

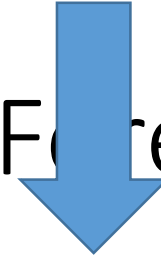
LONG TERM FINANCIAL PLANNING

Mid-Term Budget Workshop

March 4, 2020

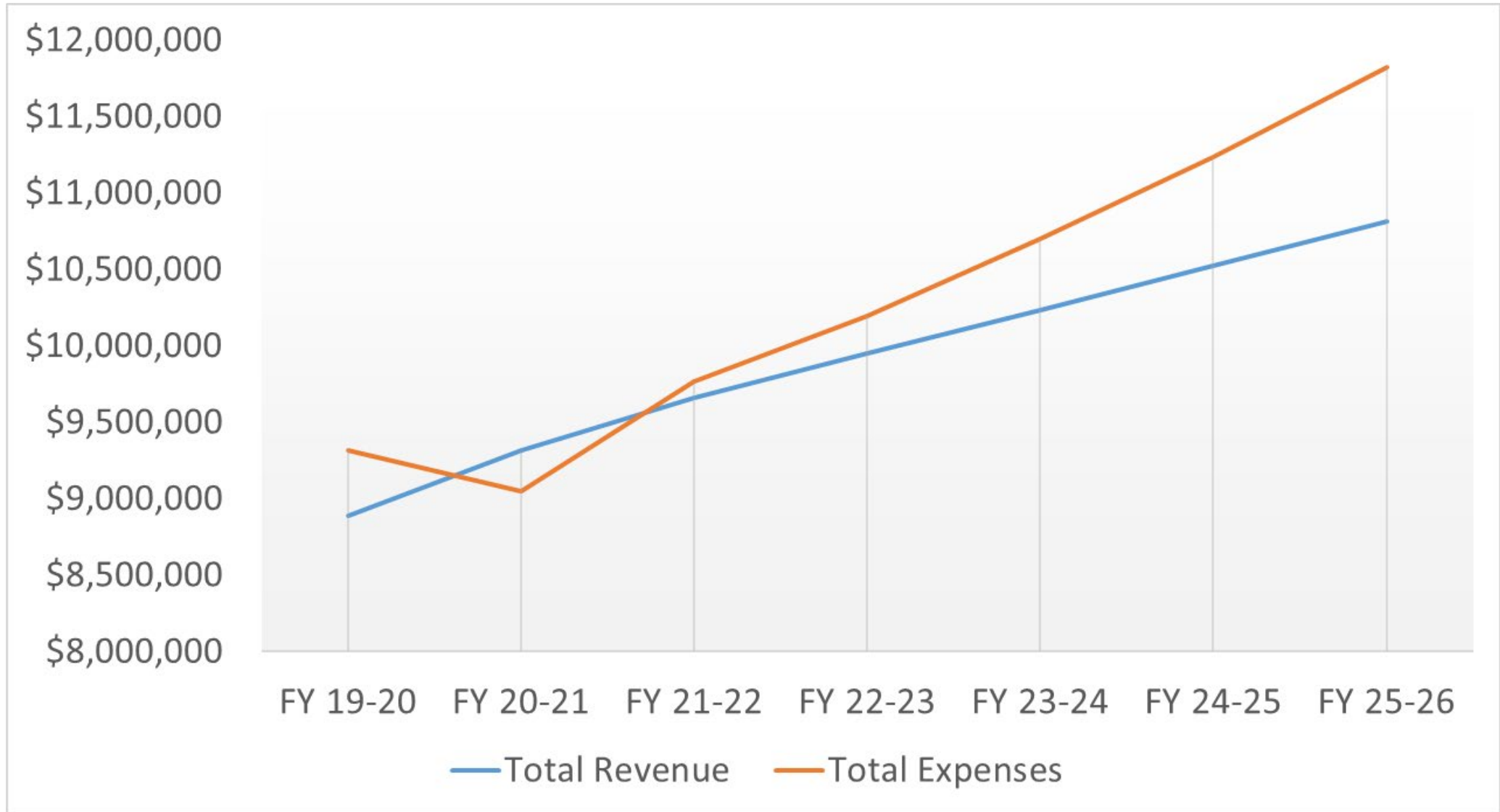


General Fund Five-year Forecast

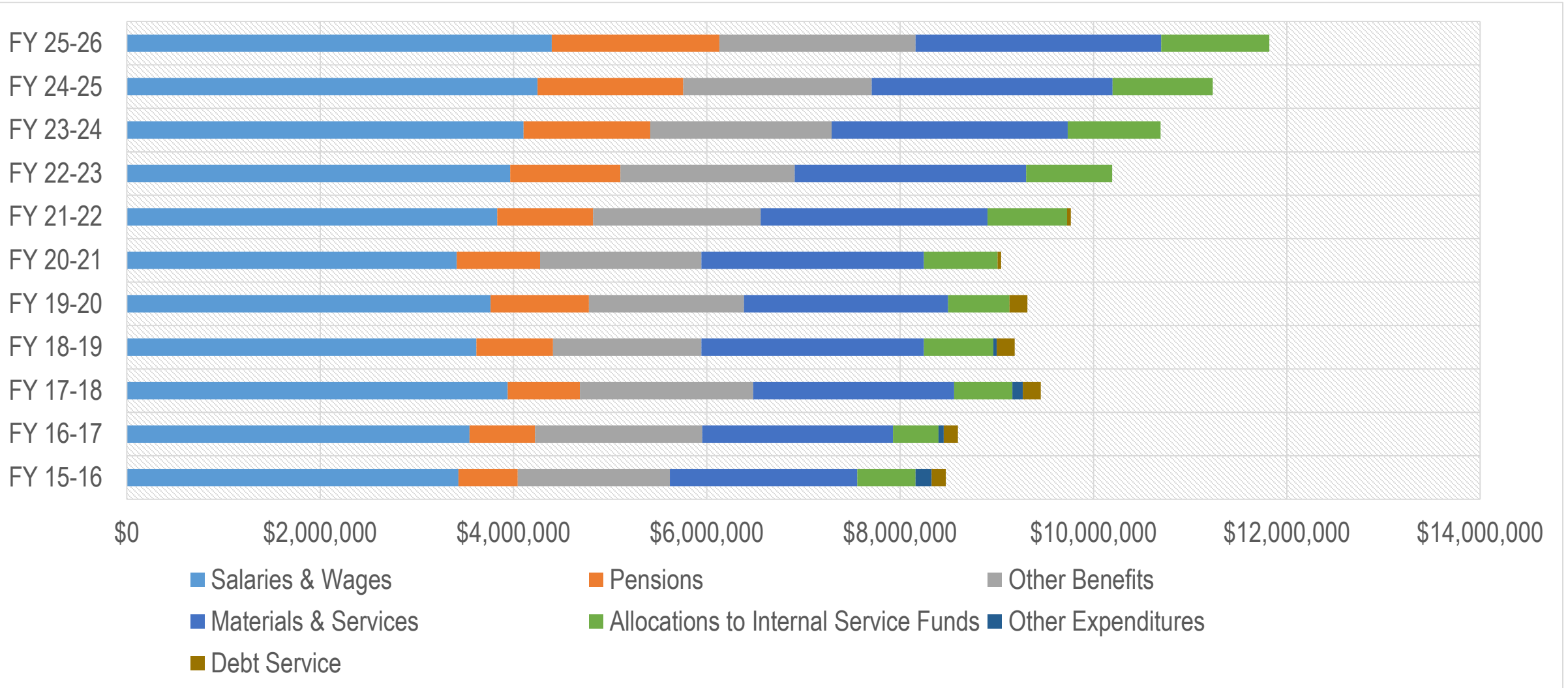


City of Fort Bragg General Fund Five Year Forecast									
		FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26
		Audited	Audited	Projected	Forecast	Forecast	Forecast	Forecast	Forecast
Revenue:	Sales Tax	\$ 1,728,222	\$ 1,797,520	\$ 1,715,000	\$ 1,800,000	\$ 1,859,000	\$ 1,911,000	\$ 1,960,000	\$ 2,006,000
	Property Tax	1,074,931	1,107,039	1,121,852	1,155,508	1,184,395	1,214,005	1,244,355	1,275,464
	Transient Occupancy Tax	2,640,275	2,204,152	2,648,000	2,753,920	2,836,538	2,907,451	2,980,137	3,054,641
	Cost Allocations	1,863,711	2,238,252	2,332,492	2,437,454	2,547,140	2,661,761	2,781,540	2,906,709
	All Other Revenue Sources	2,073,789	1,536,429	1,493,070	1,508,001	1,523,081	1,538,312	1,553,695	1,569,232
	Total Revenue	9,380,928	8,883,392	9,310,414	9,654,882	9,950,153	10,232,529	10,519,727	10,812,046
