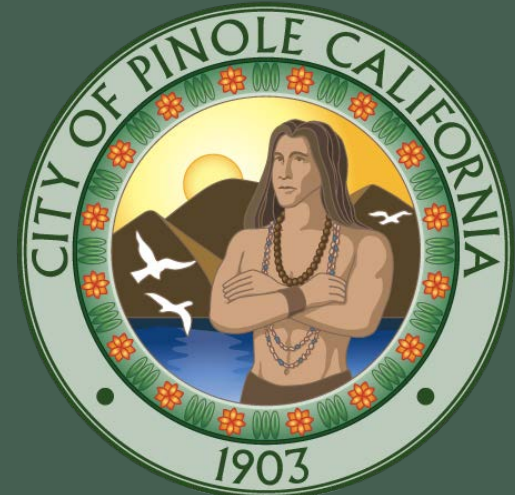


City of Pinole
Ten-Year General Fund
Status Quo Financial Forecast
FY 2023/24 – FY 2032/33

City Council Meeting

May 16, 2023



Staff Recommendation

- City Council to receive the ten-year General Fund status quo financial forecast for the Fiscal Year (FY) 2023/24 through FY 2032/33.

Purpose of a Long-Term Financial Forecast

- Estimates future revenues and expenditures based on assumptions about the future activities and operating environment
- Provides a longer-term view of the City's fiscal condition
- Identifies future financial opportunities and challenges
- Is not a budget, but serves as a valuable planning and decision-making tool for budget development

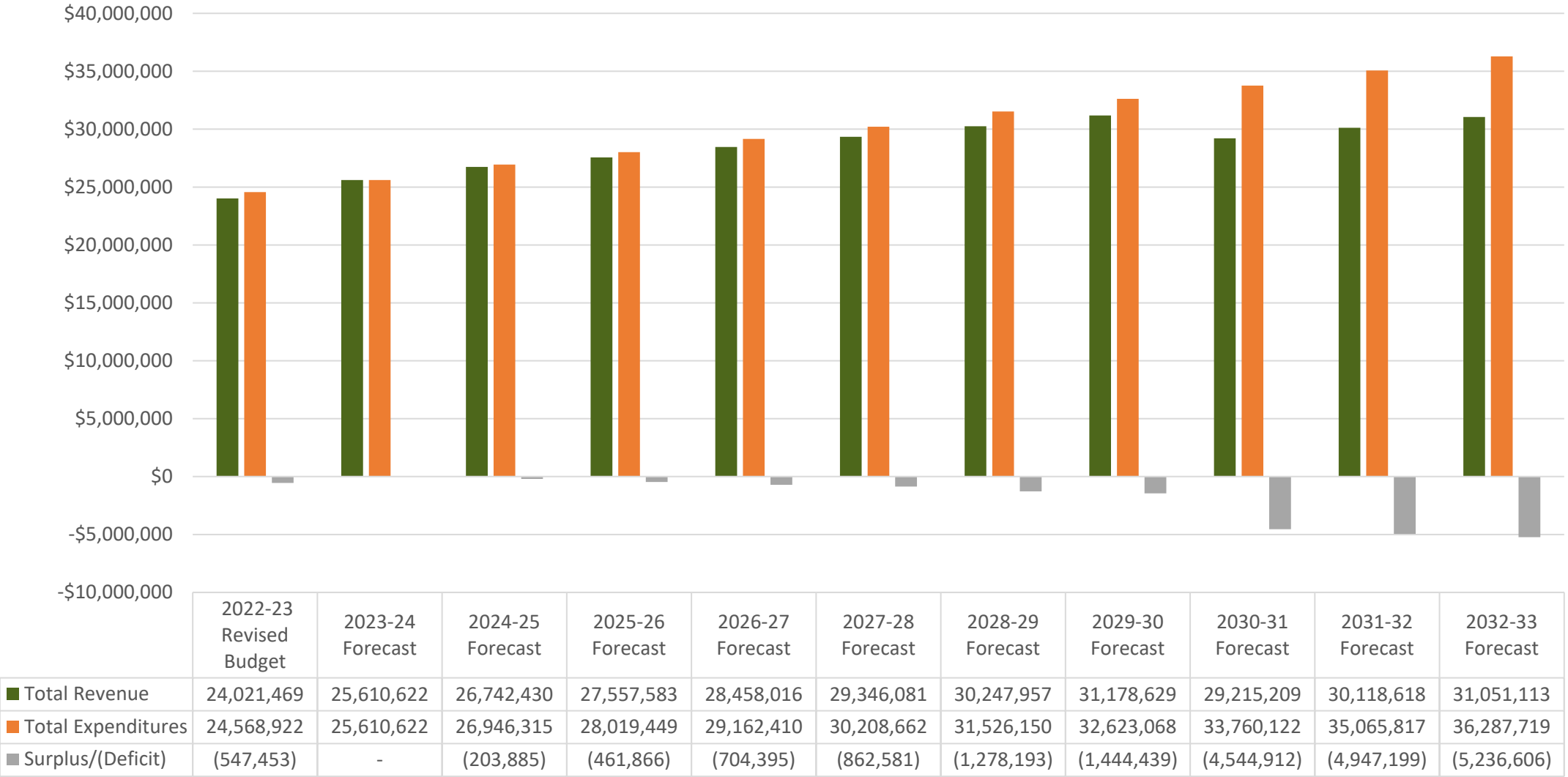
Background

- For several years, the City has created five-year financial forecasts as a part of the Long-Term Financial Plan (LTFP)
- The City has focused on a “status quo” forecast for the General Fund that estimates the City’s future revenues and expenditures if the City maintains status quo service and staffing levels
- The City Council requested that staff prepare a ten-year financial forecast, which will be included in the next LTFP

