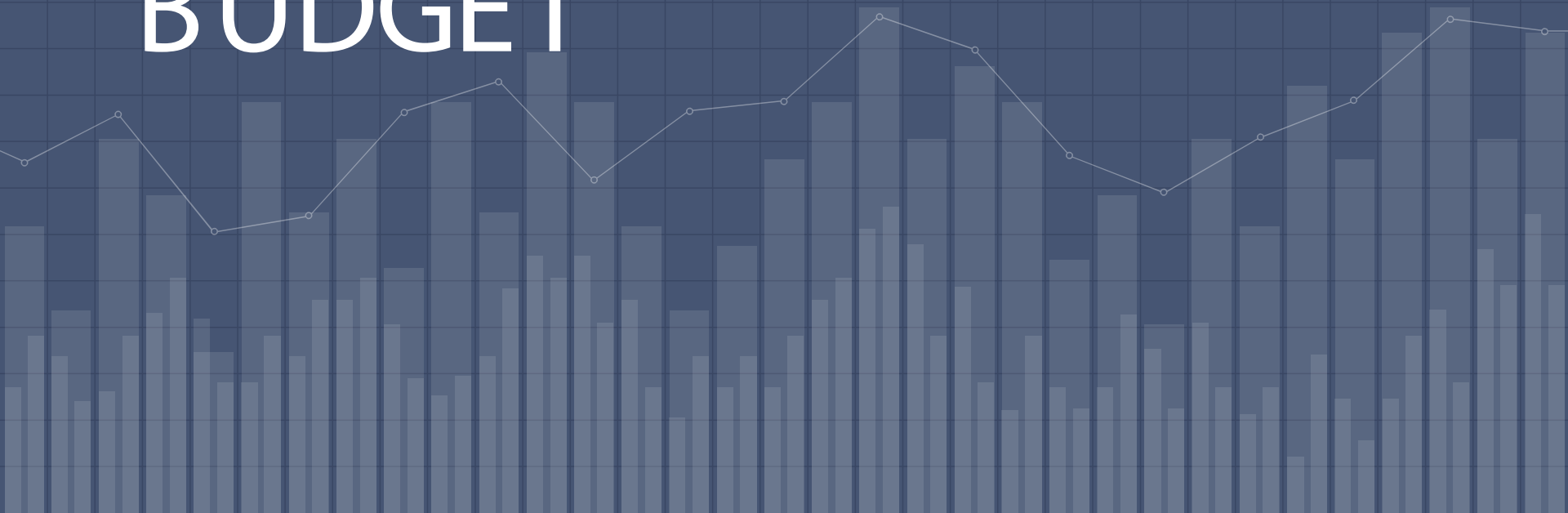



PROPOSED FY 2021 BUDGET





“Don’t tell me what you value,
show me your budget, and I’ll tell
you what you value”

Joe Biden

FY 2021-22 Proposed Budget

1. Economic Outlook

- National, State and Local Look

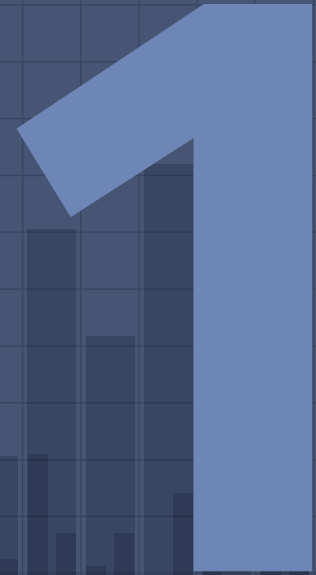
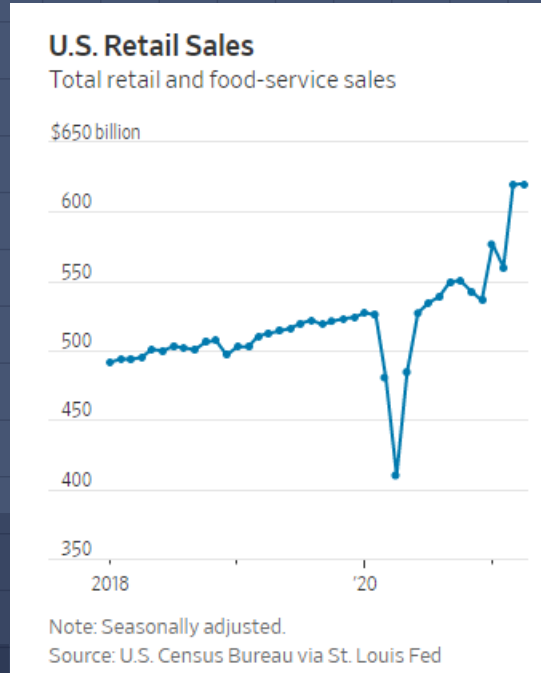
2. Budget Highlights