Expenditures:	Salaries & Wages	3,615,604	3,762,405	3,413,820	3,831,164	3,965,255	4,104,039	4,247,680	4,396,349
	Pensions	792,101	1,016,499	861,652	990,900	1,139,535	1,310,466	1,507,035	1,733,091
	Other Benefits	1,536,145	1,605,731	1,668,268	1,734,999	1,804,399	1,876,574	1,951,637	2,029,703
	Materials & Services	2,301,401	2,111,910	2,301,205	2,347,229	2,394,174	2,442,058	2,490,899	2,540,717
	Allocations to Internal Service Funds	717,808	633,474	762,026	822,988	888,827	959,933	1,036,727	1,119,666
	Other Expenditures	35,895	-	-	-	-	-	-	-
	Debt Service	185,533	185,533	37,966	37,966	-	-	-	-
	Total Expenses	9,184,487	9,315,552	9,044,937	9,765,246	10,192,189	10,693,069	11,233,979	11,819,524
Net Transfers:		(14,289)	(18,229)	-	-	-	-	-	-
	Net Increase (Decrease) to Fund Balance	182,152	(450,389)	265,477	(110,363)	(242,036)	(460,540)	(714,251)	(1,007,479)
	Beginning Fund Balance	2,959,478	3,141,630	2,691,242	2,956,719	2,846,355	2,604,319	2,143,779	1,429,528
	Ending Fund Balance	\$ 3,141,630	\$ 2,691,242	\$ 2,956,719	\$ 2,846,355	\$ 2,604,319	\$ 2,143,779	\$ 1,429,528	\$ 422,049

