

City of Pacifica Long Term Financial Plan Update



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Assistant City Manager**

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City of Pacifica Long Term Financial Plan Update

- Tonight we start process for the 2016-17 Budget
- Presentation Includes:
 - Long-term Financial Projected
 - Impacts on 2016-17 Budget
 - Information only; no action required



City of Pacifica

Long Term Financial Plan Update

- Our forecast Model:
 - Revenue and Expenditure Projection
 - Optimistic, Moderate, Pessimistic
 - “Most Likely”
 - 5-Year Forecast 2016-2021
 - General Fund Only
 - Transparent assumptions



City of Pacifica

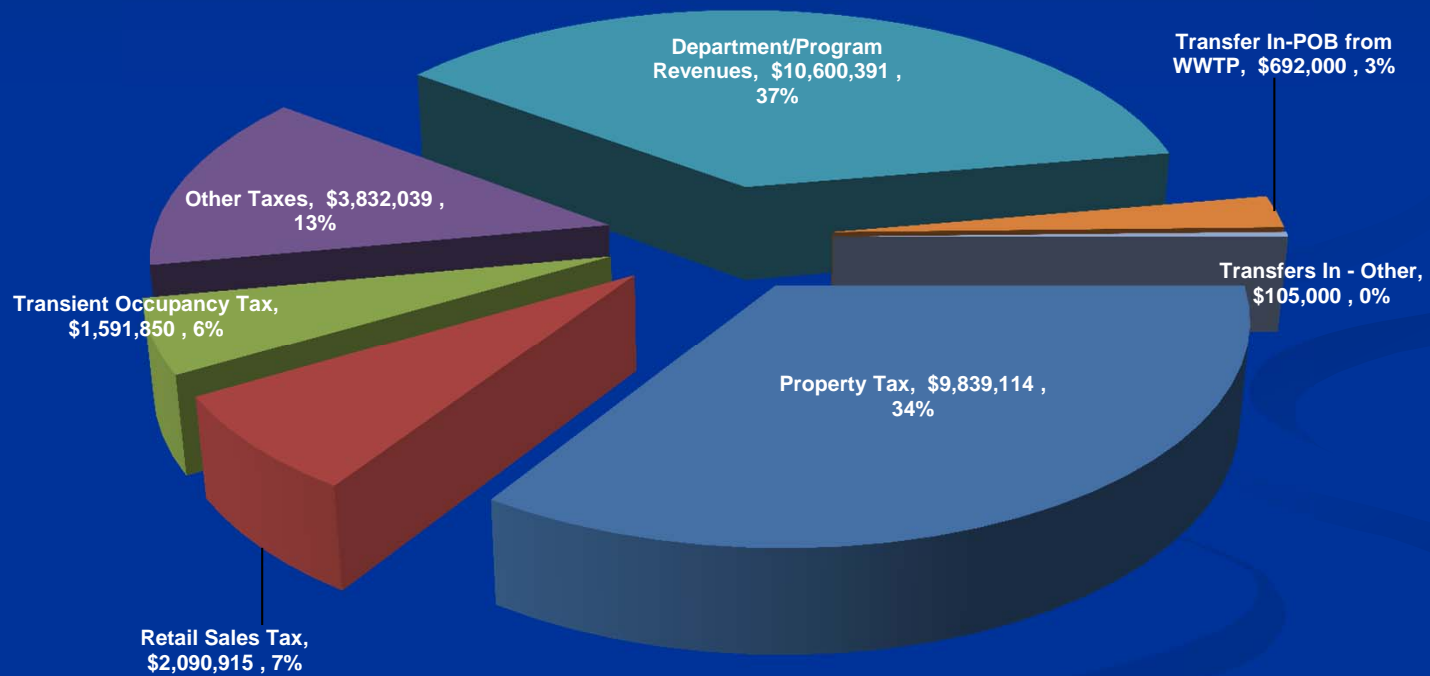
Long Term Financial Plan Update

- 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



City of Pacifica Long Term Financial Plan Update

2015-16 Adopted General Fund Revenues – \$28,751,000