- Council Budget Goals
- TOT & Sales Tax Update
- Grants
- Unfunded Pension Obligation
- Reserves
- Opportunities & Challenges

3. Council Considerations

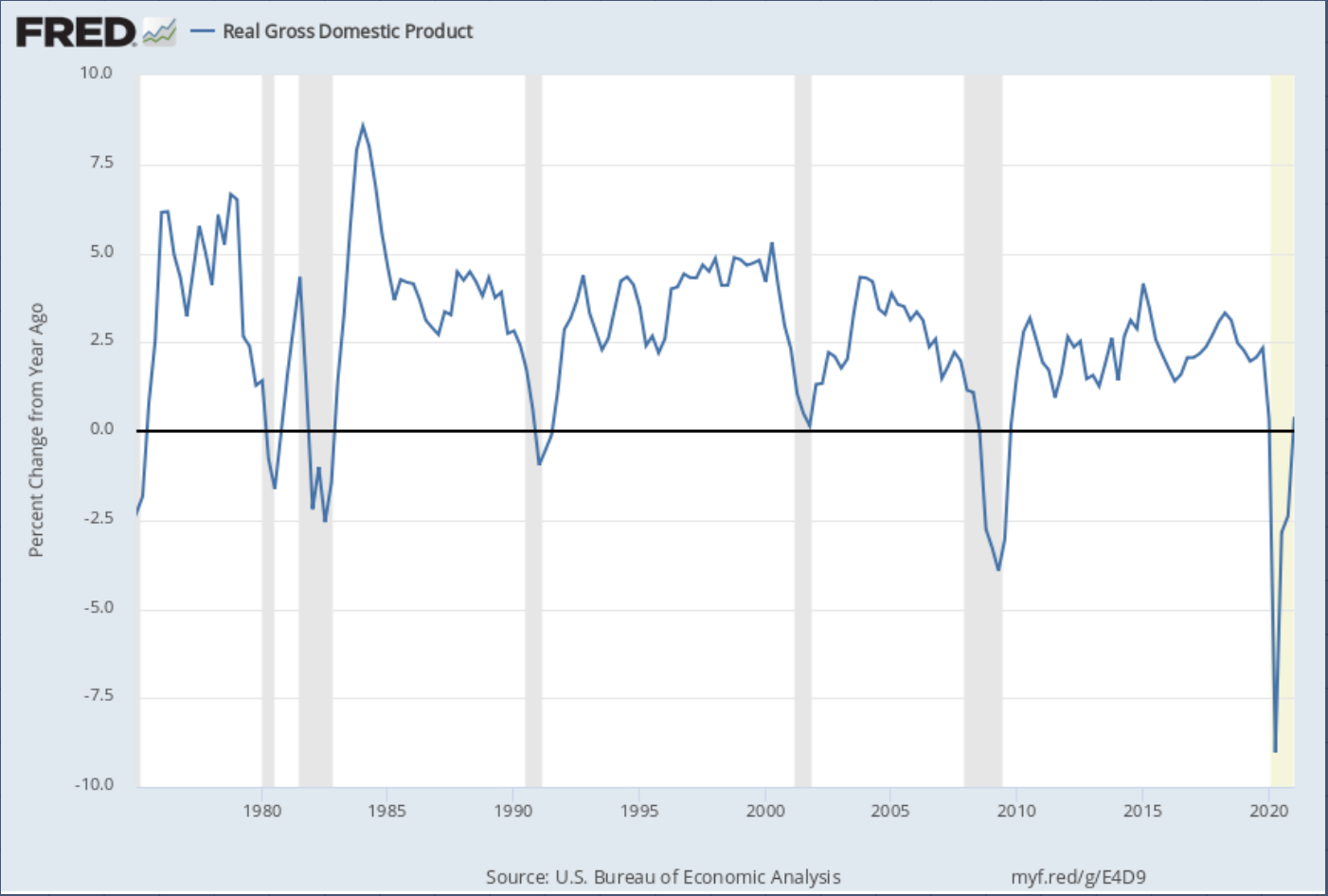
Economic Outlook

National, State and Local



National Outlook

- Best economic growth since 1983 projected for 2021
- Growth projected to slow to 3% in 2022
- Shortages in labor and supply chains hinder recovery
- Anticipated increase in inflation and interest rates
- Federal stimulus package and infrastructure funding





