

City of Pinole Preliminary Proposed Long-Term Financial Plan for Fiscal Year (FY) 2022/23 – FY 2026/27

City Council Meeting
April 26, 2022



Staff Recommendation

City Council to review the Preliminary Proposed Long-Term Financial Plan (LTFP) for Fiscal Year (FY) 2022/23 – FY 2026/27 and provide direction to staff for changes to incorporate into the next draft of the document, the Revised Proposed version.

Purpose of Long-Term Financial Plan

- Forecasts the City's budget condition over the next five years by incorporating a financial forecast
- Identifies major financial challenges and opportunities
- Recommends policy/program changes
- Serves as a reference to staff and the Council for development of the operating and capital budget and other needs

Status Quo Financial Forecast Highlights

- Includes the General Fund and Measure S 2006 and 2014
- Indicates that the City's ongoing revenues are sufficient to cover its ongoing expenditures, and the City will be able to fully fund its General Reserve
- Reflects a significant increase in property tax revenue in FY 2023/24 due to the retirement of former Redevelopment debt
- Excludes non-recurring revenues and expenditures
- LTFP now includes financial forecasts for Non-General Funds

Status Quo Financial Forecast Assumptions

- Revenues

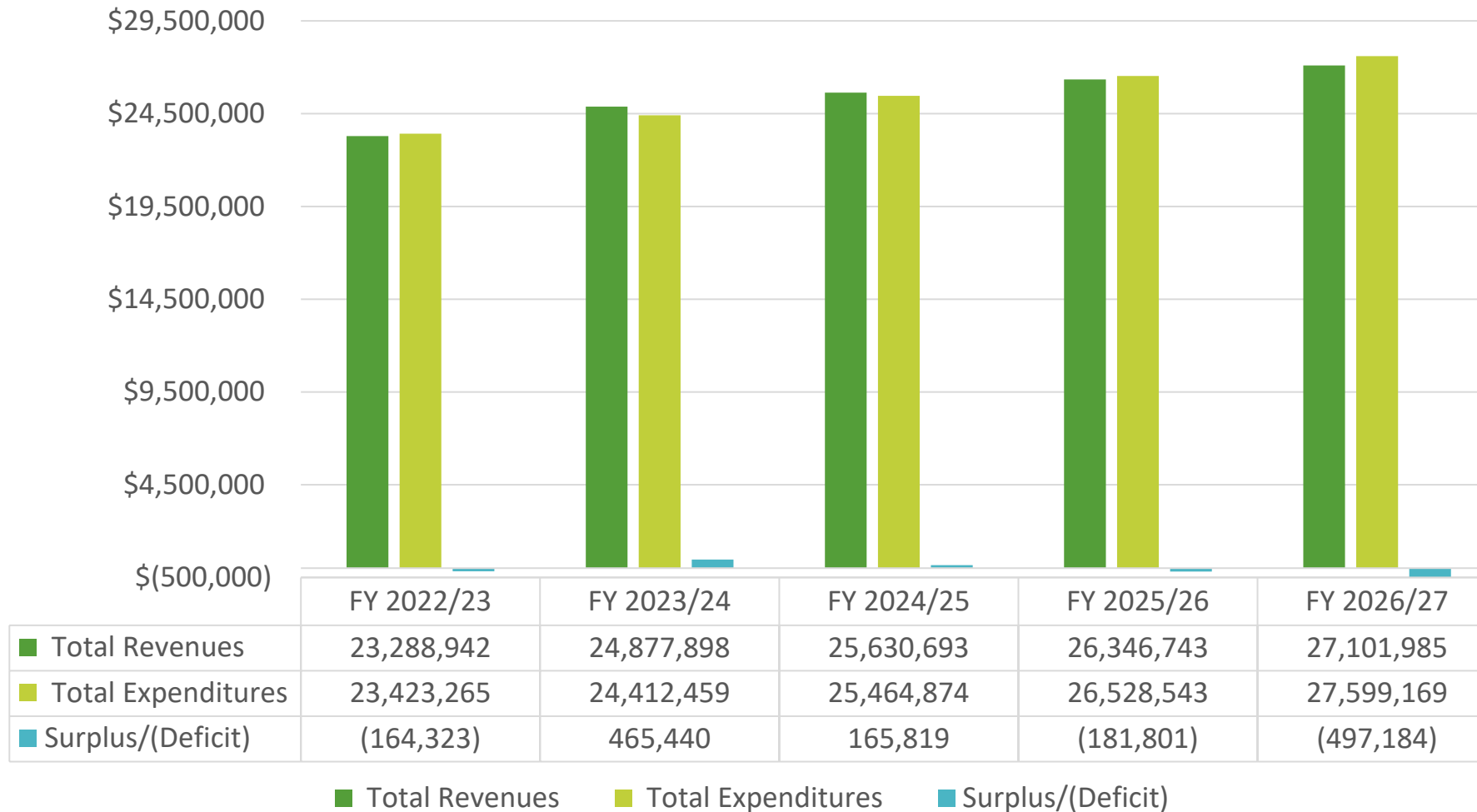
Revenues	Basis of Assumption	Average Growth Rate
Property Tax	HdL projections	8%
Sales Tax	HdL projections	2%
Utility Users' Tax	Trend analysis	1%
Franchise Tax	Trend analysis	1%
Motor Vehicle In-Lieu Tax (VLF)	HdL projections	5%
Transient Occupancy Tax	Trend analysis	3%
Business License Tax	Trend analysis	3%
Charges for Services	Interagency agreement	5%
Other Revenues	Trend analysis	1%
Transfers In	Formula for transfer from Pension Trust	

