

# CITY OF LA PALMA

## Sustainable Financial Plan

February 17, 2014



# Sustainable Financial Plan - History

- Original plan approved March 18, 2014
- 10-11 year projection
- Revenue and expenditure assumptions
- Plan to be updated each year
- Formal SFP to be presented April 7



# Challenges

- Ongoing goal of Fiscal Sustainability
  - Significant Budget Reductions
  - Department Reorganizations
- Preliminary FY2015-16 Numbers
  - General Fund Revenues Down
    - \$328,000 from FY2014-15 Projections
    - One-time Revenues add \$223,000
  - General Fund Expenditures UP
    - CalPERS expenses increased \$95,600



# Revenues

- -\$120,000 Other Revenue
- -\$300,000 Sales Tax
- -\$167,000 Business Licenses
- -\$54,000 Property Taxes
- -\$8,000 Interest Revenue
- +\$51,000 Use of Property Revenue

# Expenditures

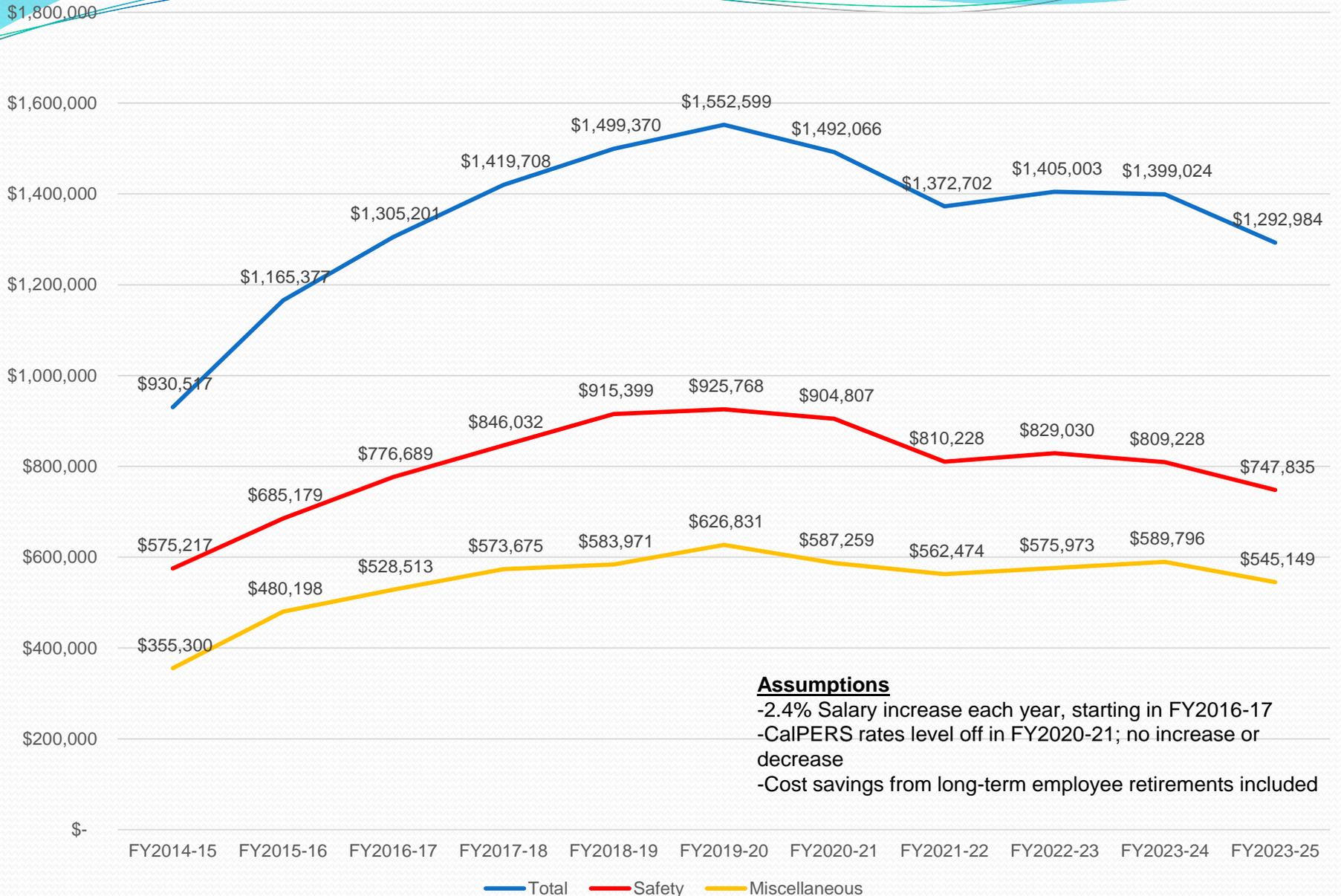
- +\$8,000 Increased Salaries & Benefits
- -\$54,000 Energy Savings