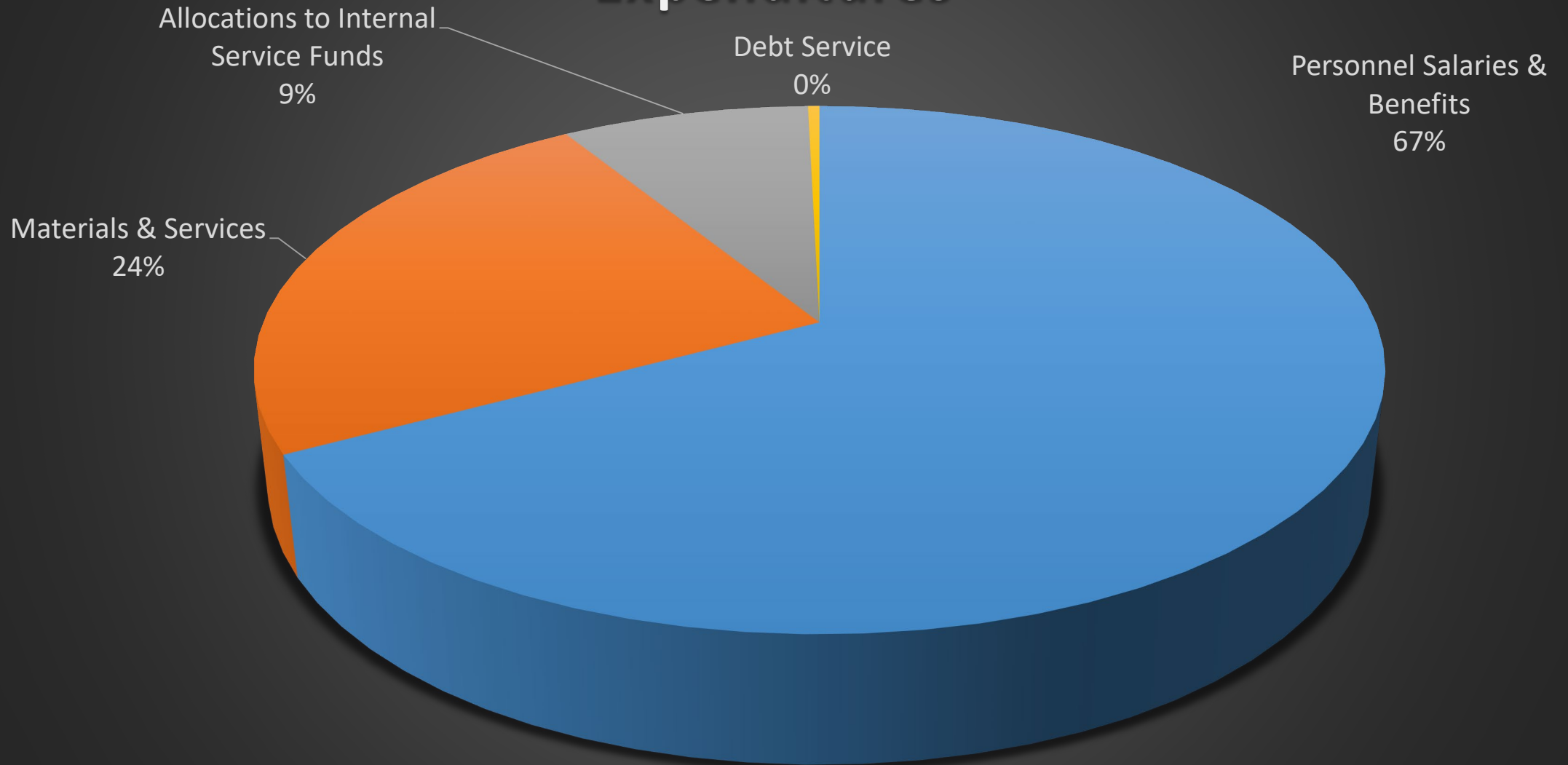
General Fund Long Range Plan



General Fund Expenditure (11-years)



