

# Long-Term Fiscal Forecast



City Council

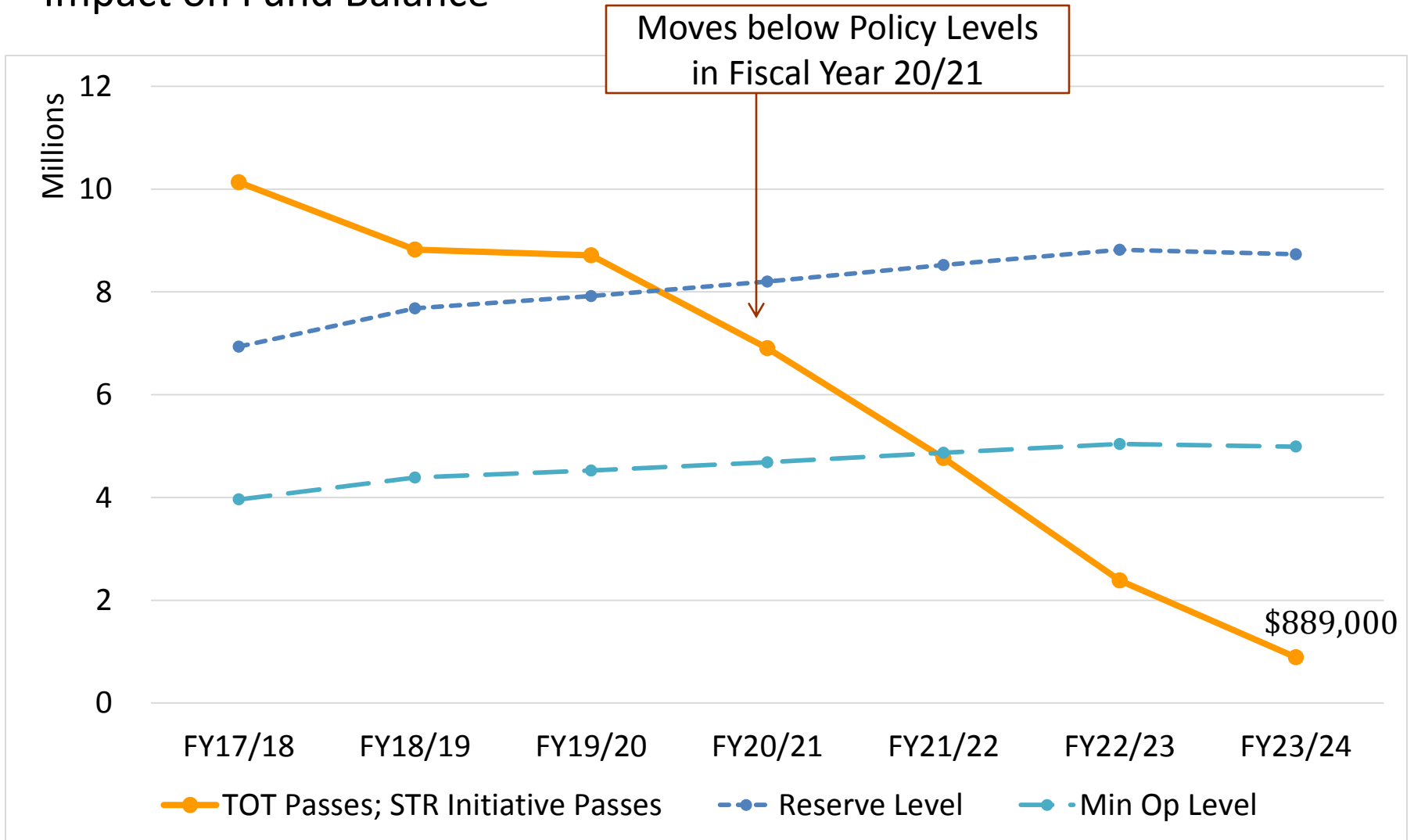
City of Pacific Grove

# Long-Term Forecast

- Overview
- Assumptions/Factors
  - Volatility
- Forecast
- Considerations

# July 2018 Forecast

## Impact on Fund Balance



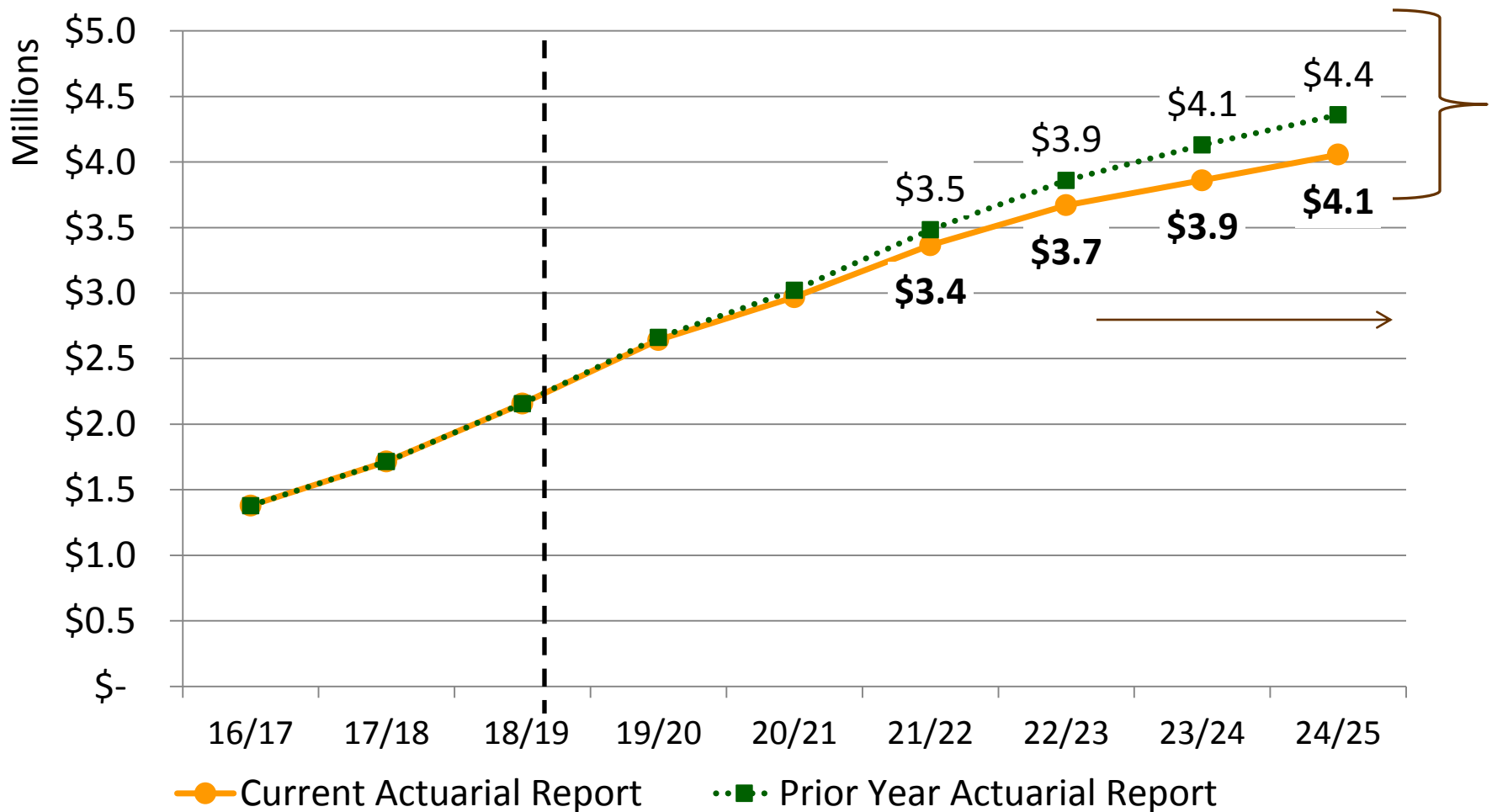
# Key Changes from Prior Forecast

- Transient Occupancy Tax Increase
  - Original forecast based on effective date of January 1, 2019
  - Revision based on effective date of July 1, 2019
- Changes in PERS Unfunded Liability
  - Based on new actuarial reports, reduction in future years
- Greater beginning General Fund balance
- Updated assumptions