# SFP Projection Assumptions



- Largely status quo budget; building from FY2014-15 project budget for FY2015-16.
- 2.4% CPI growth in Revenues and Expenditures, for years 2016-17 and onward
- Known changes in CalPERS retirement contribution rates have been updated since last year
- Anticipated employee retirements within the ten year period have also been adjusted

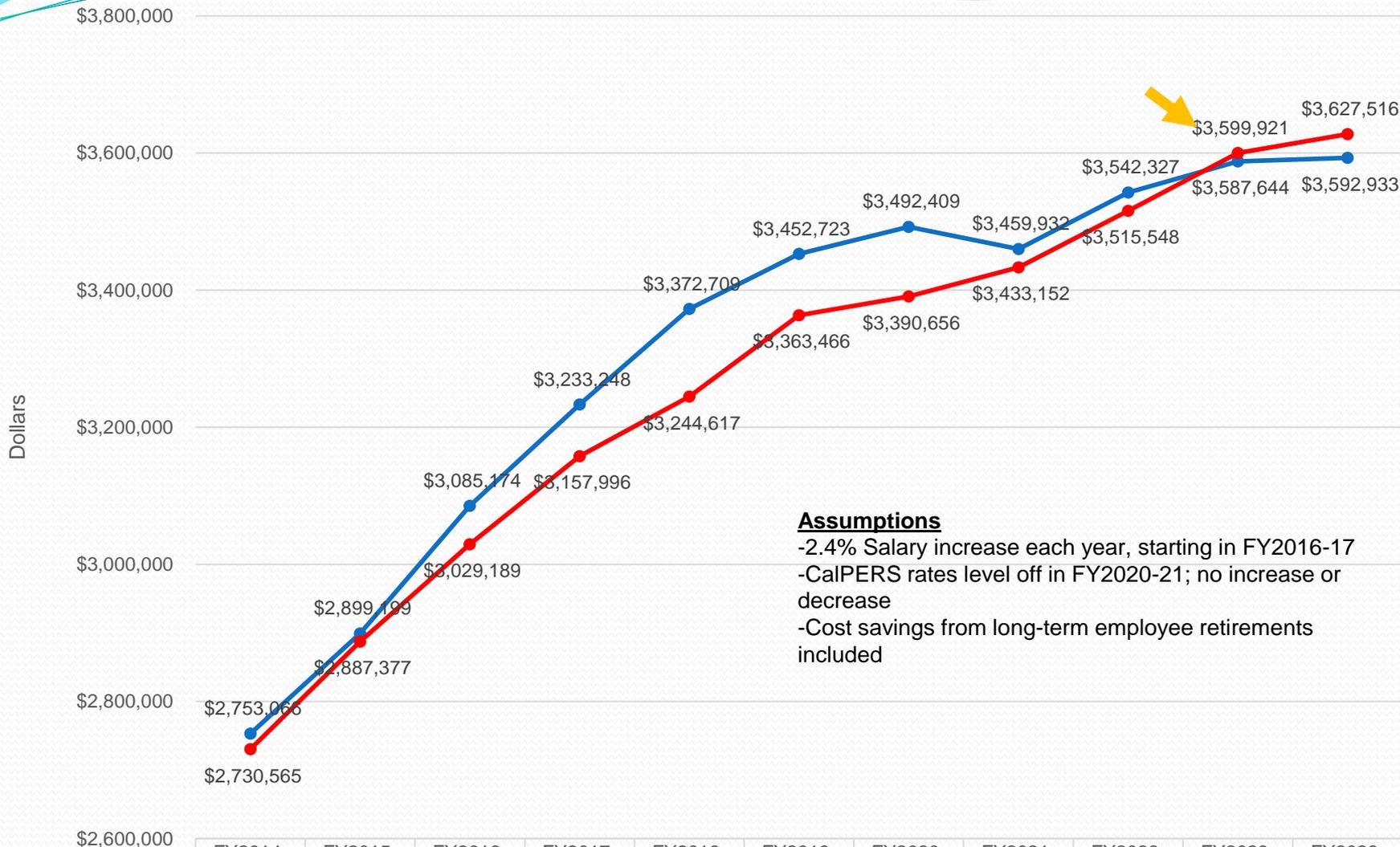
# CalPERS Projected Employer Cost



### Assumptions

- 2.4% Salary increase each year, starting in FY2016-17
- CalPERS rates level off in FY2020-21; no increase or decrease
- Cost savings from long-term employee retirements included

