



FY 2012/13 Spring Financial Update

City Council Agenda Item 3.1
April 16, 2013

Agenda

1. Overview

2. Economic Update

3. Revenues / Expenditures

4. General Fund Five Year Forecast

5. Summary & Next Steps

1. Overview – General Fund

Spring Financial Update

- **FY 2012/13 budget on track to exceed 15% G.F. reserve target**
 - Revenues increased over Midyear forecast
 - Increase in Real Property Transfer Tax and Building Permits and Fees
 - Other revenues:
 - \$1.6 million one-time revenue from Property Tax Administration Fee (PTAF) legal settlement
 - \$.9 million (estimate) in Redevelopment Property Tax Trust Fund (RPTTF) Residual Distribution
 - Expenditures in line with adopted budget

Spring Financial Update

- **Focus on Long-Term Sustainability-FY 2013/14**
 - **Begin to address unfunded obligations**
 - Long Term Financial Policy Subcommittee
 - Creation of Pension Stabilization Fund in FY 2012/13 with \$1.6 million G.F. contribution from PTAF settlement
 - Annual contributions from the General Fund and Enterprise Funds going forward
 - General Fund Reserves maintained at 15% per Council policy
 - Use of funds exceed source of funds after current (2012/13) fiscal year

2. Economic Update

National Economic Update

- U.S. economy grew at 2.2% GDP for 2012
 - Fed. estimating 2.4% growth in 2013, 3.2% in 2014
- 7.6% Unemployment Rate in March 2013
 - 168,000 Jobs added on average each month for 1Q 2013
- Housing market continuing to rebound
 - Home sales 12.3% higher in Feb. 2013 than Feb. 2012
- Economic Uncertainty Persists
 - National wage growth slower than increase in inflation
 - Uncertain global picture

California Economic Update

- California unemployment (seasonally adjusted) at 9.6% in Feb. 2013 and declining
 - ❑ California has added back 905k jobs since Nov. 2009
- Statewide Sales Tax up 6.3% (calendar 2012 over calendar 2011)
- Housing Market Uncertain
 - ❑ Commercial construction and home remodels up
 - ❑ Prices higher but home sales slowed with inventory tightening in Feb. 2013

Regional/Local Economic Update

- Local Tourism Sector strong, with Santa Rosa Occupancy Tax forecasted 6% higher in FY 2012/13 over FY 2011/12
- Sonoma County unemployment at 7.9% for Jan. 2013
- Sonoma County - Median Home Sales Price in County at \$350K for Feb. 2013, with sales volume and prices essentially flat for past few months
- Total Building Permit valuation 50% higher in first three months of 2013 compared to same time period in 2012
 - Business improvements, senior housing key growth drivers