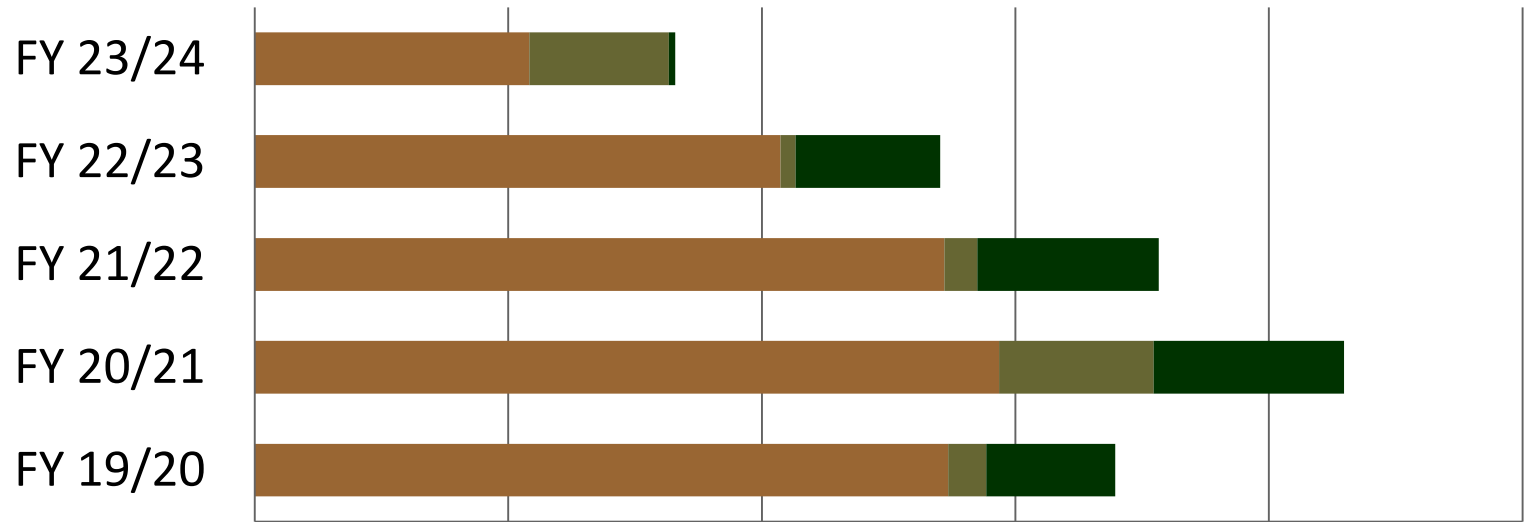
# CalPERS Unfunded Liability

## Historical and Projected Classic and PEPRAs Plans

Current CalPERS Actuarial Valuation, dated August 2018, 7.25% Return for FY 2017/18