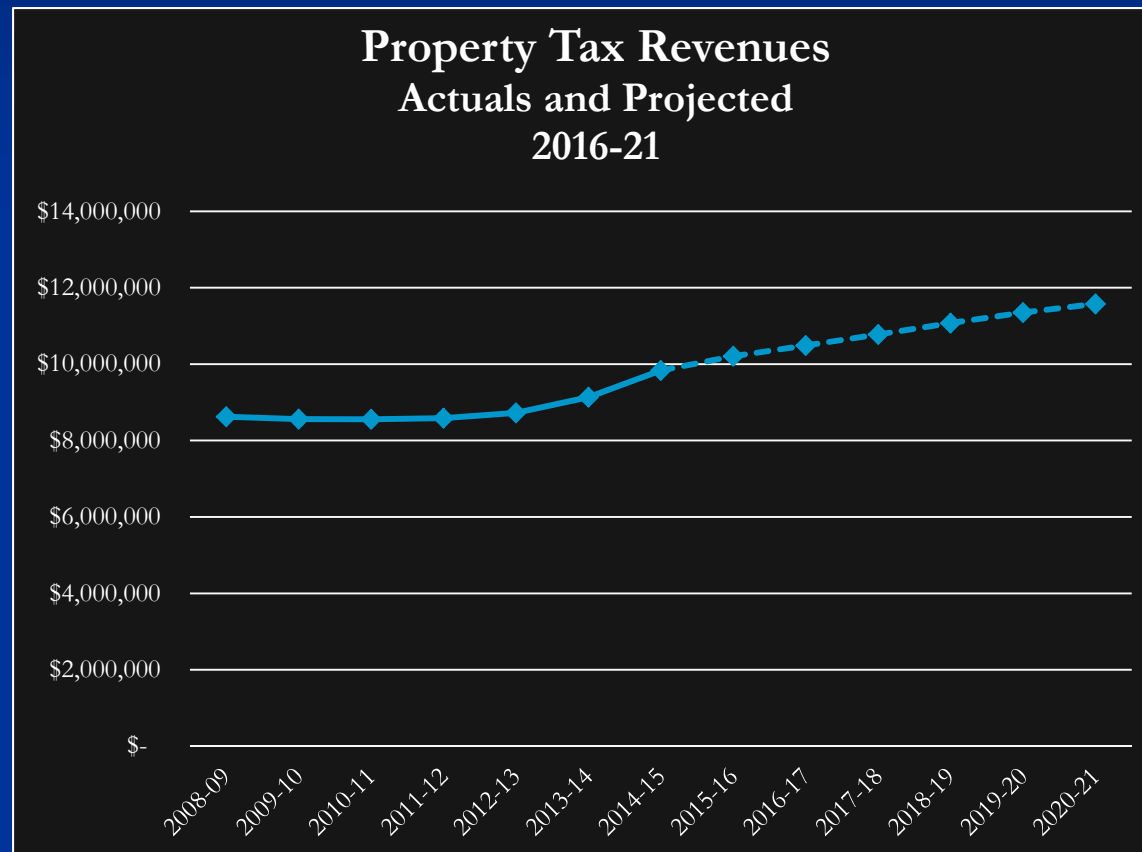
City of Pacifica Long Term Financial Plan Update

Table 1. Summary of Revenue Assumptions

Revenue Source	Optimistic	Moderate	Pessimistic
Property Taxes	Growth factor of 3.5%	Growth factor of 2.75% for 2016-17 through 2018-19, 2.5% 2019-2020, and 2% 2020-21.	Growth factor of 1%
Retail Sales Tax <ul style="list-style-type: none"> Restaurants and hotels have become our #1 sales tax producers with fuel and service stations coming in as #2. 	Growth factor of 2%	Consultant supplied growth factor of 1%	Growth factor of 0.5%
Transient Occupancy Tax	Growth factor of 4%	Growth factor of 3.2%	Growth factor of 2%
Franchise Tax	Growth factor of 2%	Growth factor of 1%	Growth factor of 0.5%
Business License	Growth factor of 4%	Growth factor of 3.2%	Growth factor of 1%
Utility Users Tax	Growth factor of 0%	Growth factor of 0%	Growth factor of 0%