# Salary, Medicare & CalPERS in Dollars

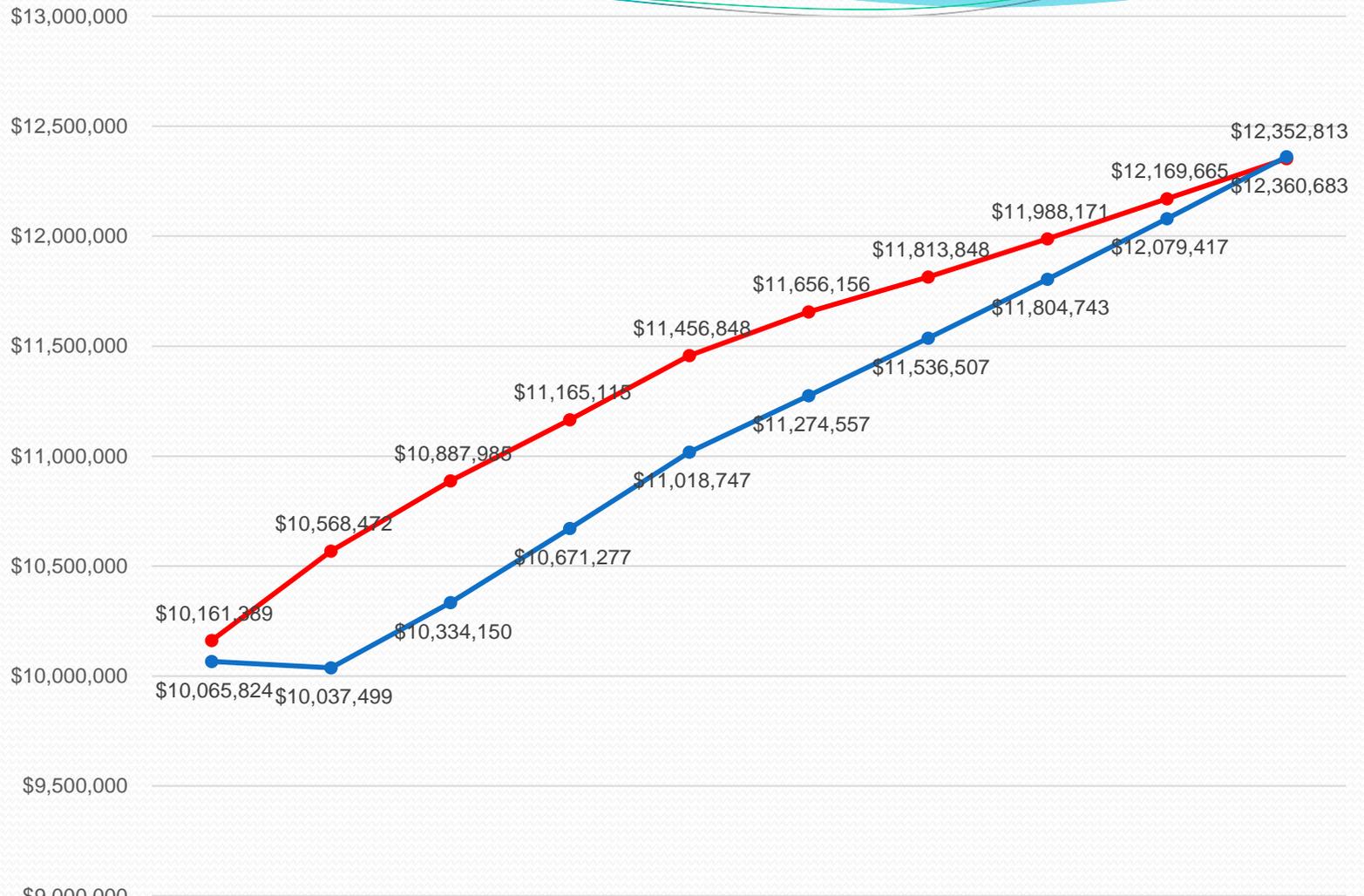


### Assumptions

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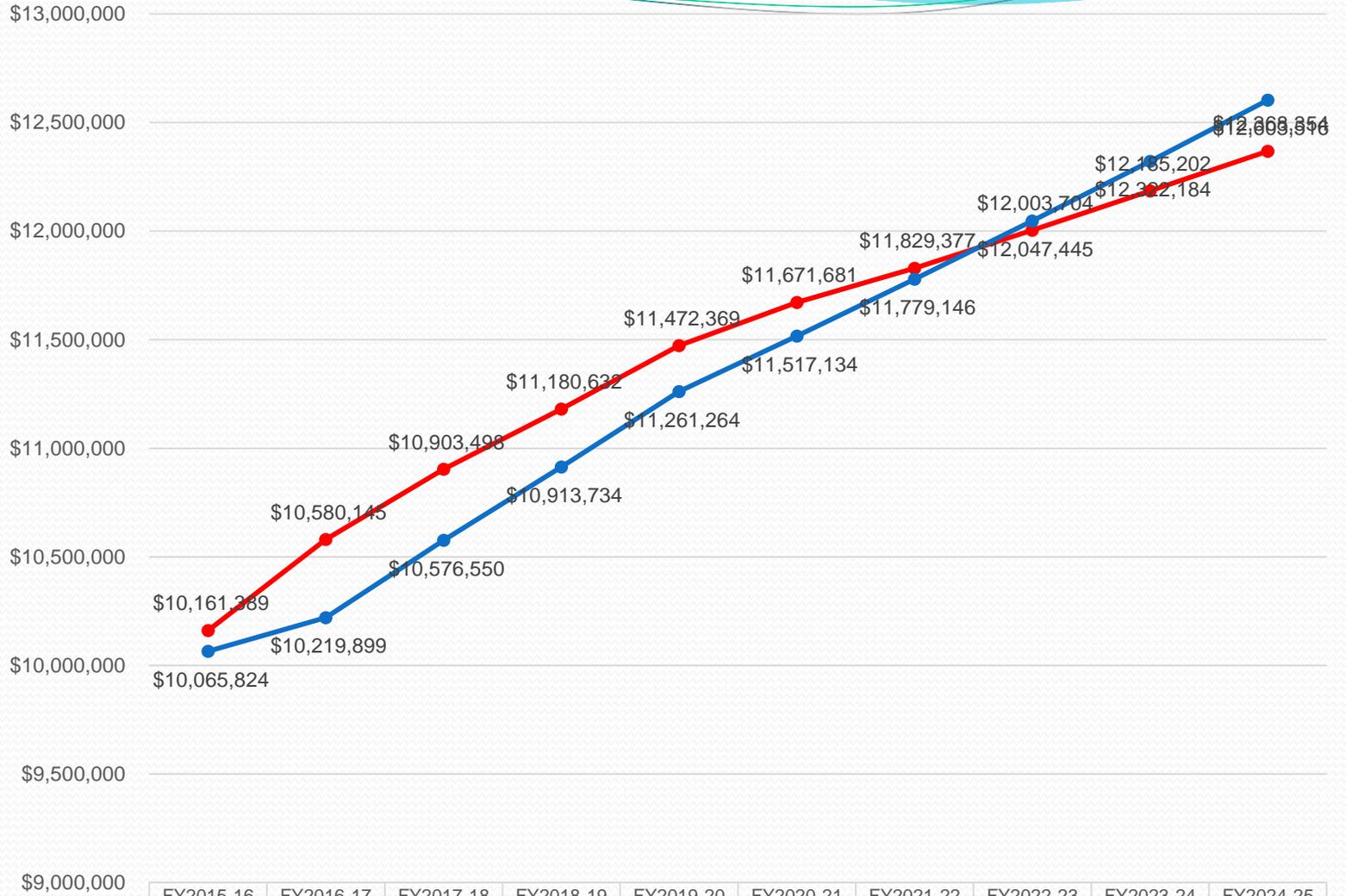
	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21	FY2021-22	FY2022-23	FY2023-24	FY2023-25
● Safety	\$2,753,06	\$2,899,19	\$3,085,17	\$3,233,24	\$3,372,70	\$3,452,72	\$3,492,40	\$3,459,93	\$3,542,32	\$3,587,64	\$3,592,93
● Miscellaneous	\$2,730,56	\$2,887,37	\$3,029,18	\$3,157,99	\$3,244,61	\$3,363,46	\$3,390,65	\$3,433,15	\$3,515,54	\$3,599,92	\$3,627,51
TOTAL	\$5,483,63	\$5,786,57	\$6,114,36	\$6,391,24	\$6,617,32	\$6,816,18	\$6,883,06	\$6,893,08	\$7,057,87	\$7,187,56	\$7,220,44