# Draft General Fund Capital Improvement Plan



Millions

0.0

1.0

2.0

3.0

4.0

5.0

FY 19/20

FY 20/21

FY 21/22

FY 22/23

FY 23/24

Streets, Buildings, Infrastructure

2,735,000

2,935,000

2,720,000

2,073,000

1,083,000

Capital Outlay

150,000

610,000

130,000

60,000

550,000

Technology

508,770

750,770

715,770

570,770

25,000

Totals

\$3,740,000

\$3,164,000

\$3,521,000

\$3,036,000

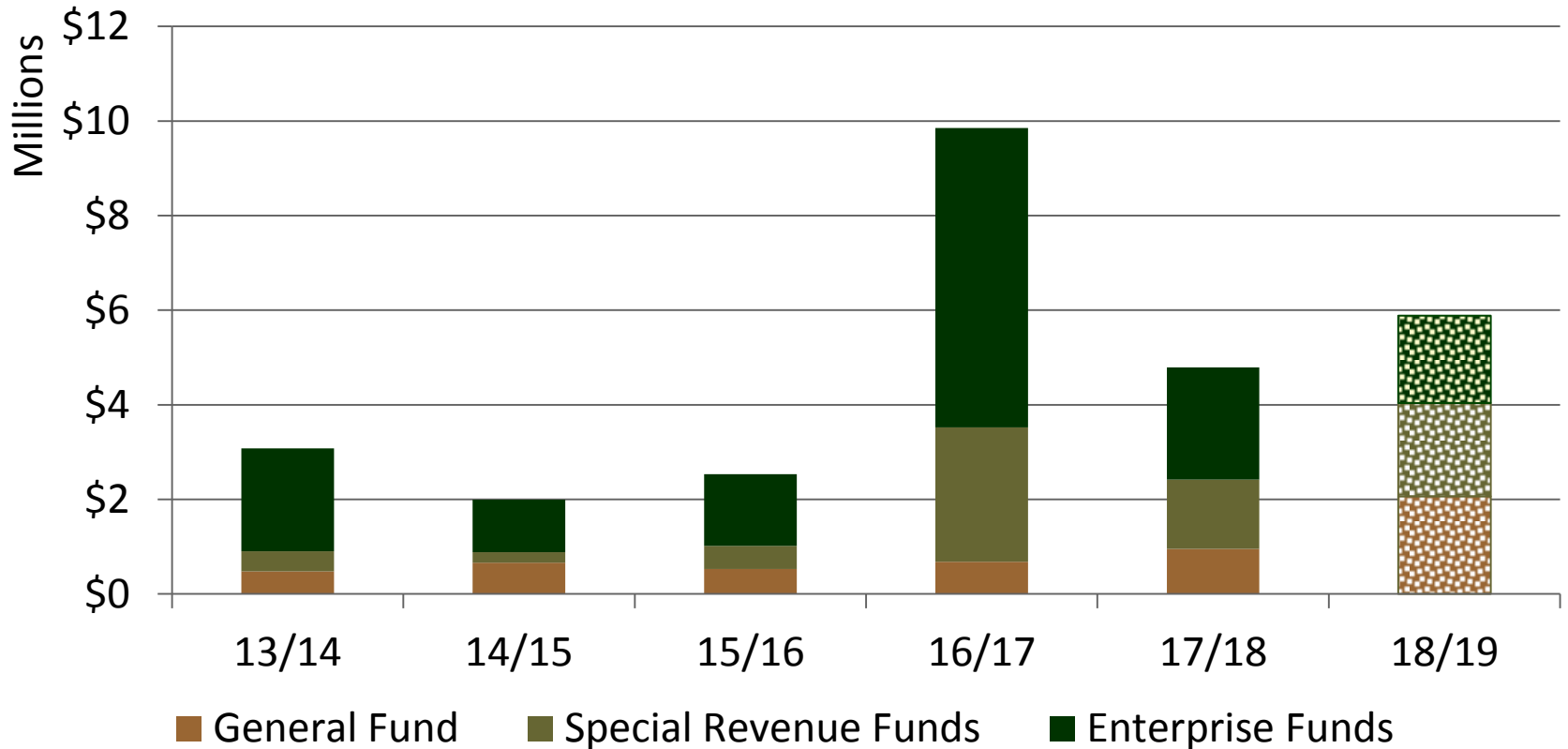
\$2,676,000

# Funding History

## Capital Projects and Equipment

Five Year General Fund Average : \$662,000

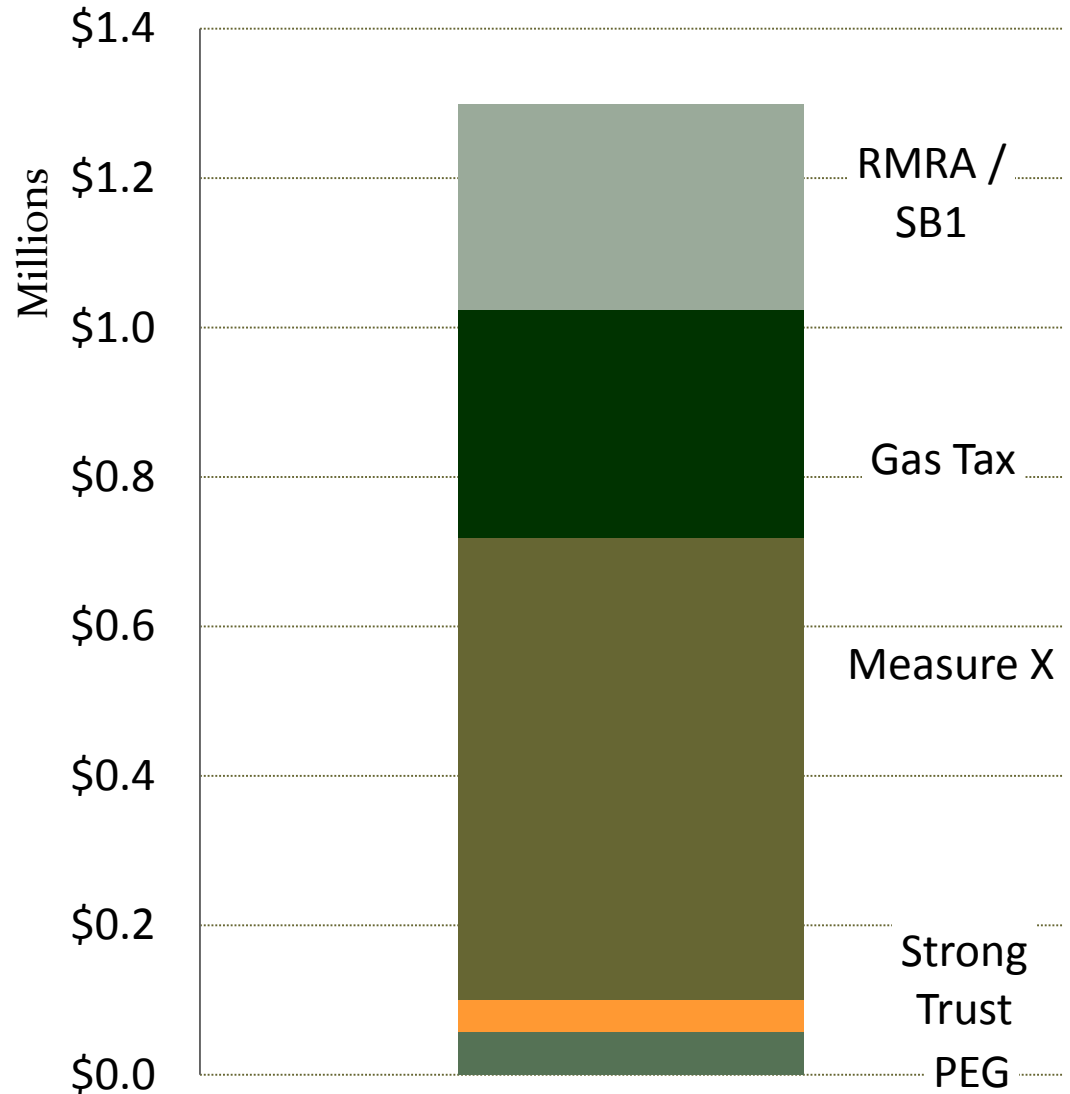
Six Year General Fund Average: \$896,000



# On-Going Alternate Resources

## Funding Specifications:

- Street-related: \$1.2 million
- General use: \$43,000
- Public/Govt. Access and Equipment: \$58,000