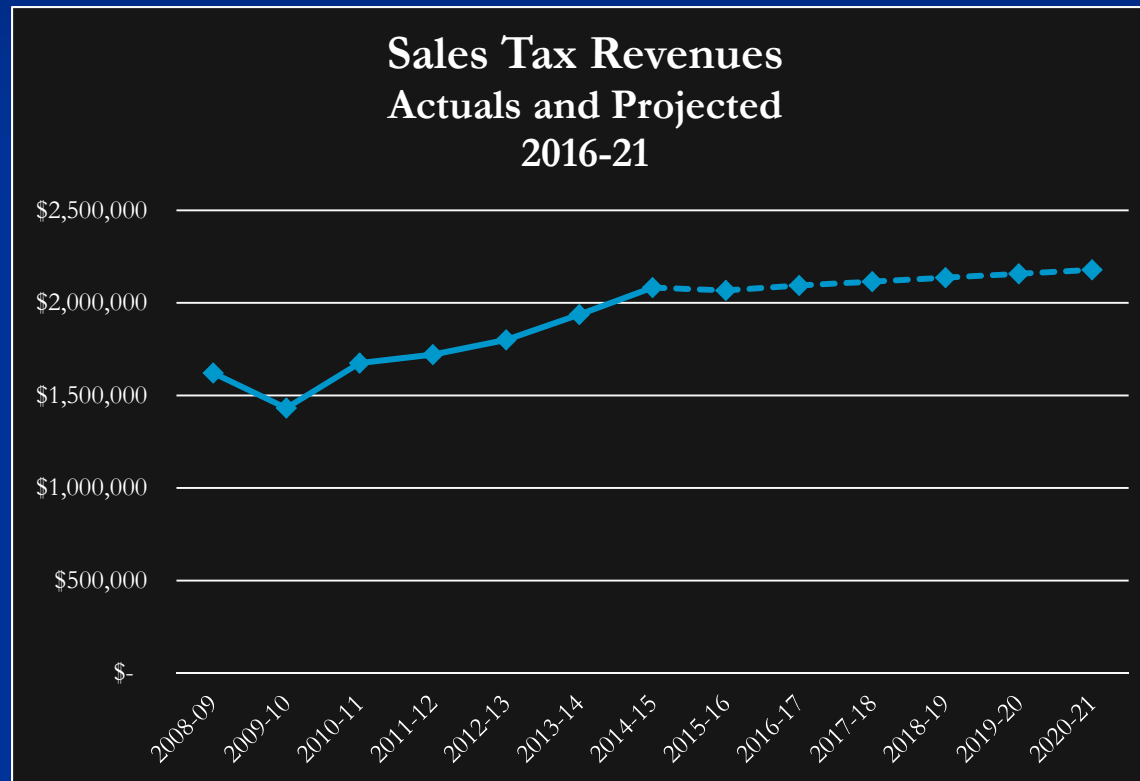


City of Pacifica Long Term Financial Plan Update





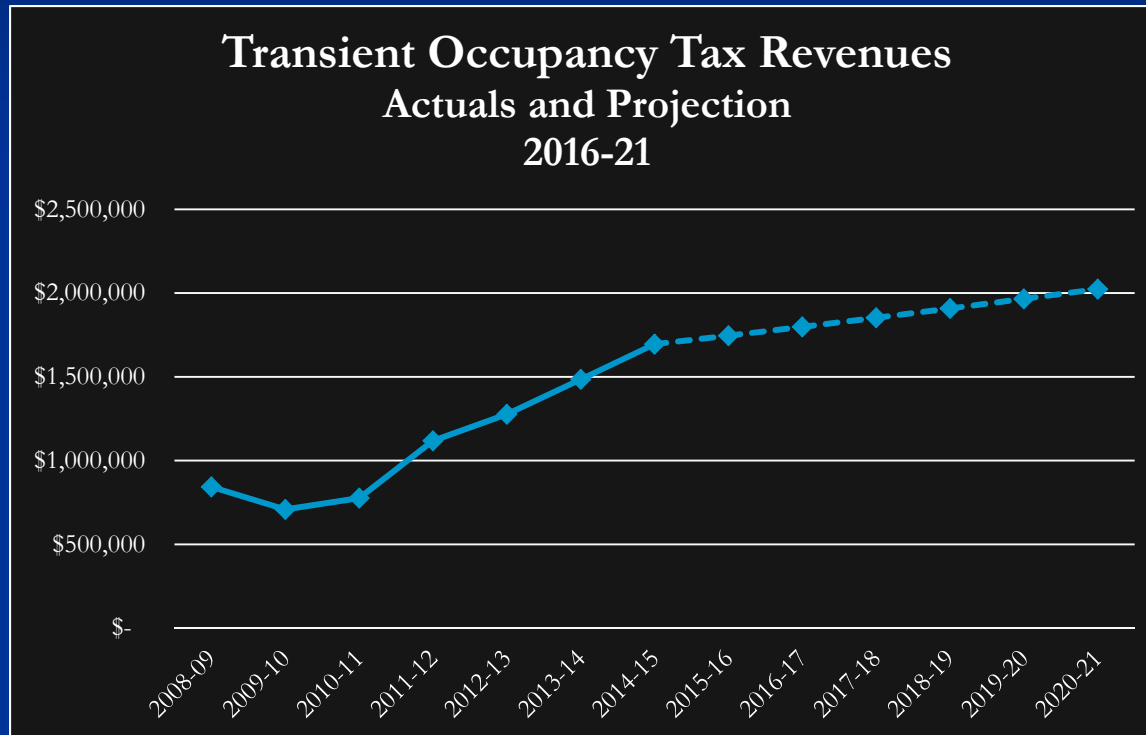
City of Pacifica Long Term Financial Plan Update