Status Quo Financial Forecast Assumptions

- Expenditures

Expenditures	Basis of Assumption	Average Growth Rate
Salaries & Wages	Labor agreements	3%
Benefits – PERS Retirement	PERS valuation reports	6%
Benefits - Other	Rate schedules	5%
Operations and Maintenance	Inflation factor	3%
Capital Outlay	Inflation factor	3%
Debt Service	Debt payment schedule	
Transfers Out	Flat dollar amount	

General Fund Status Quo Financial Forecast



Major Challenges

Environmental Scan – Strategic Plan 2020-2025	Community Survey 2019	Community Survey 2021
Extensive infrastructure, which needs upgrade and replacement	Traffic/transportation	Infrastructure maintenance and replacement
Retaining and developing staff, and succession planning	Public services funding/spending	Climate change
Climate change	Crime/policing	Public safety
Changing nature of retail and related impact on sales and property tax revenues	City budget/policies	Public transportation

Major Opportunities

Environmental Scan – Strategic Plan 2020-2025	Community Survey 2021
Modern retail centers, potentially mixed use or destination/entertainment developments	Environmental initiatives, including use of green and renewable energy
Redevelop underdeveloped infill sites	Economic development strategy to attract/support small businesses
The City's central location in the Bay Area	Redevelopment of sites for new businesses and housing
The City's diverse population	Revitalization of the historic downtown
The City's historic downtown	

Policy Alternatives – Additional Discretionary Expenditures

- Unfunded/Deferred Liabilities
 - Unfunded Liabilities
 - Deferred Maintenance and Renewal
- Service and Program Expansion
 - Expansion of Existing Services
 - New Services
 - Capital Expansion
 - Additional Reserves

Policy Alternatives – Additional Revenue and Expenditure Reduction Options

- Additional Revenue
 - New Local Revenue
 - New Federal Funding
 - Additional Cash from Debt
- Expenditure Reductions
 - Retiree Medical Benefit
 - Process Improvements/Efficiencies

Recommendations

- Maintain current staffing and service levels
- Start to address unfunded liabilities, primarily capital asset renewal/replacement and Other Post-Employment Benefits (OPEB)
 - Pursue revenue-generating opportunities
 - Evaluate debt financing options
- City Council to provide direction to staff for changes to incorporate in the LTFP

Next Steps

- Staff to incorporate City Council-directed changes
- Prepare Revised Proposed Long Term Financial Plan for FY 2022/23 – FY 2026/2 and present it to the City Council on May 17, 2022

Thank you

Questions/Comments