3. General Fund Revenues / Expenditures

Spring Update

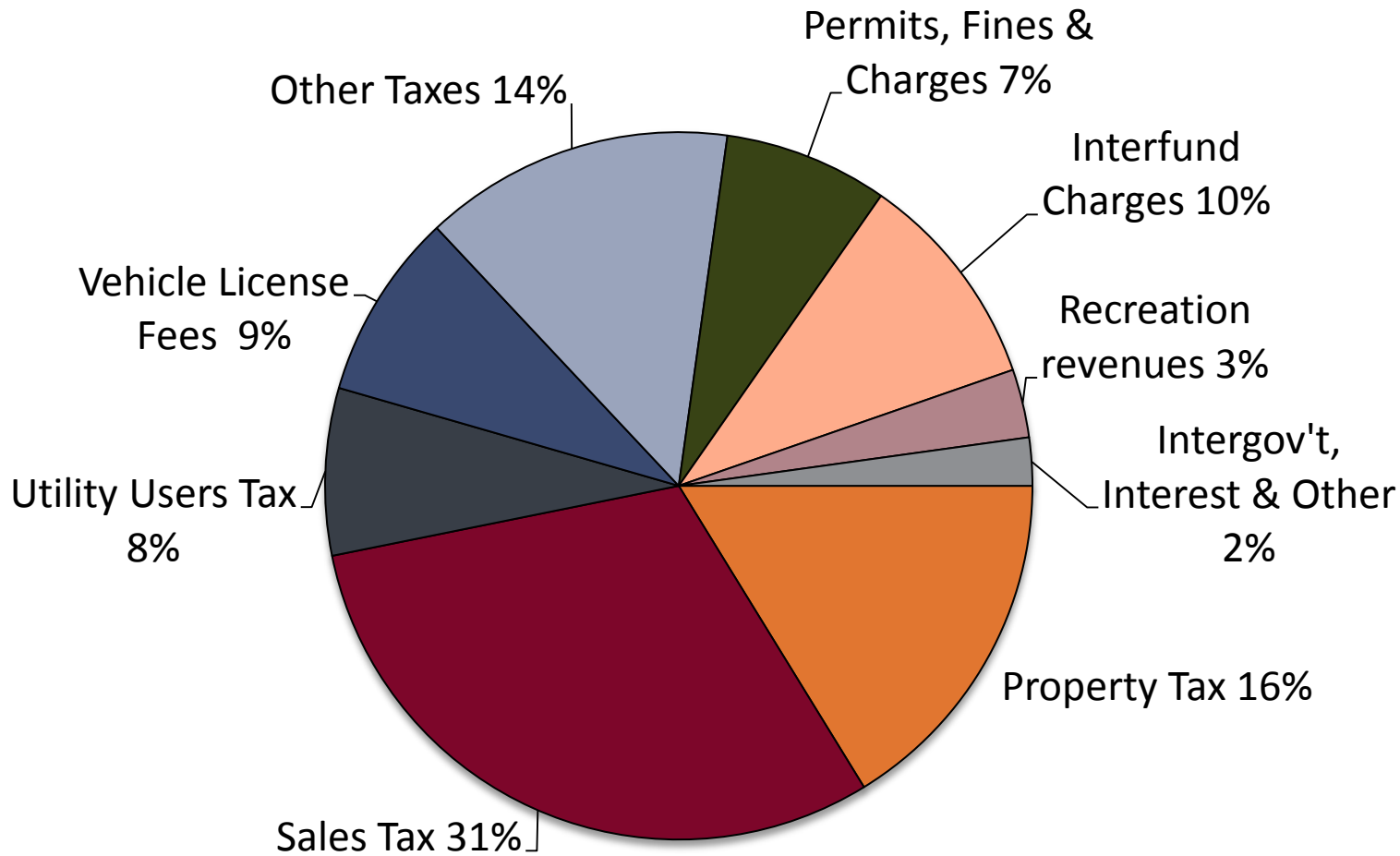
FY 2012/13 General Fund Projected Revenues (in millions \$)

General Fund	2012/13 Adopted Budget	2012/13 Current Estimate	\$ Change From Budget	% Change From Budget
Property Tax	\$19.4	\$19.9	\$.5	2.6%
Sales Tax (including Meas P)	36.8	37.5	.7	1.9%
Utility Users Tax	9.6	9.3	(.3)	(3.1)%
Vehicle License Fees	10.3	10.5	.2	1.9%
Other Taxes	16.4	17.4	1.0	6.1%
Permits, Fines & Charges	8.7	9.2	.5	5.7%
Interfund Charges	12.3	12.1	(.2)	(1.6)%
Recreation Revenues	3.6	3.8	.2	5.6%
Intergovt, Interest & other*	2.7	2.7	-	-
Total General Fund Revenues	\$119.8	\$122.4	\$2.6	2.2%

* **Excludes** PTAF settlement & Redevelopment Property Tax Trust Fund Resid. Distrib. revenues 11