Overview of the General Fund Ten-Year Financial Forecast

- Ongoing revenues are forecasted to grow at a slower rate than ongoing expenditures, resulting in a growing imbalance over time
 - Revenues at 3% and expenditures at 4%
- The forecast anticipates that the City will exhaust the Pension Trust Fund in FY 2029/30
- The forecast anticipates that the General Reserve will continue to grow

General Fund Ten-Year Financial Forecast Summary



Key Revenue Assumptions

Revenue	Basis of Assumption	Average Growth Rate
Property Tax	Property tax consultant (HdL) projections; does not consider new construction	3% (after year 2)
Sales Tax	Sales tax consultant (HdL) projections	3%
Utility Users' Tax (UUT)	Trend analysis	4%
Franchise Tax	Trend analysis	1%
Motor Vehicle In-Lieu Tax (VLF)	Property tax consultant (HdL) projections	4%
Transient Occupancy Tax (TOT)	Trend analysis	3%
Business License Tax	Trend analysis	4%
Charges for Services	Interagency agreement	3%
Other Revenues	Trend analysis	1%
Transfers In	Formula for transfer from Pension Trust	

Key Expenditure Assumptions

Expenditures	Basis of Assumption	Average Growth Rate
Salaries & Wages	Assumed cost of living adjustment (3%); vacancy savings factor (4%); based on current staffing level	3%
Benefits – PERS Retirement	PERS valuation reports; employee cost-sharing agreements	6%
Benefits - Other	Industry trends	4.5%
Operations and Maintenance	Inflation factor	3%
CCCFPD Fire Services Agreement	Inflation factor built into agreement; assumes agreement will continue beyond initial 5-year term	4%
Capital Outlay	Inflation factor	3%
Debt Service	Debt payment schedule	
Transfers Out	Increase consistent with operating expenditure growth	3%

General Fund Ten-Year Financial Forecast – Revenues and Expenditures

CITY OF PINOLE											
LONG-TERM FINANCIAL FORECAST											
GENERAL FUND SUMMARY INCLUDES MEASURE S 2006 & 2014	2022-23 Revised Budget	2023-24 Forecast	2024-25 Forecast	2025-26 Forecast	2026-27 Forecast	2027-28 Forecast	2028-29 Forecast	2029-30 Forecast	2030-31 Forecast	2031-32 Forecast	2032-33 Forecast
REVENUE											
PROPERTY TAX	4,776,626	5,678,211	6,182,557	6,386,582	6,635,020	6,834,070	7,039,092	7,250,265	7,467,773	7,691,806	7,922,561
SALES TAX	4,582,095	4,621,023	4,724,310	4,853,173	5,004,328	5,160,972	5,315,801	5,475,275	5,639,533	5,808,719	5,982,981
MEAS S 2006 & 2014 LOCAL SALES TAX	4,902,000	4,972,000	5,084,000	5,222,000	5,384,000	5,554,000	5,720,620	5,892,239	6,069,006	6,251,076	6,438,608
UTILITY USERS TAX	1,934,150	2,085,485	2,168,904	2,255,661	2,345,887	2,439,722	2,537,311	2,638,804	2,744,356	2,854,130	2,968,295
FRANCHISE TAX	786,790	794,658	802,605	810,631	818,737	826,924	835,194	843,545	851,981	860,501	869,106
INTERGOVERNMENTAL TAX	2,215,948	2,319,918	2,385,435	2,460,102	2,544,912	2,645,006	2,749,606	2,858,390	2,971,526	3,089,187	3,211,555
TRANSIENT OCCUPANCY TAX	440,000	453,200	466,796	480,800	495,224	510,081	525,383	541,145	557,379	574,100	591,323
BUSINESS LICENSE TAX	412,500	450,014	463,514	477,420	491,742	506,495	521,690	537,340	553,460	570,064	587,166
CHARGES FOR SERVICES	1,405,108	1,432,539	1,475,515	1,519,781	1,565,374	1,612,335	1,660,705	1,710,526	1,761,842	1,814,698	1,869,138
OTHER REVENUE	549,640	558,094	563,675	569,312	575,005	580,755	586,562	592,428	598,352	604,336	610,379
Total Revenue	22,004,857	23,365,142	24,317,312	25,035,460	25,860,229	26,670,361	27,491,965	28,339,958	29,215,209	30,118,618	31,051,113
PENSION TRANSFER IN	2,016,612	2,245,480	2,425,118	2,522,123	2,597,787	2,675,720	2,755,992	2,838,672	-	-	-
Total Sources	24,021,469	25,610,622	26,742,430	27,557,583	28,458,016	29,346,081	30,247,957	31,178,629	29,215,209	30,118,618	31,051,113
EXPENDITURES											
SALARIES	11,462,312	9,359,141	9,639,915	9,929,113	10,226,986	10,533,796	10,849,810	11,175,304	11,510,563	11,855,880	12,211,556
BENEFITS - PERS RETIRE	3,808,871	2,834,290	3,174,405	3,428,357	3,668,342	3,851,759	4,275,453	4,446,471	4,624,330	4,809,303	5,001,675
BENEFITS - OTHER	3,687,664	3,385,361	3,537,702	3,696,899	3,863,259	4,037,106	4,218,776	4,408,621	4,607,009	4,814,324	5,030,969
OPERATIONS AND MAINTENANCE	3,298,050	2,144,196	2,408,522	2,480,778	2,555,201	2,631,857	2,710,813	2,792,137	2,875,901	2,962,178	3,051,043
CCCFPD FIRE SERVICES AGREEMENT		5,484,781	5,704,172	5,932,339	6,169,633	6,416,418	6,673,075	6,939,998	7,217,598	7,506,302	7,806,554
DEBT SERVICE	596,107	611,107	636,100	651,100	721,100	721,100	721,100	721,100	721,100	848,100	848,100
CAPITAL OUTLAY	294,993	332,990	342,980	353,269	363,867	374,783	386,027	397,607	409,536	421,822	434,476
TRANSFERS OUT	1,420,925	1,458,756	1,502,519	1,547,594	1,594,022	1,641,843	1,691,098	1,741,831	1,794,086	1,847,908	1,903,346
Total Expenditures	24,568,922	25,610,622	26,946,315	28,019,449	29,162,410	30,208,662	31,526,150	32,623,068	33,760,122	35,065,817	36,287,719
Surplus/Deficit	(547,453)	-	(203,885)	(461,866)	(704,395)	(862,581)	(1,278,193)	(1,444,439)	(4,544,912)	(4,947,199)	(5,236,606)