City of Pacifica

Long Term Financial Plan Update





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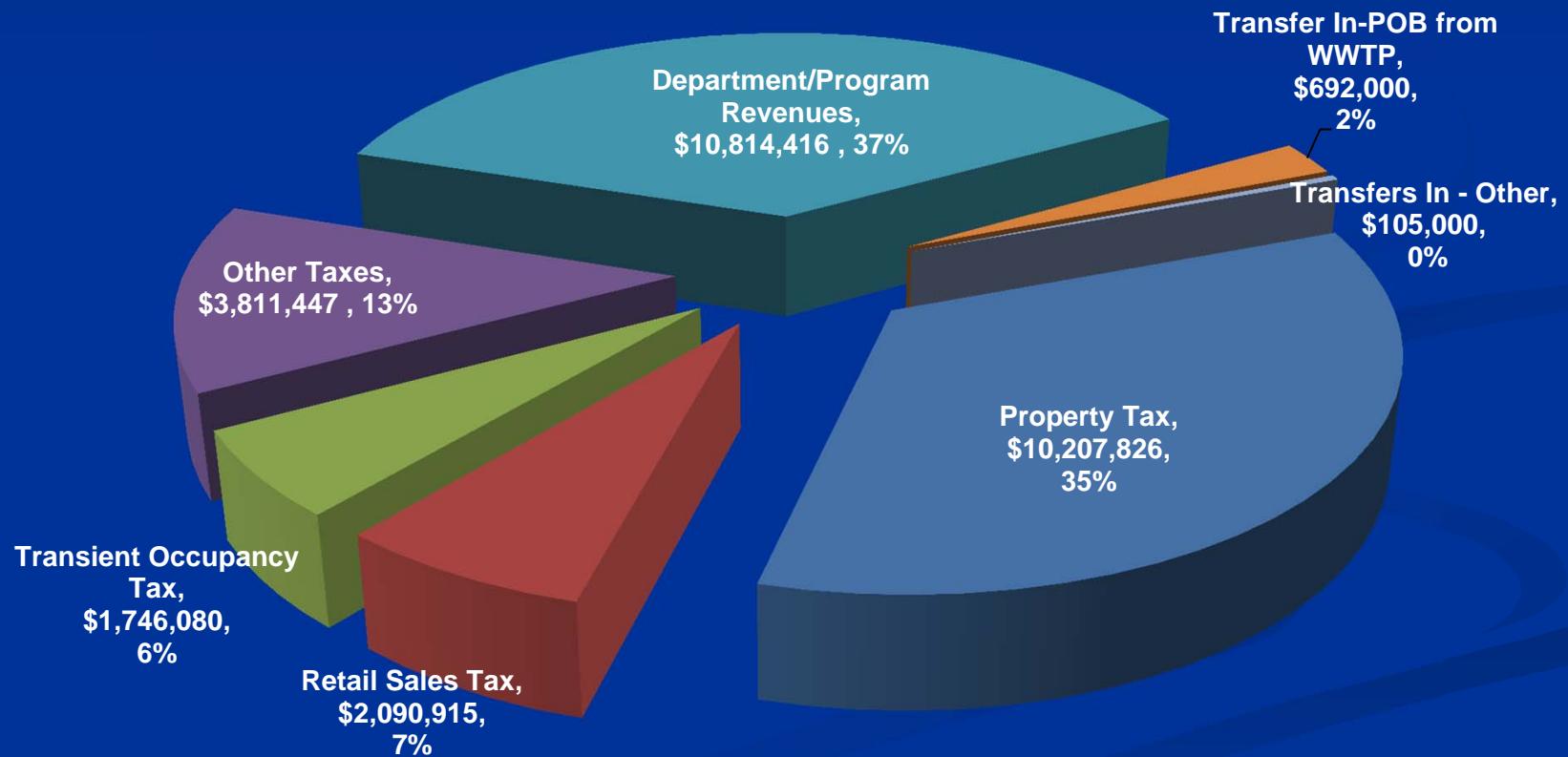
Summary of Revenue Assumptions

Revenue Source	Optimistic	Moderate	Pessimistic
Service Charges such as: <ul style="list-style-type: none"> • Construction Permits • Other Licensing and Permits • Beach and Community Center related services • Recreation Fees 	Annual growth factor of 3.2% (or agreed upon increases) in all scenarios reflecting expected inflation rate and continued policy of full cost recovery for City services, i.e., as staff costs increase, those increases will be passed along in City fees.		
Other Revenues such as: <ul style="list-style-type: none"> • Intergovernmental (mostly grants) • Fines and Forfeitures 	Growth factor of 0.0%	Growth factor of 0.0%	Growth factor of 0.0%
Transfers-In <ul style="list-style-type: none"> ▪ Interfund Loan transfers to smooth pension obligation payments 	Forecasted at agreed upon transfer amounts and timelines	Forecasted at agreed upon transfer amounts and timelines	Forecasted at agreed upon transfer amounts and timelines



City of Pacifica Long Term Financial Plan Update

2015-16 Projected General Fund Revenues - \$29,467,684





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Long Term Financial Plan Update

Salaries and Wages

Average Net Increase Shown as % of Salary	2016-17	2017-18	2018-19	2019-20	2020-21
Police – (PPSA & PPMA)**	2%	2%	0%	0%	0%
Police – (PPOA*)	2%	2%	0%	0%	0%
Fire – (IAFF)	1.5%	1.5%	1.5%	0%	0%
Misc. – (856 Misc.)	2%	2%	0%	0%	0%
Misc. – (WWTP)*	2%	2%	0%	0%	0%



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Long Term Financial Plan Update

Pension Rates + Bonds

Shown as % of Salary	2016-17	2016-17	2017-18	2018-19	2019-20
Police – City Pays (PPSA & PPMA*)	32%	35%	38%	41%	42%
Employee Pays (PPSA & PPMA)**	14%	14%	14%	14%	14%
Police – City Pays (PPOA*)	33%	36%	39%	42%	43%
Employee Pays (PPOA)**	13%	13%	13%	13%	13%
Pension Obligation Bond Pmts***	21%	21%	21%	21%	21%
Fire – City Pays	27%	29%	31%	34%	34%
Employee Pays**	12%/9%	12%/9%	12%/9%	12%/9%	12%/9%
Pension Obligation Bond Pmts***	21%	21%	21%	21%	21%
Misc. (Non-Safety) – City Pays	14%	15%	15%	16%	16%
Employee Pays**	10%/8%	10.50%/8%	10.50%/8%	10.50%/8%	10.50%/8%
Pension Obligation Bond Pmts***	9%	9%	9%	9%	9%

*PPSA = Pacifica Police Supervisors Assn; PPMA = Pacifica Police Managers Assn; PPOA = Pacifica Police Officers Assn.