FY 2012/13 General Fund Projected Revenues

Total General Fund projected Revenues = **\$122.4M**



* **Excludes** PTAF settlement & Redevelopment Property Tax Trust Fund revenue

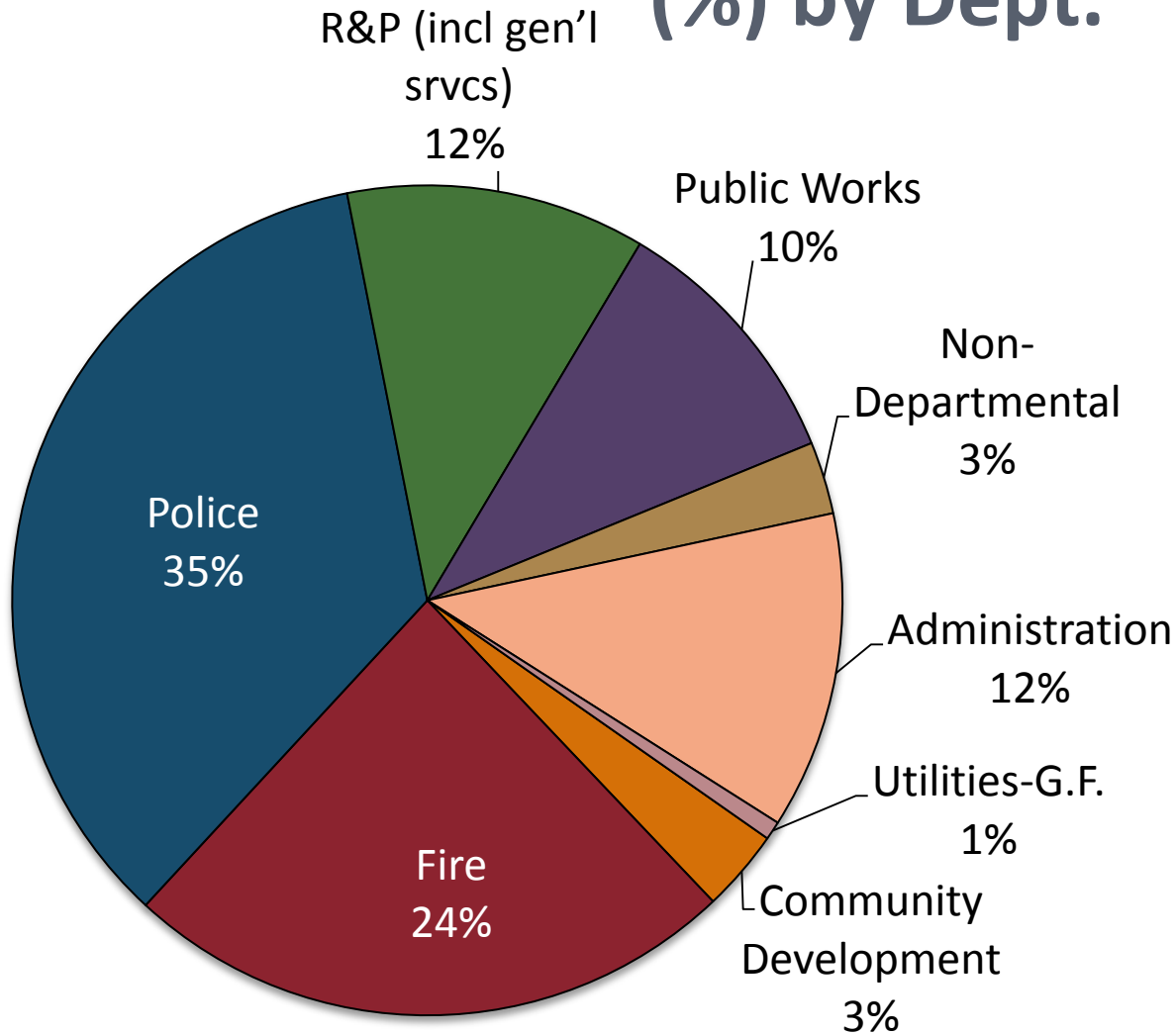
FY 2012/13 General Fund Budgeted Expenditures

(in millions \$)

Department	2012/13 Budget	2012/13 % of total G.F. Budget
*Administration	\$14.5	12%
Community Development	3.7	3%
Fire	28.0	24%
Police	41.0	35%
Transportation & Public Works	12.0	10%
Rec & Parks (<i>includes General Srvcs</i>)	13.6	12%
Utilities (<i>General Fund only</i>)	.8	1%
Non-Departmental	3.3	3%
Total General Fund Exp. Budget	\$116.9	100%

* Administration Departments include: City Council, City Manager, City Attorney, Human Resources and Finance

FY 2012/13 General Fund Budgeted Expenditures (%) by Dept.



**FY 12/13 Total G.F.
Budgeted Expenditures**
=\$116.9M

Administration includes City Council, City Manager, City Attorney, Human Resources and Finance.