## SFP - Status Quo



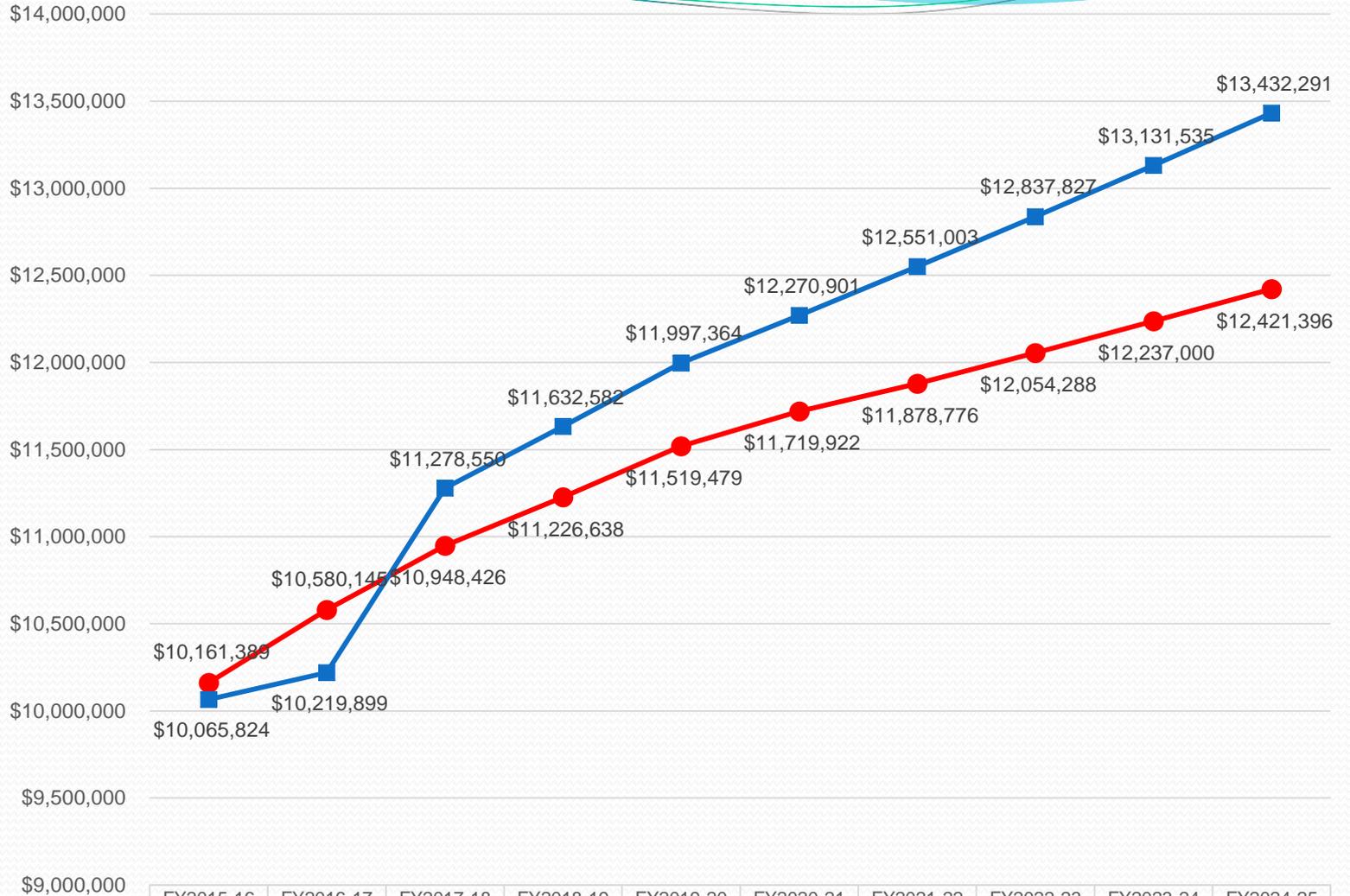
	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21	FY2021-22	FY2022-23	FY2023-24	FY2024-25
GF Expenditures Before Transfer	\$9,517,176	\$9,926,072	\$10,226,599	\$10,482,153	\$10,751,648	\$10,934,584	\$11,075,511	\$11,232,667	\$11,396,582	\$11,561,729
Transfer Out (6.4%)	\$644,213	\$642,400	\$661,386	\$682,962	\$705,200	\$721,572	\$738,336	\$755,504	\$773,083	\$791,084
<span style="color: red;">●</span> Total GF Operating Expenses	\$10,161,389	\$10,568,472	\$10,887,985	\$11,165,115	\$11,456,848	\$11,656,156	\$11,813,848	\$11,988,171	\$12,169,665	\$12,352,813
<span style="color: blue;">●</span> GF Revenues	\$10,065,824	\$10,037,499	\$10,334,150	\$10,671,277	\$11,018,747	\$11,274,557	\$11,536,507	\$11,804,743	\$12,079,417	\$12,360,683
Fund Surplus/(Deficit)	\$(95,565)	\$(530,973)	\$(553,835)	\$(493,838)	\$(438,100)	\$(381,598)	\$(277,341)	\$(183,428)	\$(90,248)	\$7,870