# Overview



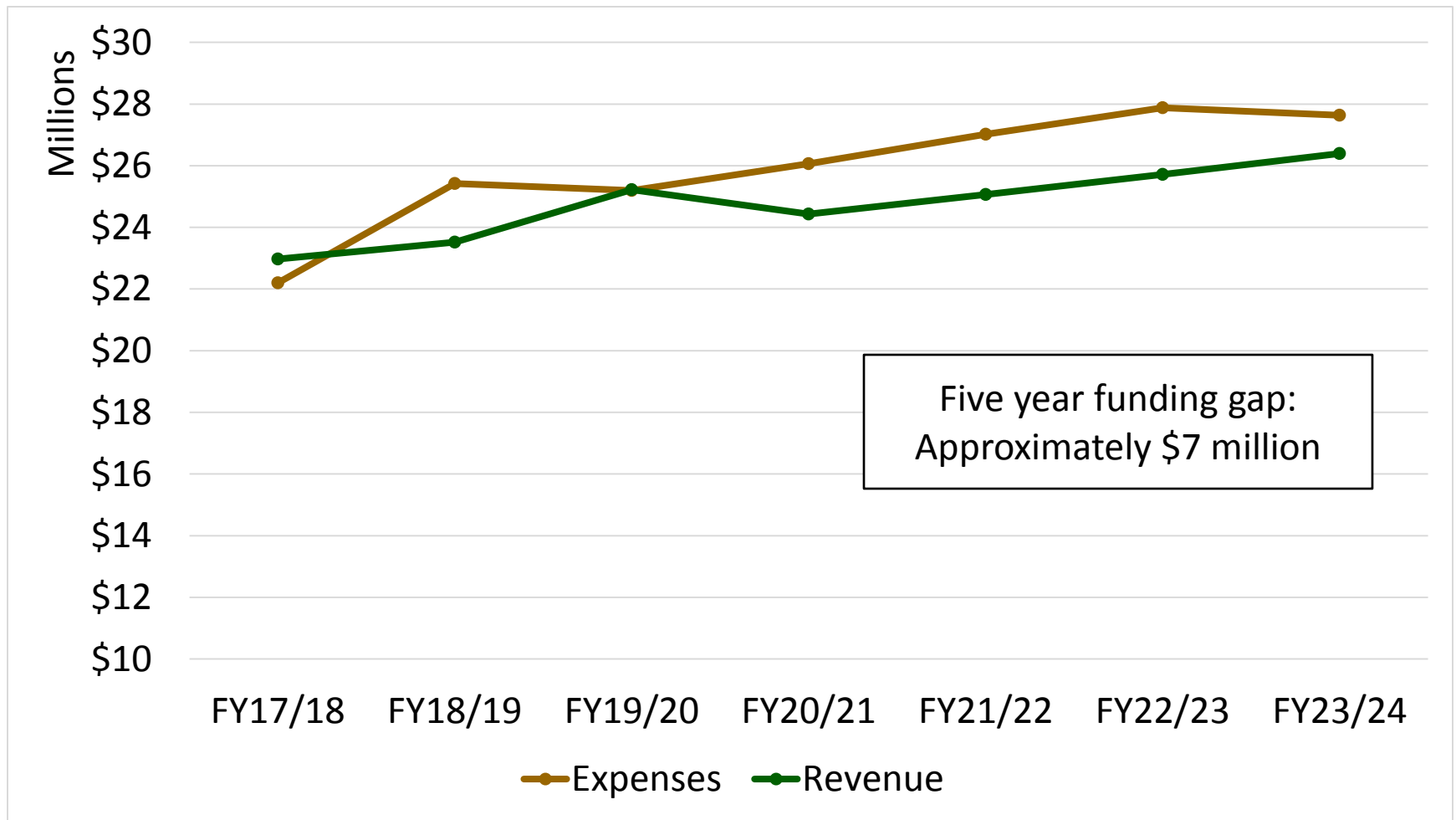
- Updated Forecast
  - Based on actual numbers for Fiscal Year 17/18
    - Referenced the Fiscal Year 18/19 budgetary projections
- General Forecast Information
  - Reveals revenue & expenditure trends over time
  - Assumes no other events intervene
    - Economic recession, natural disaster, loss of major taxpayers
    - Unanticipated revenues or expenses
  - Identify outcomes if nothing changes
    - Provides an “Order of Magnitude” feel for General Fund’s ability to continue services and preserve fiscal sustainability
    - Should be viewed as a “Work in Progress” as new information becomes available (quarterly or semi-annual)