FY 2012/13 General Fund

Revenue & Expenditure Changes (in millions \$)

	2012/13 Adopted Budget	2012/13 Current Estimate	\$ Change From Budget	% Change From Budget
Revenues (on-going)	\$119.8	\$122.4	\$2.6	2.2%
Other Revenues (PTAF, RPTTF)	-	\$2.5	\$2.5	
Reserve for Pension Stabilization, Redevelopment Obligations	-	\$(2.5)	\$(2.5)	
Net Transfers In / (Out) *	(1.5)	(1.6)	(.1)	(6.7)%
Expenditures	(116.9)	(116.9)	-	-
Net Results	\$1.4	\$3.9	\$2.5	

Major Changes from Budget

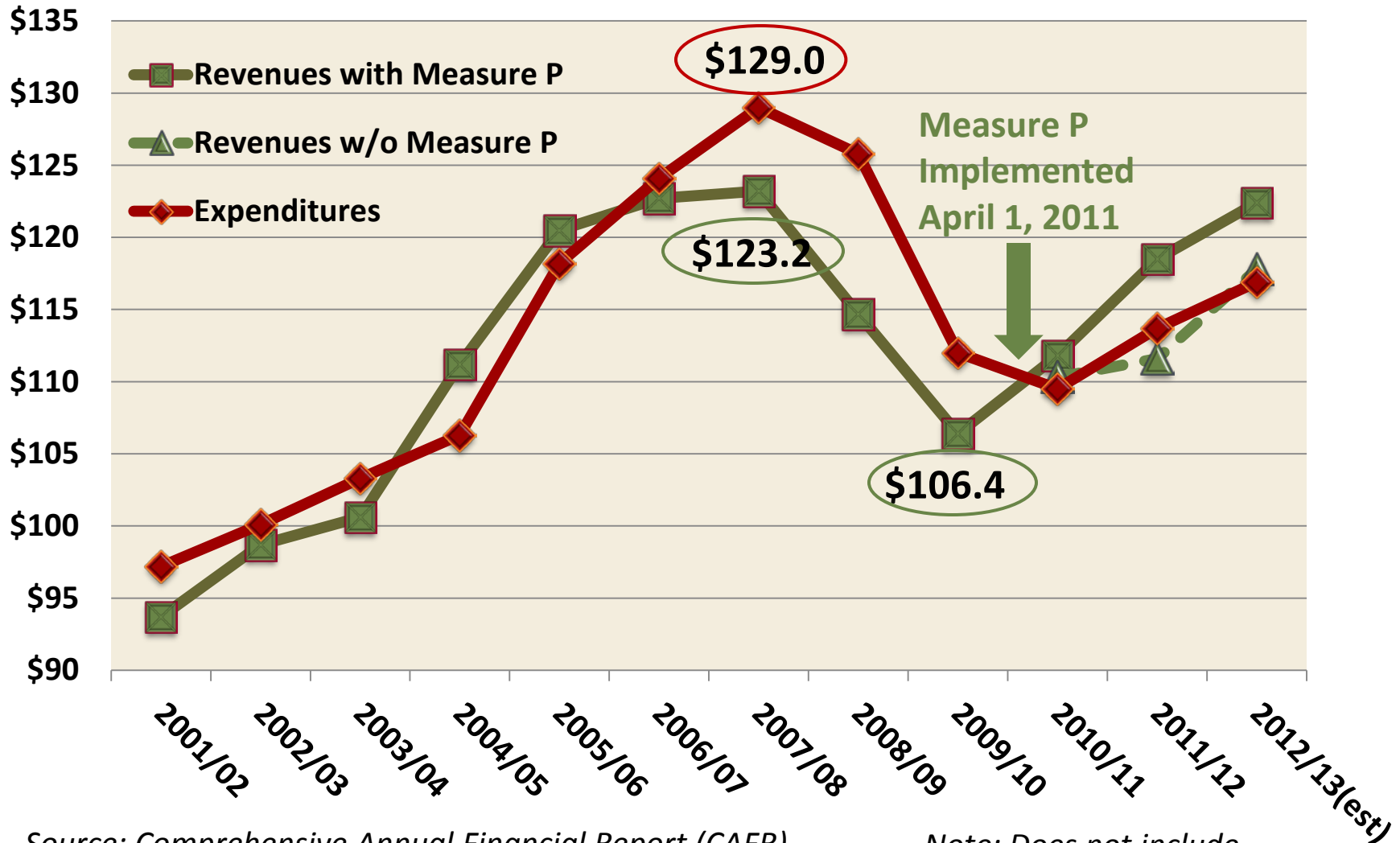
- \$1.2M Sales & Property Tax ↑
- \$.9M Other Taxes ↑
- \$.5M Permits, Fines & Chgs ↑