**Employee rate is actually 9% for Police and Fire and 8% for Miscellaneous. The additional percentage paid above the employee rate reflects employee agreements to share the City's portion of pension costs.

***Payment converted from dollars into % salary for ease of comparison



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Long Term Financial Plan Update

Other Significant Costs

Year over year increase	2015-16	2016-17	2017-18	2018-19	2019-20
Medical Insurance	15%	15%	15%	15%	15%
Dental/Long Term Disability	2%	2%	2%	2%	2%
Non-personnel related expenses (supplies, contracts, services, utilities, etc.)	3.2%	3.2%	3.2%	3.2%	3.2%



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Long Term Financial Plan Update

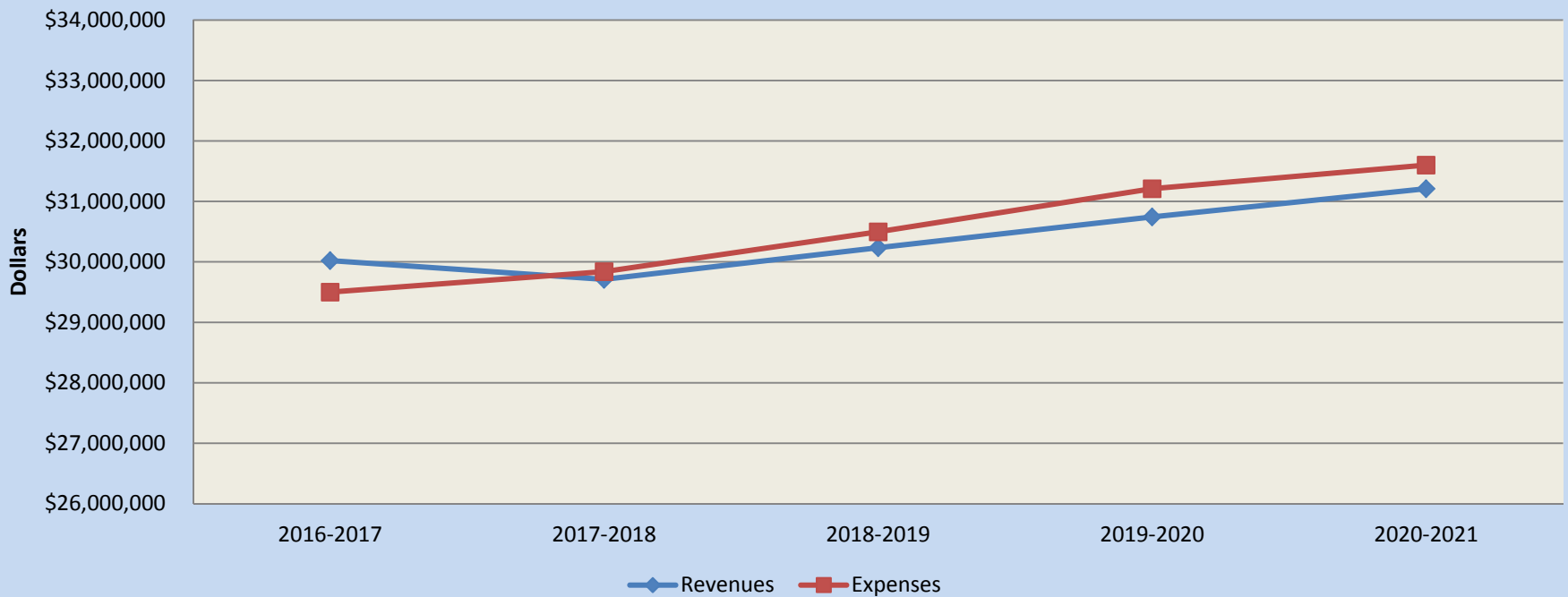
City of Pacifica								
Long Term Financial Plan 2016-21								
General Fund								
14-Mar-16								
	2015-16 Distribution	2015-2016 Budget	2015-2016 Projected	2016-2017 Projected	2017-2018 Projected	2018-2019 Projected	2019-2020 Projected	2020-2021 Projected
REVENUE								
Property Tax	34%	\$ 9,839,114	\$ 10,207,826	\$ 10,488,541	\$ 10,776,976	\$ 11,073,343	\$ 11,350,176	\$ 11,577,180
Retail Sales Tax	7%	2,090,915	2,090,915	2,118,227	2,139,410	2,160,804	2,182,412	2,204,236
Transient Occupancy Tax	6%	1,591,850	1,746,080	1,801,954	1,859,617	1,919,125	1,980,536	2,043,914
Other Taxes	13%	3,832,039	3,811,447	3,844,641	3,877,685	3,911,365	3,945,696	3,980,696
Department/Program Revenues	37%	10,600,391	10,814,416	10,869,259	10,977,468	11,089,110	11,204,294	11,323,132
Transfer In-POB from WWTP	2%	692,000	692,000	794,000	-	-	-	-
Transfers In	0%	105,000	105,000	105,000	80,000	80,000	80,000	80,000
Total Annual Revenue	100%	\$ 28,751,310	\$ 29,467,684	\$ 30,021,623	\$ 29,711,156	\$ 30,233,746	\$ 30,743,115	\$ 31,209,157
EXPENSES								
Salaries And Wages	47%	\$ 13,429,550	\$ 13,429,550	\$ 13,751,550	\$ 14,121,004	\$ 14,188,035	\$ 14,188,035	\$ 14,188,035
Personnel Benefits	26%	7,343,550	7,343,550	7,555,057	7,132,640	7,520,629	7,239,503	7,387,051
Other Expenses	23%	6,704,210	6,704,210	6,918,745	7,140,145	7,368,630	7,604,426	7,847,766
Debt Service	3%	894,000	894,000	894,000	894,000	894,000	894,000	894,000
Transfer Out-POB to WWTP	0%				171,000	147,000	905,000	905,000
Transfers-Out	1%	380,000	380,000	380,000	380,000	380,000	380,000	380,000
Total Annual Expense	123%	\$ 28,751,310	\$ 28,751,310	\$ 29,499,352	\$ 29,838,789	\$ 30,498,294	\$ 31,210,964	\$ 31,601,852
Total GF Surplus/Deficit		\$ (0)	\$ 716,374	\$ 522,271	\$ (127,633)	\$ (264,548)	\$ (467,849)	\$ (392,694)
Pct. of GF Revenues		0.00%	2.43%	1.74%	-0.43%	-0.88%	-1.52%	-1.26%