Federal Debt: Total Public Debt as Percent of Gross Domestic Product

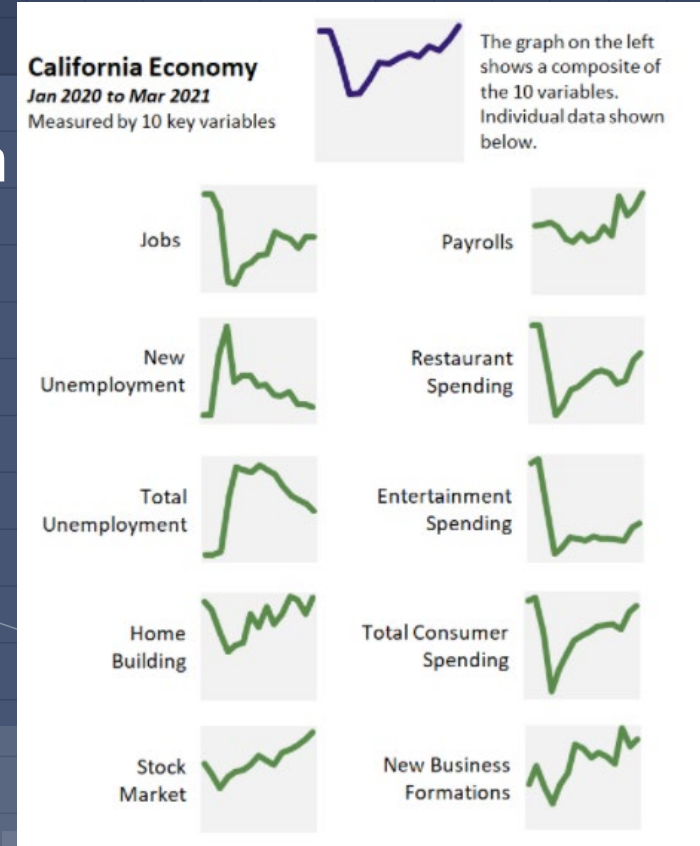


Sources: OMB; St. Louis Fed

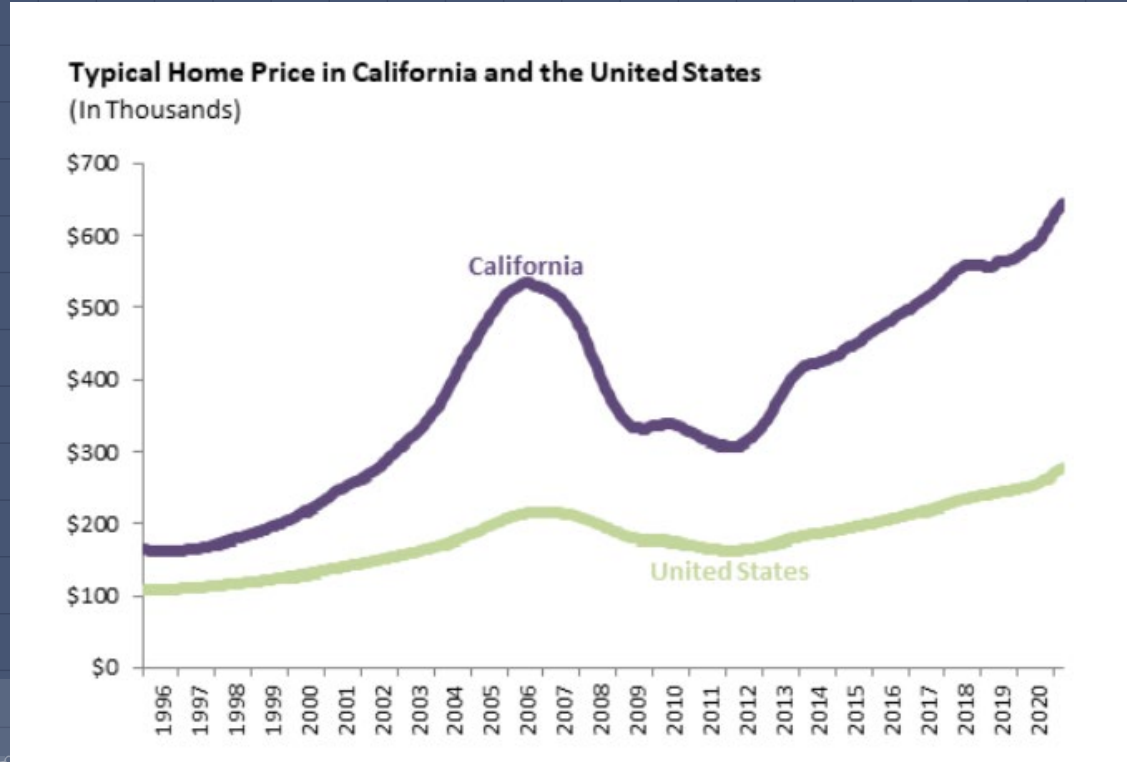
myf.red/g/CUZ2

State Outlook

- California State Budget is flush
- State stimulus packages
- State infrastructure funding
- Emergency Response
 - Drought