# Key Assumptions



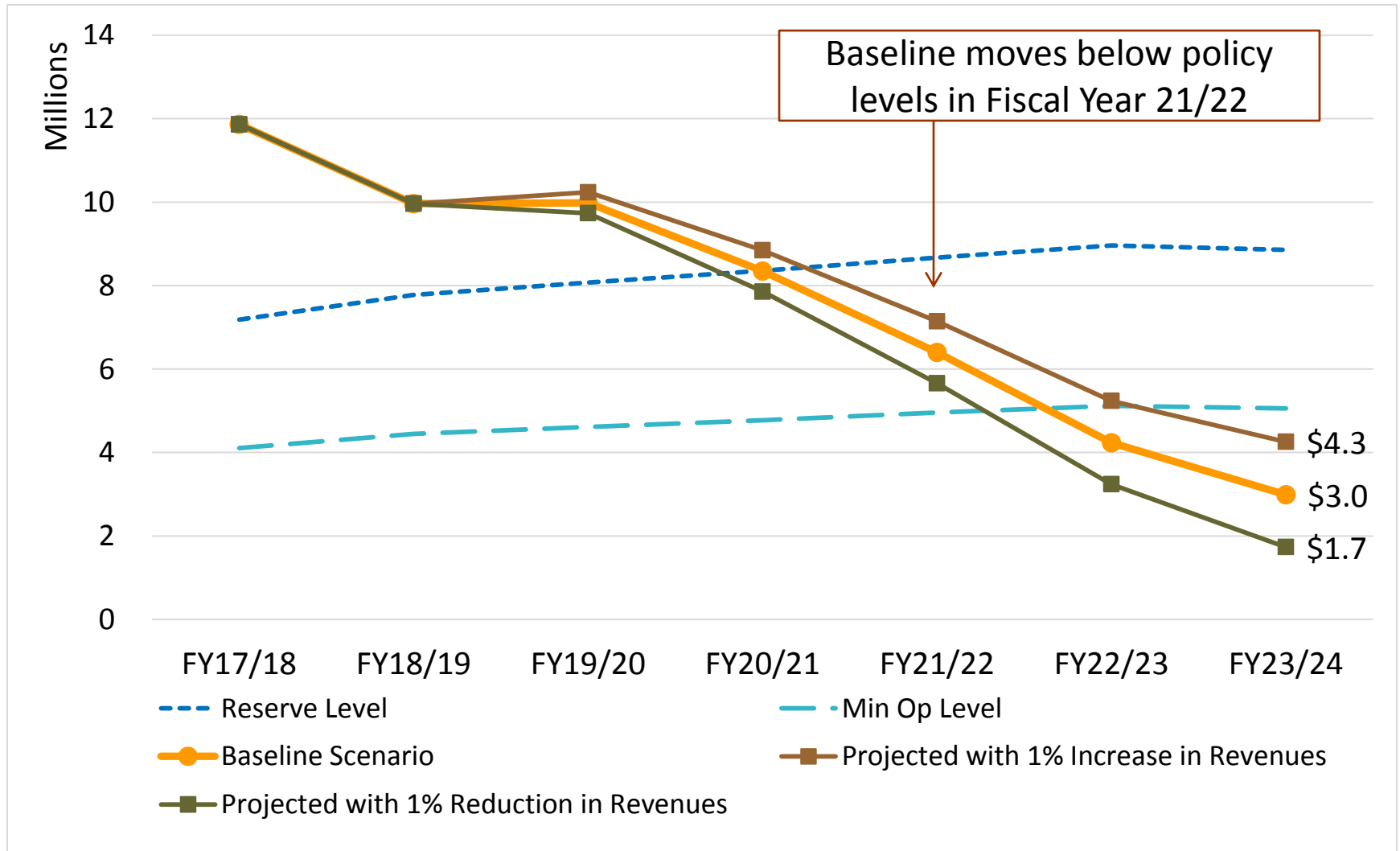
- Revenues
  - Increase: 2.6%, after unique adjustments
  - Reductions related to the following categories
    - Transient occupancy tax licenses and application fees
    - General fee reductions/increases
    - Short-term rentals within the residential districts outside of the Coastal Residential zones
- Expenditures
  - Increase: 2.4%
    - PERS Unfunded Liability and POB consistent with schedules
- Capital improvements: \$1 million