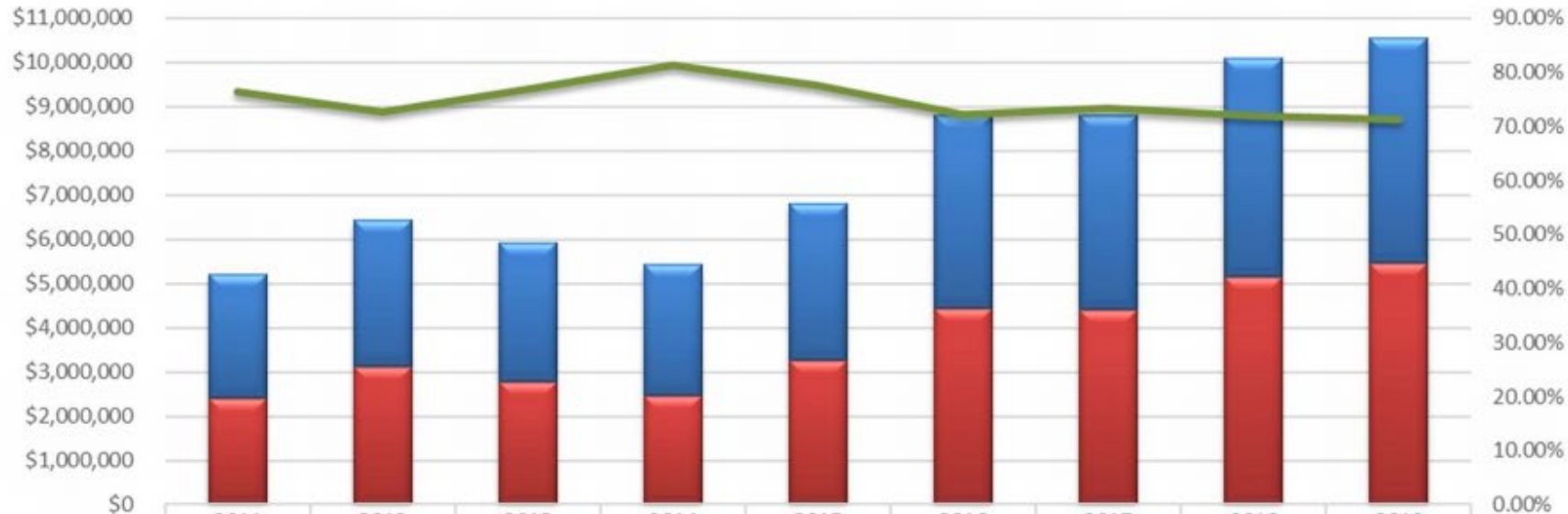
Projected FY 2021-22 General Fund Expenditures