City of Pacifica

Long Term Financial Plan Update

**General Fund
2016-2021 Forecast
Revenues & Expenses**

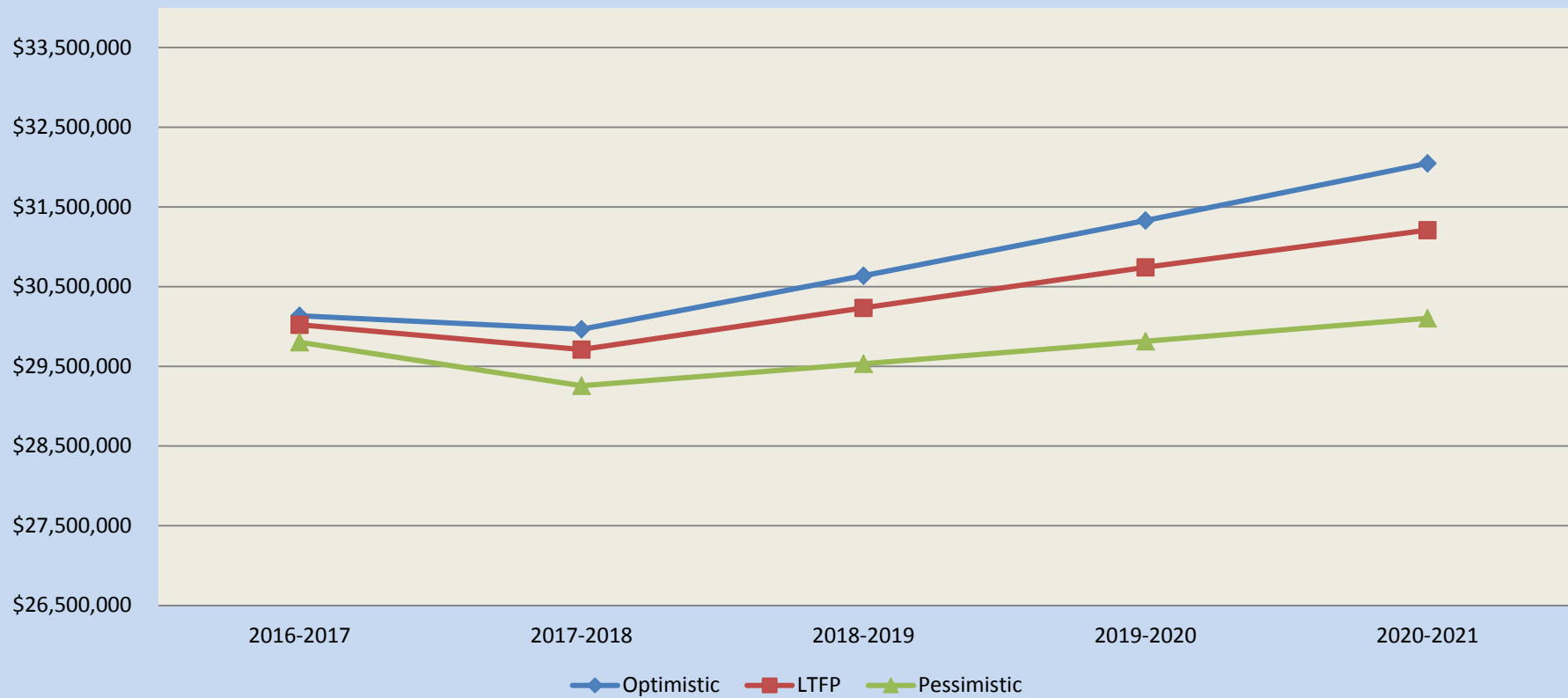




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Long Term Financial Plan Update

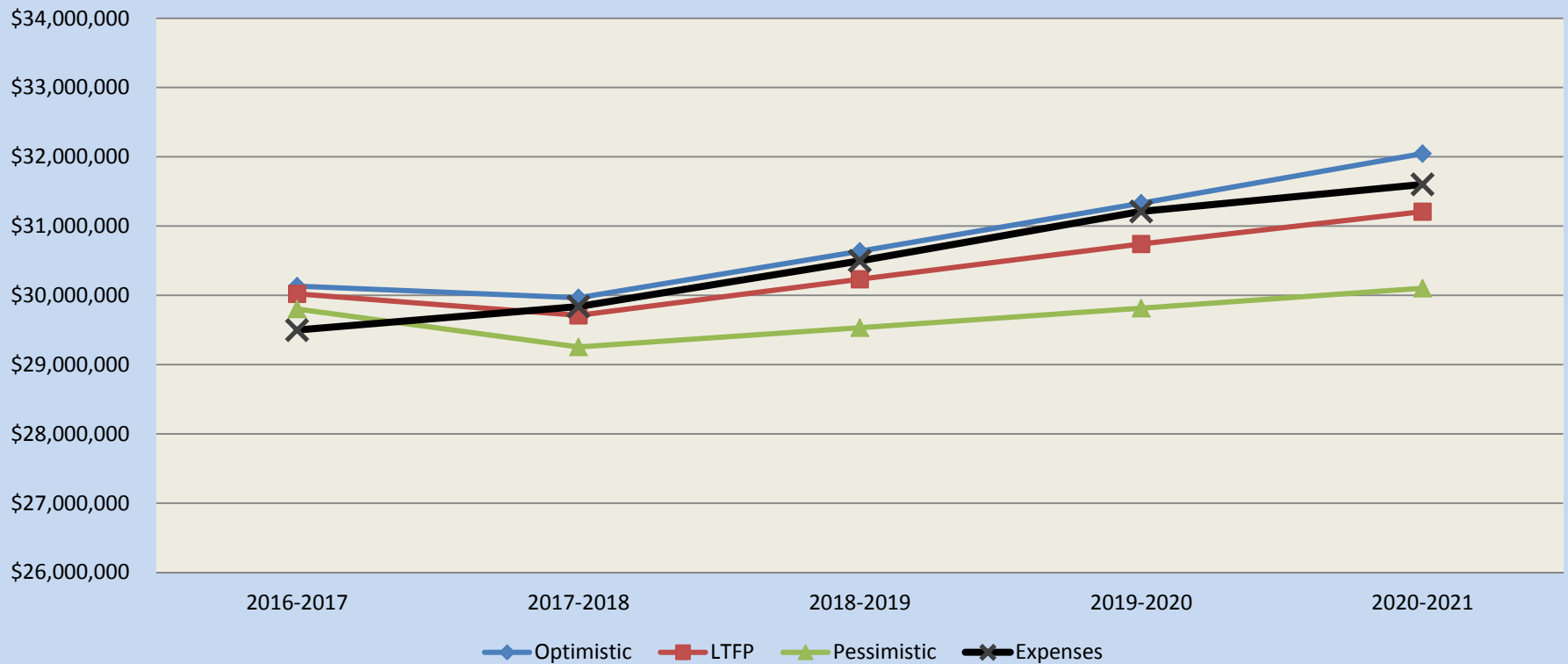
2016-2021 Forecast Comparison of Revenues





City of Pacifica Long Term Financial Plan Update

2016-2021 Forecast
Comparison of Three Revenue Scenarios to Expected Expenditures





City of Pacifica Long Term Financial Plan Update

Questions?



