Pacifica, CA
 Executive Summary - Current Trending Forecast - **Optimistic**

26-Feb-15

	Distribution	2014-2015 Budget	2014-2015 Estimated	2015-2016 Projected	2016-2017 Projected	2017-2018 Projected	2018-2019 Projected	2019-2020 Projected
REVENUE								
Property Tax	35%	\$ 9,335,000	\$ 9,585,794	\$ 9,872,945	\$ 10,317,227	\$ 10,781,502	\$ 11,266,670	\$ 11,773,670
Retail Sales Tax	7%	1,976,500	1,961,092	1,966,679	2,039,313	2,120,885	2,205,721	2,293,950
Other Business Taxes	20%	5,260,000	5,280,294	5,491,506	5,711,166	5,939,613	6,177,197	6,424,285
Department/Program Revenues	35%	9,405,314	9,878,751	9,725,598	9,917,149	10,113,917	10,316,067	10,523,775
Transfers In	3%	751,686	751,686	742,000	844,000	50,000	50,000	50,000
Total Annual Revenue	100%	\$ 26,889,000	\$ 27,457,617	\$ 27,798,728	\$ 28,828,856	\$ 29,005,917	\$ 30,015,655	\$ 31,065,680
EXPENSES								
Salaries And Wages	48%	\$ 12,880,740	\$ 12,880,740	\$ 12,924,596	\$ 13,000,311	\$ 13,116,516	\$ 13,179,485	\$ 13,179,485
Personnel Benefits	26%	6,895,500	6,895,500	7,014,141	7,610,344	7,991,344	8,397,344	8,822,344
Departmental Expense	3%	865,853	865,853	827,015	849,344	872,277	895,828	920,016
Other Services/Charges	17%	4,616,831	4,616,831	4,741,485	4,869,506	5,000,982	5,136,009	5,274,681
Intergovernmental	1%	221,700	221,700	221,700	221,700	221,700	221,700	221,700
Capital Outlay	0%	134,376	134,376	138,407	142,559	146,836	151,241	155,779
Debt Service	3%	894,000	894,000	894,000	894,000	894,000	894,000	894,000
Transfer Out-POB Repayment	0%					171,000	147,000	905,000
Transfers-Out	1%	380,000	380,000	380,000	380,000	380,000	380,000	380,000
Total Annual Expense	100%	\$ 26,889,000	\$ 26,889,000	\$ 27,141,345	\$ 27,967,764	\$ 28,794,655	\$ 29,402,607	\$ 30,753,004
Total GF Surplus/Deficit		\$ -	\$ 568,617	\$ 657,383	\$ 861,091	\$ 211,262	\$ 613,048	\$ 312,676
Pct. of GF Revenues			2.07%	2.36%	2.99%	0.73%	2.04%	1.01%



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LONG TERM FINANCIAL PLAN UPDATE

City of Pacifica, CA

Executive Summary - Current Trending Forecast - **Pessimistic**

26-Feb-15

REVENUE	Distribution	2014-2015 Budget	2014-2015 Estimated	2015-2016 Projected	2016-2017 Projected	2017-2018 Projected	2018-2019 Projected	2019-2020 Projected
Property Tax	35%	\$ 9,335,000	\$ 9,585,794	\$ 9,731,228	\$ 10,023,165	\$ 10,323,860	\$ 10,633,575	\$ 10,952,583
Retail Sales Tax	7%	1,976,500	1,961,092	1,959,804	1,979,402	1,999,196	2,019,188	2,039,380
Other Business Taxes	20%	5,260,000	5,280,294	5,385,900	5,493,618	5,603,490	5,715,560	5,829,871
Department/Program Revenues	35%	9,405,314	9,878,751	9,618,793	9,693,342	9,769,382	9,846,943	9,926,056
Transfers In	3%	751,686	751,686	742,000	844,000	50,000	50,000	50,000
Total Annual Revenue	100%	\$ 26,889,000	\$ 27,457,617	\$ 27,437,724	\$ 28,033,526	\$ 27,745,928	\$ 28,265,267	\$ 28,797,890

EXPENSES	Distribution	2014-2015 Budget	2014-2015 Estimated	2015-2016 Projected	2016-2017 Projected	2017-2018 Projected	2018-2019 Projected	2019-2020 Projected
Salaries And Wages	48%	\$ 12,880,740	\$ 12,880,740	\$ 12,924,596	\$ 13,000,311	\$ 13,116,516	\$ 13,179,485	\$ 13,179,485
Personnel Benefits	26%	6,895,500	6,895,500	7,014,141	7,610,344	7,991,344	8,397,344	8,822,344
Departmental Expense	3%	865,853	865,853	827,015	849,344	872,277	895,828	920,016
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Intergovernmental	1%	221,700	221,700	221,700	221,700	221,700	221,700	221,700
Capital Outlay	0%	134,376	134,376	138,407	142,559	146,836	151,241	155,779
Debt Service	3%	894,000	894,000	894,000	894,000	894,000	894,000	894,000
Transfer Out-POB Repayment	0%					171,000	147,000	905,000
Transfers-Out	1%	380,000	380,000	380,000	380,000	380,000	380,000	380,000
Total Annual Expense	100%	\$ 26,889,000	\$ 26,889,000	\$ 27,141,345	\$ 27,967,764	\$ 28,794,655	\$ 29,402,607	\$ 30,753,004
Total GF Surplus/Deficit		\$ -	\$ 568,617	\$ 296,380	\$ 65,762	\$ (1,048,727)	\$ (1,137,341)	\$ (1,955,114)

Pct. of GF Revenues	2.07%	1.08%	0.23%	-3.78%	-4.02%	-6.79%
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