 - Wildfire
 - PSPS
 - Housing



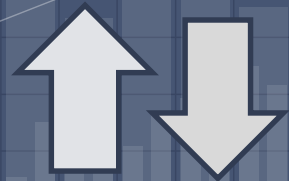
Housing Prices



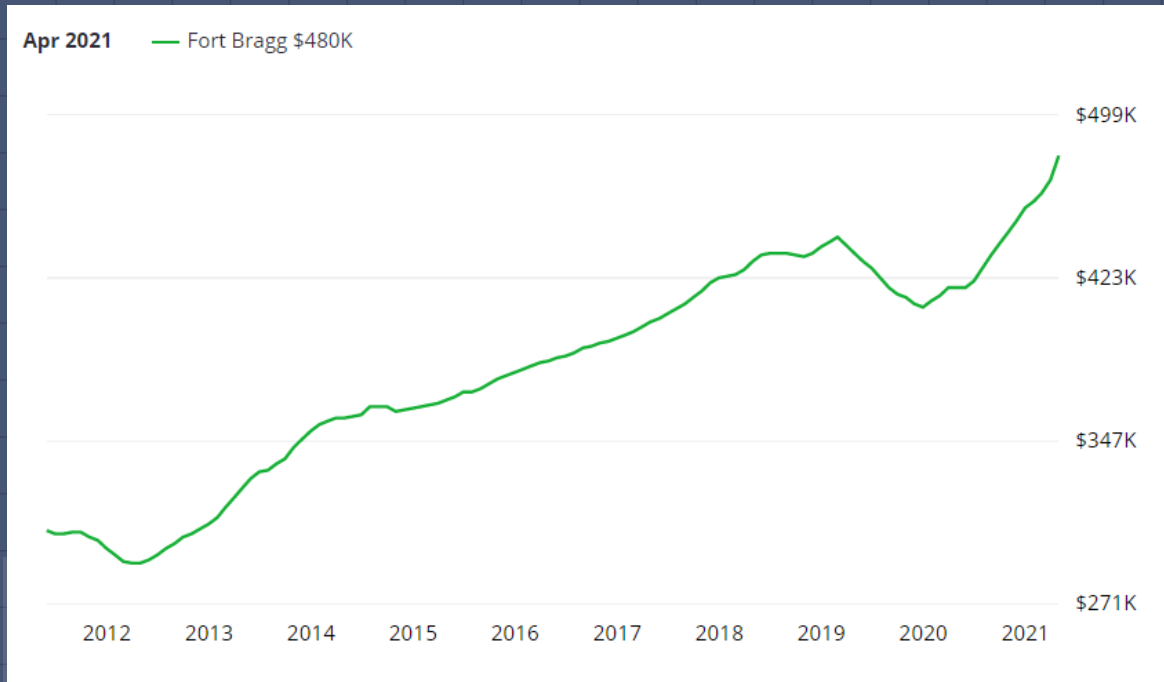
lao.ca.gov

Local Outlook

- Increased tourism
- Housing inventory low/increased pricing
- Labor shortage limiting businesses
- Supply chain disruptions
- Inflation
- Increased demand for municipal services