Pension Funding History

Unfunded Actuarial Liability & Funding Level



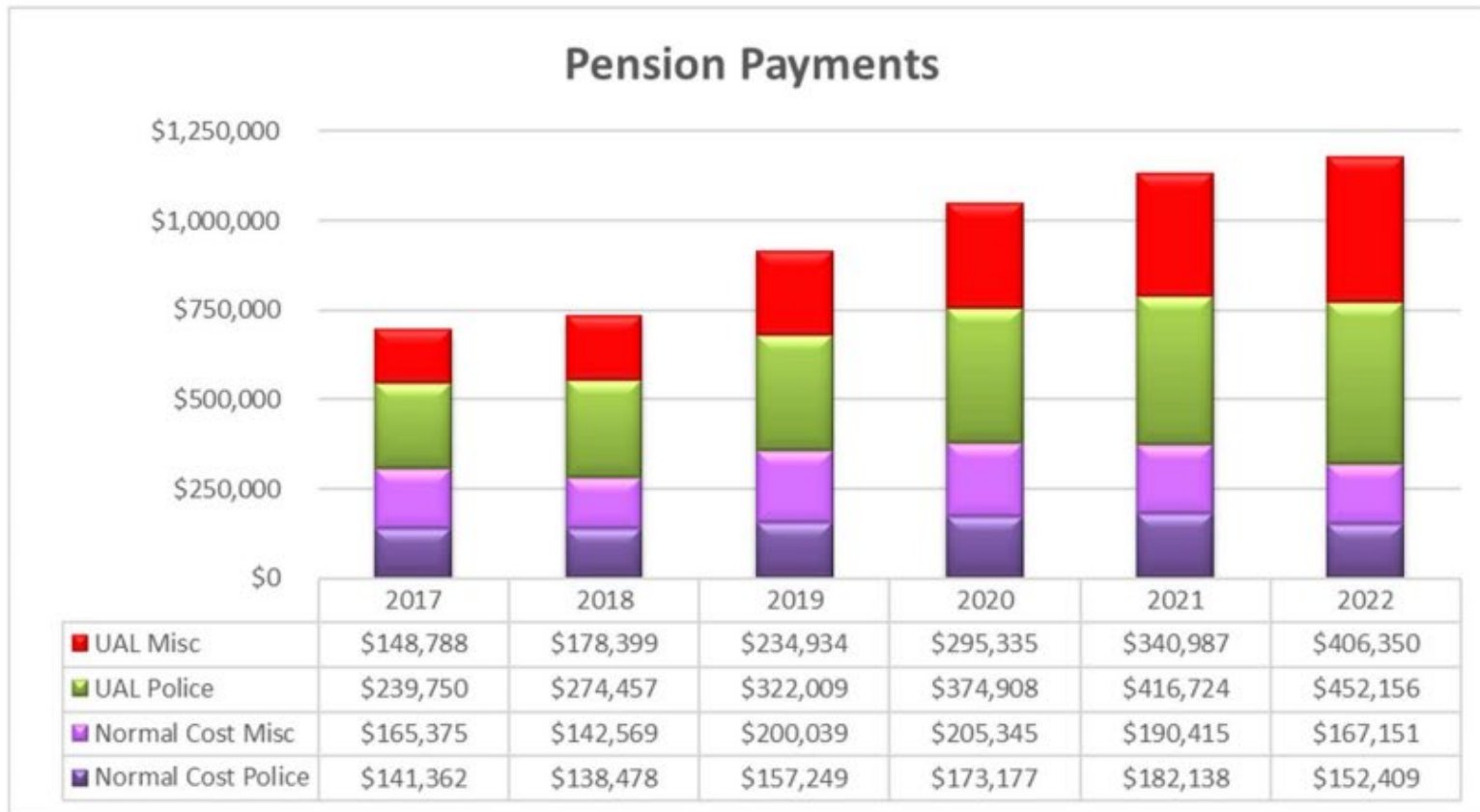
9 years later:

- Owe \$5.4M more
- Funded level 5.2% lower

UAL - Police	\$2,796,463	\$3,293,931	\$3,142,779	\$2,954,730	\$3,548,981	\$4,384,299	\$4,399,112	\$4,935,852	\$5,098,451
UAL - Misc	\$2,400,272	\$3,129,682	\$2,776,246	\$2,466,341	\$3,252,992	\$4,422,297	\$4,409,468	\$5,158,506	\$5,456,807
% Funded	76.49%	72.55%	76.91%	81.30%	77.57%	72.26%	73.41%	71.82%	71.31%