General Fund Ten-Year Financial Forecast - Fund Balances

CITY OF PINOLE											
LONG-TERM FINANCIAL FORECAST											
GENERAL FUND SUMMARY INCLUDES MEASURE S 2006 & 2014	2022-23 Revised Budget	2023-24 Forecast	2024-25 Forecast	2025-26 Forecast	2026-27 Forecast	2027-28 Forecast	2028-29 Forecast	2029-30 Forecast	2030-31 Forecast	2031-32 Forecast	2032-33 Forecast
Fund Balance, July 1	10,535,548	8,889,757	8,125,237	7,699,354	7,006,611	6,062,103	4,949,805	3,411,905	1,697,372	(3,128,439)	(8,367,772)
Preliminary Fund Balance, June 30	9,988,095	8,889,757	7,921,352	7,237,489	6,302,216	5,199,522	3,671,612	1,967,466	(2,847,540)	(8,075,638)	(13,604,378)
General Reserves Adjustment	(1,098,338)	(764,520)	(221,998)	(230,878)	(240,113)	(249,718)	(259,706)	(270,095)	(280,898)	(292,134)	(303,820)
Fund Balance, June 30	8,889,757	8,125,237	7,699,354	7,006,611	6,062,103	4,949,805	3,411,905	1,697,372	(3,128,439)	(8,367,772)	(13,908,197)
Pension Fund Balance, July 1	16,045,223	14,459,597	13,002,774	11,286,816	9,379,328	7,295,543	5,022,964	2,548,304	-	-	-
Revenues - Interest	490,986	838,657	754,161	654,635	544,001	423,141	291,332	147,802	-	-	-
Expenditure - Transfers Out	2,016,612	2,245,480	2,425,118	2,522,123	2,597,787	2,675,720	2,755,992	2,838,672	-	-	-
Expenditures	60,000	50,000	45,000	40,000	30,000	20,000	10,000				
Pension Fund Balance, June 30	14,459,597	13,002,774	11,286,816	9,379,328	7,295,543	5,022,964	2,548,304	(142,567)	-	-	-
Fund Balance, July 1	8,192,602	9,363,369	10,293,189	10,705,760	11,146,314	11,604,735	12,081,745	12,578,092	13,094,554	13,631,942	14,191,097
Revenues - Interest	72,429	165,301	190,573	209,675	218,309	227,292	236,641	246,368	256,489	267,021	277,979
Revenues - Transfer In	1,098,338	764,520	221,998	230,878	240,113	249,718	259,706	270,095	280,898	292,134	303,820
General Reserve Balance, June 30	9,363,369	10,293,189	10,705,760	11,146,314	11,604,735	12,081,745	12,578,092	13,094,554	13,631,942	14,191,097	14,772,896

Next Steps

- Incorporate the financial forecast into the next version of the long-term financial plan

Thank you

Questions/Comments