Fort Bragg- 95437 Home Value



zillow.com

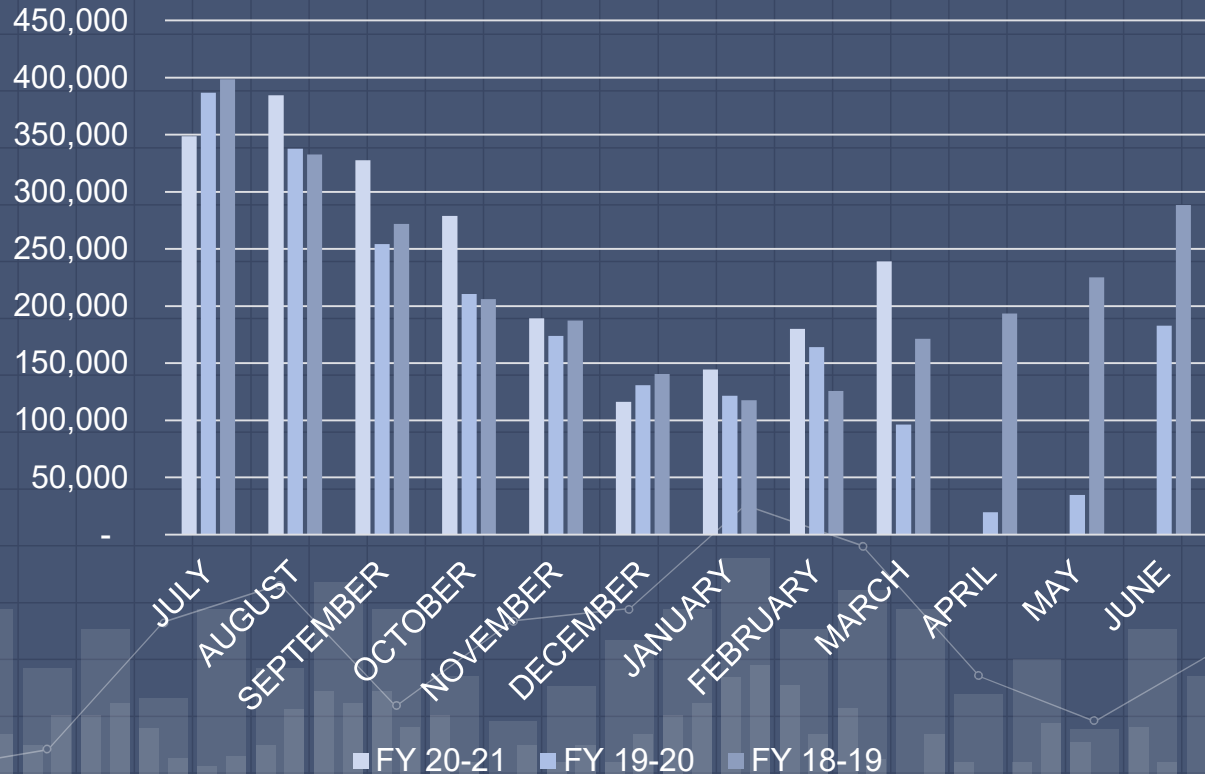
Budget Highlights

2

Council Budget Goals fiscal guidance

1. Adopt a balanced budget
2. Provide for additional contributions to CalPERS in order to pay the unfunded liability off earlier than 30 years
3. Maintain operating reserves and litigation reserves
4. Provide funding for emergency reserves
5. ~~Maintain long term funding plans in the City's three internal service funds
—review annually~~
6. Maintain current level of service (no staff layoffs, no program cuts)
7. ~~Provide cost of living adjustments for staff in years to come~~
8. ~~Continue to make additional contributions to the OPEB pension trust~~

TRANSIENT OCCUPANCY TAX (TOT)