*Transfers In/Out include:

- G.F. Trnsf Out to CIP \$1.6M
- Trnsfs In from Gas Tax, Asset Forf., other
- Trnsfs Out to Shelter, Econ Dev, other

General Fund - Ten Year Revenues / Expenditures

(in millions \$)



Source: Comprehensive Annual Financial Report (CAFR)

Note: Does not include

4. General Fund Five Year Forecast

Five Year Forecast

- General Fund only
- FY 2013/14 budget development still in process
- Includes addition of \$700K to Police Dept FY 2013/14 budget for Measure O baseline funding
 - Police draft 13/14 budget \$1.1M under Measure O *estimated* baseline funding target
- Does *not* assume continuation of one-time employee concessions
- Provides funding to begin to address long-term unfunded obligations

General Fund Forecast Revenue Assumptions

General Fund On-going Revenues	2012/13 Current \$ estimate	2013/14 Growth %	2014/15 Growth %	2015/16 Growth %	2016/17 Growth %	2017/18 Growth %
Property Tax	\$19.9	1.0%	1.0%	1.0%	1.0%	1.0%
Sales Tax (includes Meas P)	37.5	3.0%	3.0%	3.0%	3.0%	3.0%
Utility Users Tax	9.3	1.8%	1.8%	1.8%	1.8%	1.8%
Vehicle License Fees	10.5	1.0%	1.0%	1.0%	1.0%	1.0%
Other Taxes	17.4	2.3%	3.2%	3.2%	3.2%	3.2%
Permits, Fines & Charges	9.2	2.6%	2.8%	2.8%	2.8%	2.8%
Interfund Charges	12.1	1.0%	1.0%	1.0%	1.0%	1.0%
Recreation Revenues	3.8	3.0%	3.0%	3.0%	3.0%	3.0%
Intergovt, Interest & other	2.7	1.9%	1.9%	1.9%	1.8%	1.8%
Total General Fund Revenues	\$122.4	2.1%	2.2%	2.2%	2.2%	2.2%

Excludes \$1.6M one-time PTAF revenue in FY 2012/13; excludes \$.9M Redev PTF revenue 19

Spring Update – G.F. Five Year Forecast (in million \$)

	<u>Actual</u>	<u>Forecast</u>					
	<u>11/12</u>	<u>12/13</u>	<u>13/14</u>	<u>14/15</u>	<u>15/16</u>	<u>16/17</u>	<u>17/18</u>
Revenues	\$118.5	\$122.4	\$124.9	\$127.7	\$130.5	\$133.4	\$136.4
PTAF, RPTTF Revenues	-	2.5	.9	.9	.9	.9	.9
Rsrv-Pension Stabiliz.;		(1.6)	(.6)	(.6)	(.7)	(.7)	(.7)
Redev. Obligations	-	(.9)	(.9)	(.9)	(.9)	(.9)	(.9)
Net - Trnsfs In /Out	(.1)	(1.6)	(2.1)	(2.0)	(1.9)	(1.8)	(1.9)
Expenditures	114.9	116.9	123.2	127.1	130.1	133.9	137.4
Net Results	3.5	3.9	(1.0)	(2.0)	(2.2)	(3.0)	(3.6)
<u>Solutions Needed to maintain Reserves at 15%</u>				\$2.0	\$2.0 .7	\$2.0 .7 .8	\$2.0 .7 1.5
<u>ENDING RESERVES</u>	16.4	20.3	19.3	19.3	19.8	20.3	20.9
<u>% of G.F. Expend.</u>	14.3%	17.0%	15.5%	15.0%	15.0%	15.0%	15.0% 20

5. Summary & Next Steps

Summary

- **FY 2012/13 budget on track**
 - Use PTAF General Fund revenue of \$1.6M to create Pension Stabilization Fund
 - Reserve \$.9M RPTTF estimated revenue for redevelopment obligations
- **Long Term Fiscal Sustainability Focus in FY 2013/14**
 - Add \$660K to Pension Stabilization Fund
 - Maintain General Fund reserve level at 15%
 - Long Term Financial Policy Subcommittee

Next Steps – FY 2013/14 Budget

- Budget Development: **in progress**
- Budget Study Sessions: **May 7 and May 14**
- Budget Hearings: **June 18 – June 20**

Questions