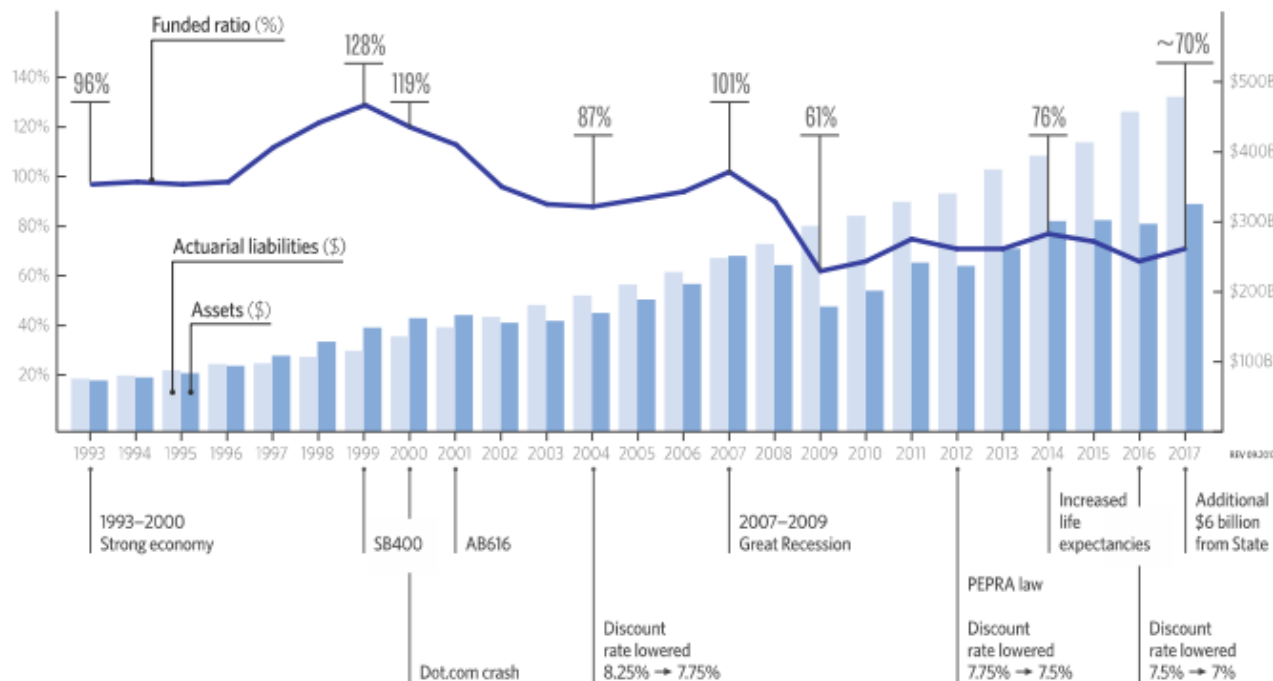
Pension Payments



Annual Pension Payments Increase:
\$483K in 6 years (69%)



CalPERS History Lesson



1999 – CalPERS 128% funded (“Super Funded” Status)

2000 – SB 400 / AB 616 increased benefits retroactively

2000-02 – dot.com investment losses:

- 2000-01: -7.2%
- 2001-02: -6.1%

Loss of “Super Funded” Status

2008-09 – The Great Recession:

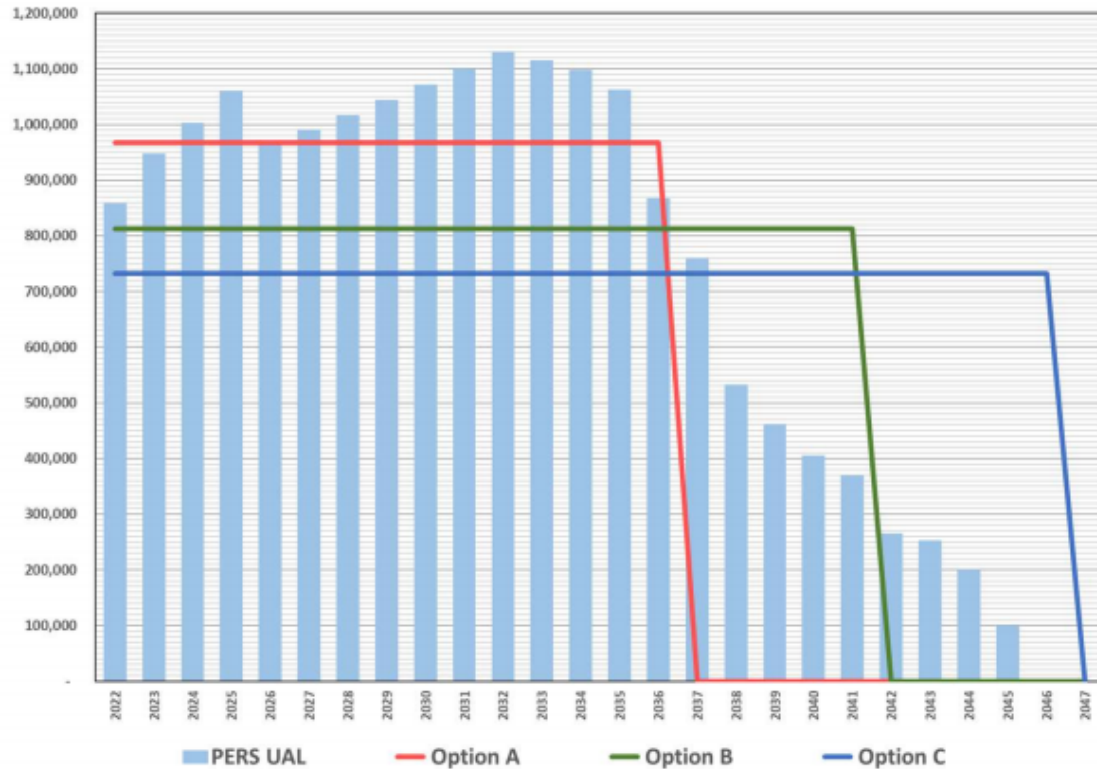
- Investment Loss: - 27% (\$67 Bn)
- Full impact: - 34.75% (27% + 7.75% discount rate)
- CalPERS 61% funded

2012 – PEPRA reduced benefits for new employees

2020 – CalPERS is 71% funded



Potential Refunding Options



Option	Term	UAL Refunded		Annual UAL Cost Years 1-15 [1]		Cash Flow Savings [2]	Estimated Interest Rate [3]
		%	Amount	Min	Max		
Current CalPERS Schedule			\$10,508,160	\$859,000	\$1,130,000		
A	15 years	100%	\$10,508,160	\$967,000	\$967,000	\$4,176,000	4.25%
B	20 years	100%	\$10,508,160	\$813,000	\$813,000	\$2,424,000	4.50%
C	25 years	100%	\$10,508,160	\$732,000	\$732,000	\$378,000	4.75%

[1] Annual UAL Cost consists of semi-annual loan payments, payments on unrefunded bases, and includes amortization of costs of issuance (estimated at \$140,000 for public sale).
 [2] Savings are based on 7% CalPERS discount rate. PV savings depend on actual rate of return and may be different.
 [3] Interest rate estimate is based on current market rates. Actual rates may vary.

Potential Revenue Sources

		FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26
		Projected	Forecast	Forecast	Forecast	Forecast	Forecast
Storm Drain Enterprise \$190k annually	Revised change in f/balance assuming \$190k revenue annually	-	79,637	(52,036)	(270,540)	(524,251)	(817,479)
	Projected Fund Balance	\$ 2,956,719	\$ 3,036,355	\$ 2,984,319	\$ 2,713,779	\$ 2,189,528	\$ 1,372,049
Parcel Tax \$430k/yr.	Revised change in fund balance assuming \$430k revenue annually	-	319,637	187,964	(30,540)	(284,251)	(577,479)
	Projected Fund Balance	\$ 2,956,719	\$ 3,276,355	\$ 3,464,319	\$ 3,433,779	\$ 3,149,528	\$ 2,572,049
1/4 cent General Sales Tax \$500k/yr.	Revised change in fund balance - 25% Sales Tax first year (\$500k/yr.)	-	2,137	222,714	17,210	(224,251)	(505,979)
	Projected Fund Balance	\$ 2,956,719	\$ 2,958,855	\$ 3,181,569	\$ 3,198,779	\$ 2,974,528	\$ 2,468,549
3/8 cent General Sales Tax \$750k/yr.	Revised change in fund balance - 25% Sales Tax first year (\$750k/yr.)	-	58,387	455,089	256,085	20,749	(255,229)
	Projected Fund Balance	\$ 2,956,719	\$ 3,015,105	\$ 3,470,194	\$ 3,726,279	\$ 3,747,028	\$ 3,491,799

Questions

PRIORITIZED LIST OF FINANCIAL GOALS

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