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Long Term Financial Plan Update

City of Pacifica								
Long Term Financial Plan 2016-2021 - Optimistic								
General Fund								
22-Feb-16								
	2015-16	2015-2016	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
REVENUE	Distribution	Budget	Projected	Projected	Projected	Projected	Projected	Projected
Property Tax	34%	\$ 9,839,114	\$ 10,207,826	\$ 10,565,100	\$ 10,934,878	\$ 11,317,599	\$ 11,713,715	\$ 12,123,695
Retail Sales Tax	7%	2,090,915	2,090,915	2,118,227	2,160,592	2,203,804	2,247,880	2,292,837
Transient Occupancy Tax	6%	1,591,850	1,746,080	1,815,923	1,888,560	1,964,102	2,042,666	2,124,373
Other Taxes	13%	3,832,039	3,811,447	3,866,197	3,922,378	3,980,033	4,039,203	4,099,936
Department/Program Revenues	37%	10,600,391	10,814,416	10,869,669	10,978,313	11,090,413	11,206,081	11,325,429
Transfer In-POB from WWTP	2%	692,000	692,000	794,000	-	-	-	-
Transfers In	0%	105,000	105,000	105,000	80,000	80,000	80,000	80,000
Total Annual Revenue	100%	\$ 28,751,310	\$ 29,467,684	\$ 30,134,117	\$ 29,964,721	\$ 30,635,951	\$ 31,329,545	\$ 32,046,270
EXPENSES	2015-16	2015-2016	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
	Distribution	Budget	Projected	Projected	Projected	Projected	Projected	Projected
Salaries And Wages	47%	\$ 13,429,550	\$ 13,429,550	\$ 13,751,550	\$ 14,121,004	\$ 14,188,035	\$ 14,188,035	\$ 14,188,035
Personnel Benefits	26%	7,343,550	7,343,550	7,555,057	7,132,640	7,520,629	7,239,503	7,387,051
Other Expenses	23%	6,704,210	6,704,210	6,918,745	7,140,145	7,368,630	7,604,426	7,847,766
Debt Service	3%	894,000	894,000	894,000	894,000	894,000	894,000	894,000
Transfer Out-POB to WWTP	0%				171,000	147,000	905,000	905,000
Transfers-Out	1%	380,000	380,000	380,000	380,000	380,000	380,000	380,000
Total Annual Expense	100%	\$ 28,751,310	\$ 28,751,310	\$ 29,499,352	\$ 29,838,789	\$ 30,498,294	\$ 31,210,964	\$ 31,601,852
Total GF Surplus/Deficit		\$ (0)	\$ 716,374	\$ 634,765	\$ 125,932	\$ 137,657	\$ 118,581	\$ 444,419
Pct. of GF Revenues		0.00%	2.43%	2.11%	0.42%	0.45%	0.38%	1.39%



City of Pacifica

Long Term Financial Plan Update

City of Pacifica								
Long Term Financial Plan 2016-2021 - Pessimistic								
General Fund								
22-Feb-16								
	2015-16 Distribution	2015-2016 Budget	2015-2016 Projected	2016-2017 Projected	2017-2018 Projected	2018-2019 Projected	2019-2020 Projected	2020-2021 Projected
REVENUE								
Property Tax	34%	\$ 9,839,114	\$ 10,207,826	\$ 10,309,904	\$ 10,413,003	\$ 10,517,133	\$ 10,622,305	\$ 10,728,528
Retail Sales Tax	7%	2,090,915	2,090,915	2,118,227	2,128,819	2,139,463	2,150,160	2,160,911
Transient Occupancy Tax	6%	1,591,850	1,746,080	1,781,001	1,816,621	1,852,954	1,890,013	1,927,813
Other Taxes	13%	3,832,039	3,811,447	3,825,134	3,838,911	3,852,778	3,866,736	3,880,785
Department/Program Revenues	37%	10,600,391	10,814,416	10,869,669	10,978,313	11,090,413	11,206,081	11,325,429
Transfer In-POB from WWTP	2%	692,000	692,000	794,000	-	-	-	-
Transfers In	0%	105,000	105,000	105,000	80,000	80,000	80,000	80,000
Total Annual Revenue	100%	\$ 28,751,310	\$ 29,467,684	\$ 29,802,937	\$ 29,255,667	\$ 29,532,741	\$ 29,815,294	\$ 30,103,466
EXPENSES								
Salaries And Wages	47%	\$ 13,429,550	\$ 13,429,550	\$ 13,751,550	\$ 14,121,004	\$ 14,188,035	\$ 14,188,035	\$ 14,188,035
Personnel Benefits	26%	7,343,550	7,343,550	7,555,057	7,132,640	7,520,629	7,239,503	7,387,051
Other Expenses	23%	6,704,210	6,704,210	6,918,745	7,140,145	7,368,630	7,604,426	7,847,766
Debt Service	3%	894,000	894,000	894,000	894,000	894,000	894,000	894,000
Transfer Out-POB to WWTP	0%				171,000	147,000	905,000	905,000
Transfers-Out	1%	380,000	380,000	380,000	380,000	380,000	380,000	380,000
Total Annual Expense	123%	\$ 28,751,310	\$ 28,751,310	\$ 29,499,352	\$ 29,838,789	\$ 30,498,294	\$ 31,210,964	\$ 31,601,852
Total GF Surplus/Deficit		\$ (0)	\$ 716,374	\$ 303,585	\$ (583,122)	\$ (965,553)	\$ (1,395,670)	\$ (1,498,386)
Pct. of GF Revenues		0.00%	2.43%	1.02%	-1.99%	-3.27%	-4.68%	-4.98%