# Baseline Forecast



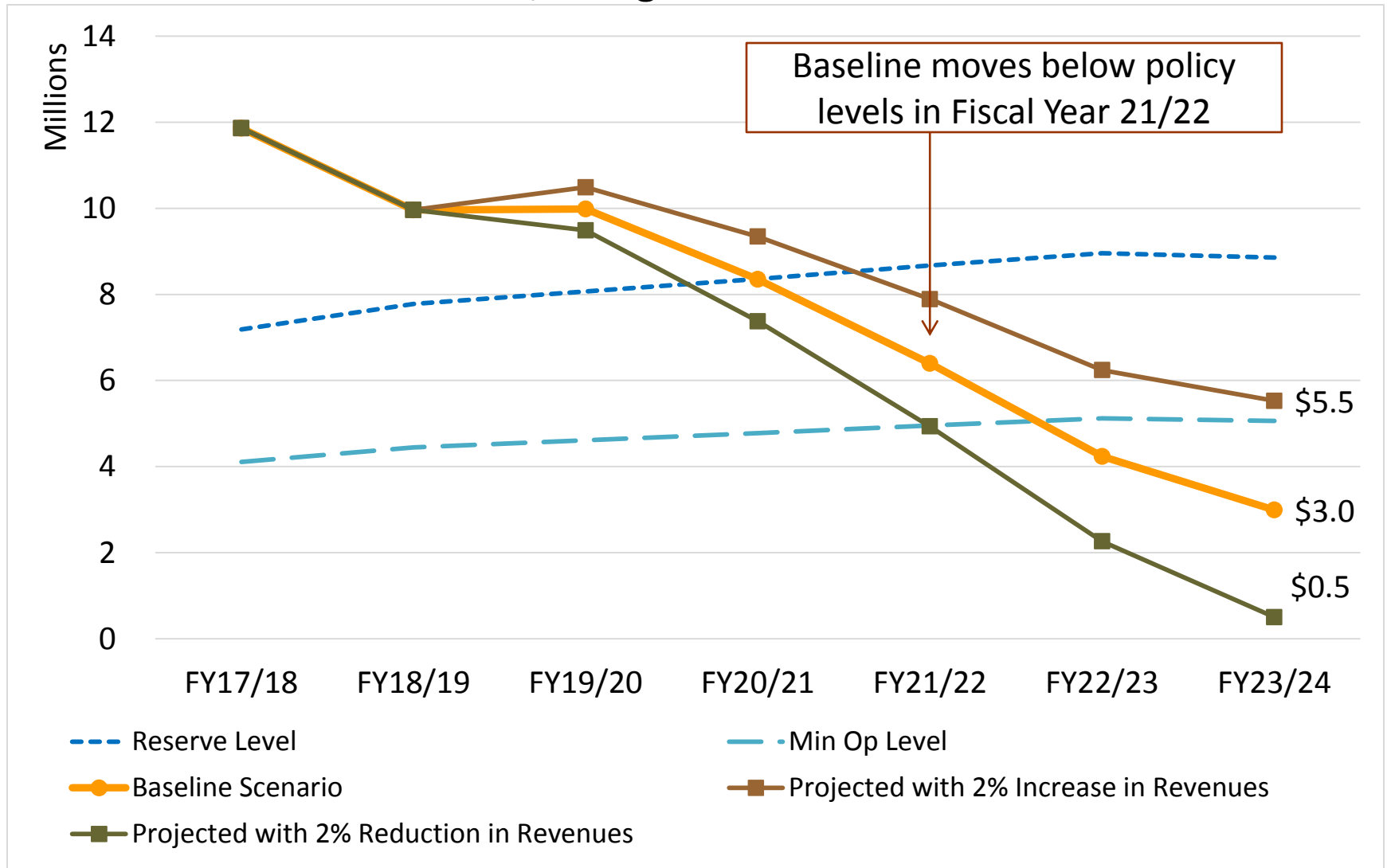
# Revised Forecast

Includes baseline forecast, along with a 1% variance in revenues



# Baseline Projection

Includes baseline forecast, along with a 2% variance in revenues



# Considerations

- Challenges
  - Projected declines in fund balance
  - Rising pension costs
  - Funding for capital improvements
    - Special street-related revenues require a maintenance of effort
      - Current amount: Approximately \$500,000
    - Commitment to Library: \$200,000
- Opportunities
  - Partial pension obligation bond relief in Fiscal Year 23/24
  - Potential sale of water entitlements
  - Proposed new hotel
  - Alternate revenue sources
  - Short-term rental visitors choose alternate PG accommodations

# Recommendations

- Establish Subcommittee to assist with long-term planning
  - Provide any direction related to the development of the Fiscal Year 19/20 Proposed Budget

# Questions?



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