## SFP - Two Billboards and TOT Increase



	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21	FY2021-22	FY2022-23	FY2023-24	FY2024-25
GF Expenditures Before Transfer	\$9,517,176	\$9,926,072	\$10,226,599	\$10,482,153	\$10,751,648	\$10,934,584	\$11,075,511	\$11,232,667	\$11,396,582	\$11,561,729
Transfer Out (6.4%)	\$644,213	\$654,074	\$676,899	\$698,479	\$720,721	\$737,097	\$753,865	\$771,036	\$788,620	\$806,625
<span style="color: red;">●</span> Total GF Operating Expenses	\$10,161,389	\$10,580,145	\$10,903,498	\$11,180,632	\$11,472,369	\$11,671,681	\$11,829,377	\$12,003,704	\$12,185,202	\$12,368,354
<span style="color: blue;">●</span> GF Revenues	\$10,065,824	\$10,219,899	\$10,576,550	\$10,913,734	\$11,261,264	\$11,517,134	\$11,779,146	\$12,047,445	\$12,322,184	\$12,603,516
Fund Surplus/(Deficit)	\$(95,565)	\$(360,247)	\$(326,948)	\$(266,898)	\$(211,105)	\$(154,546)	\$(50,231)	\$43,741	\$136,982	\$235,162

## SFP - Forecast with UUT Increase



	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21	FY2021-22	FY2022-23	FY2023-24	FY2024-25
GF Expenditures Before Transfer	\$9,517,176	\$9,926,072	\$10,226,599	\$10,482,153	\$10,751,648	\$10,934,584	\$11,075,511	\$11,232,667	\$11,396,582	\$11,561,729
Transfer Out (6.4%)	\$644,213	\$654,074	\$721,827	\$744,485	\$767,831	\$785,338	\$803,264	\$821,621	\$840,418	\$859,667
<span style="color: red;">●</span> Total GF Operating Expenses	\$10,161,389	\$10,580,145	\$10,948,426	\$11,226,638	\$11,519,479	\$11,719,922	\$11,878,776	\$12,054,288	\$12,237,000	\$12,421,396
<span style="color: blue;">■</span> GF Revenues	\$10,065,824	\$10,219,899	\$11,278,550	\$11,632,582	\$11,997,364	\$12,270,901	\$12,551,003	\$12,837,827	\$13,131,535	\$13,432,291
Fund Surplus/(Deficit)	\$(95,565)	\$(360,247)	\$330,124	\$405,944	\$477,885	\$550,980	\$672,227	\$783,538	\$894,534	\$1,010,896

# Conclusion

- Difficult to project revenues and expenditures long term
- Major assumptions made last year have changed significantly
- No fiscal impact associated with this discussion
- Any direction provided will be incorporated into the City's budget planning for FY 2015-16 and updated Sustainable Financial Plan

# Questions, Discussion, Insights