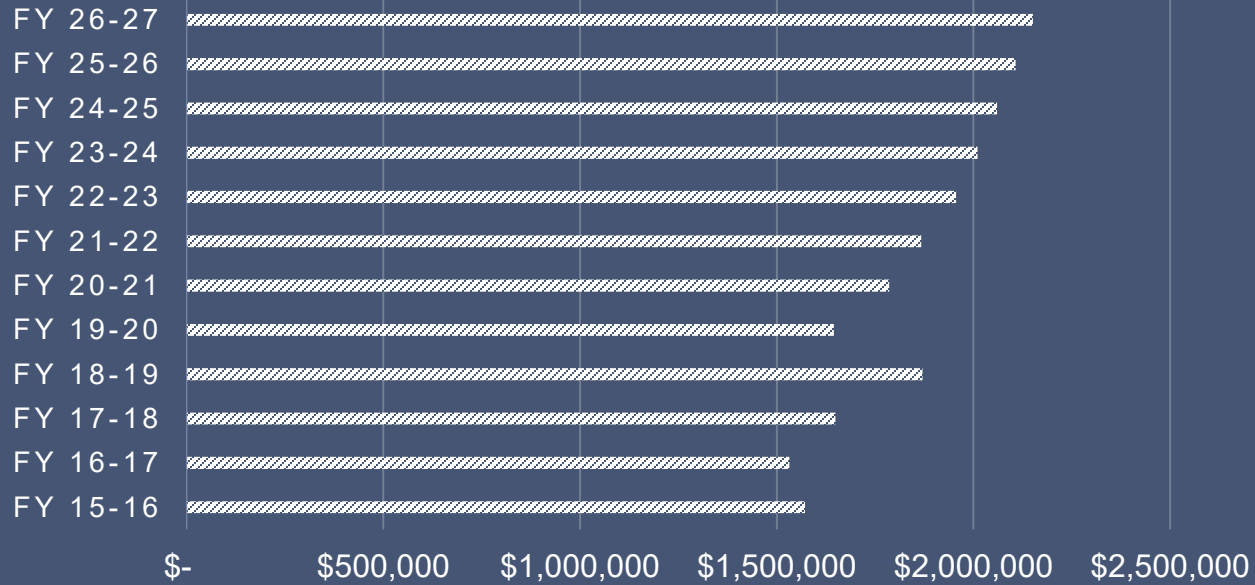
Measure AA/AB Allocations

ALLOCATION	FY 2021-22 AMOUNT
Fort Bragg Promotions (1%of TOT)	\$230,000
Coastal Trail Maintenance (0.5%of TOT)	\$115,000
Noyo Center for Marine Science (.25%of TOT)	\$60,000
Special Projects that support tourism and benefit the community (.25%of TOT)	\$60,000

Sales Tax Revenue

COLLECTIONS

▨ Collections



\$8,272,867 in Grant Awarded

14 Grant Programs compared to 10 in FY 20/21 and 8 in FY 19/20

\$5,089,892 Budgeted

Compared to \$5.8 M in FY 20/21 and \$9.1M in FY 19/20

\$489,212 Staff Time

Compared to \$181k in FY 20/21 and \$140k in FY 19/20

CalPERS Net Pension Liability

- \$10.6 Million Unfunded Actuarial Liability (UAL)
- Current Discount Rate = 7%
- Return last year = 4.7%
- Average 20-year return – 5.5%
- In November, 2021 CalPERS likely to reduce the Discount Rate as part of its Asset Liability Management process
- That means, increased UAL

CalPERS Net Pension Liability

The CalPERS Pension Buck

As of June 2020, CalPERS' income over the last 20 years demonstrates that every dollar spent on public employee pensions comes from the following sources:



Reserves (\$9.5 Million)


- General Fund
 - Operating = \$1.48M
 - Recession = \$494K
 - Litigation = \$200k
- Water Fund
 - Operating = \$541k
 - Recession = \$116k
 - Capital = \$4.7M
- Wastewater
 - Operating = \$601k
 - Recession = \$110k
 - Capital = \$2.4M
- Internal Service Funds = \$673k
- C.V. Starr = \$589k

Opportunities & Challenges

A large, light blue number 3 is positioned on the right side of the slide. The background is a dark blue grid with a faint bar chart pattern of vertical bars of varying heights. The text 'Opportunities & Challenges' is at the top in white, and the number '3' is in a light blue color.

3

Opportunities

- Strong Economy at Federal, State and Local levels
 - Coronavirus State and Local Fiscal Recovery Funds = \$1.4 Million
 - American Rescue Plan Act of 2021
 - Federal Infrastructure Funding
 - State of California Budget Surplus
 - Additional Grant Funding
- 

Competing Projects/Staff Resources

- Drought Response
- Water Supply Projects
- Broadband Utility
- Comm. Land Trust
- Housing Element Programs
- CBD Econ Develop
- Water/WW Rate Structure
- Integrate Social Services with Law Enforcement
- Salary Survey
- New City Website
- Mill Site & LCP
- Micro-Grid
- Springbrook Software Upgrade
- Biosolids Dryer
- Water Treatment Plant Rehab
- Maple Street Rehab
- CalPERS UAL
- Succession Plan
- Cyber Security
- Solid Waste Infrastructure
- Emergency Response
- Volunteers in Patrol (VIP)
- Main Street Improvements
- Cannabis Industry

2030

Projected Average
Sea- Level Rise

Cape Mendocino



Council Considerations

- City Council Funds = \$34k
- Response to Citizens & Businesses
- Fiscal Responsibility
- Communications
- Stakeholder Relationships
- Priorities
- Succession Planning



Questions

