

OVERVIEW OF THE 2018-19 PROPOSED BUDGET



2018-19 Proposed Budget
April 27, 2018

Richard H. Llewellyn, Jr.
City Administrative Officer

SUMMARY

- Budget Overview
- Revenues: Levels and Concerns
- Expenditures: Staffing, Pensions, and Concerns
- Financial Policy Compliance
- Four-Year Budget Outlook



BUDGET OVERVIEW

TOTAL PROPOSED 2018-19 CITY GOVERNMENT

	Appropriations (\$ Millions)	Authorized Positions*
<u>I. Proprietary Departments</u>		
Airports	\$ 6,903.1	4,050
Harbor	\$ 1,333.9	999
Water and Power	\$ 8,409.1	11,262
Total	\$ 16,646.1	16,311
<u>II. General City Budget</u>		
General Fund	\$ 6,166.0	23,174 **
Special Funds	\$ 3,697.1	10,543
Total	\$ 9,863.1	33,717
<u>III. Grants and other Non-Budgeted Funds</u>		
Total	\$ 1,438.4	-
Grand Total	\$ 27,947.6	50,028

*Regular positions.

**Sworn staff represents 58 percent of General Fund positions.



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BUDGET OVERVIEW

Budget Component	Budget (\$ Millions)			Authorized Positions*		
	Adopted 2017-18	Proposed 2018-19	Percent Change	Adopted 2017-18	Proposed 2018-19	Percent Change
General Fund	\$ 5,826.5	\$ 6,166.0	5.8%	22,967	23,174	0.9%
Special Funds	\$ 3,465.6	\$ 3,697.1	6.7%	10,408	10,543	1.3%
Total	\$ 9,292.1	\$ 9,863.1	6.1%	33,375	33,717	1.0%

*Regular Positions



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REVENUES: LEVELS

General Fund revenues increased by \$339.5 million from 2017-18 Adopted Budget to 2018-19 Proposed Budget. Major changes include:

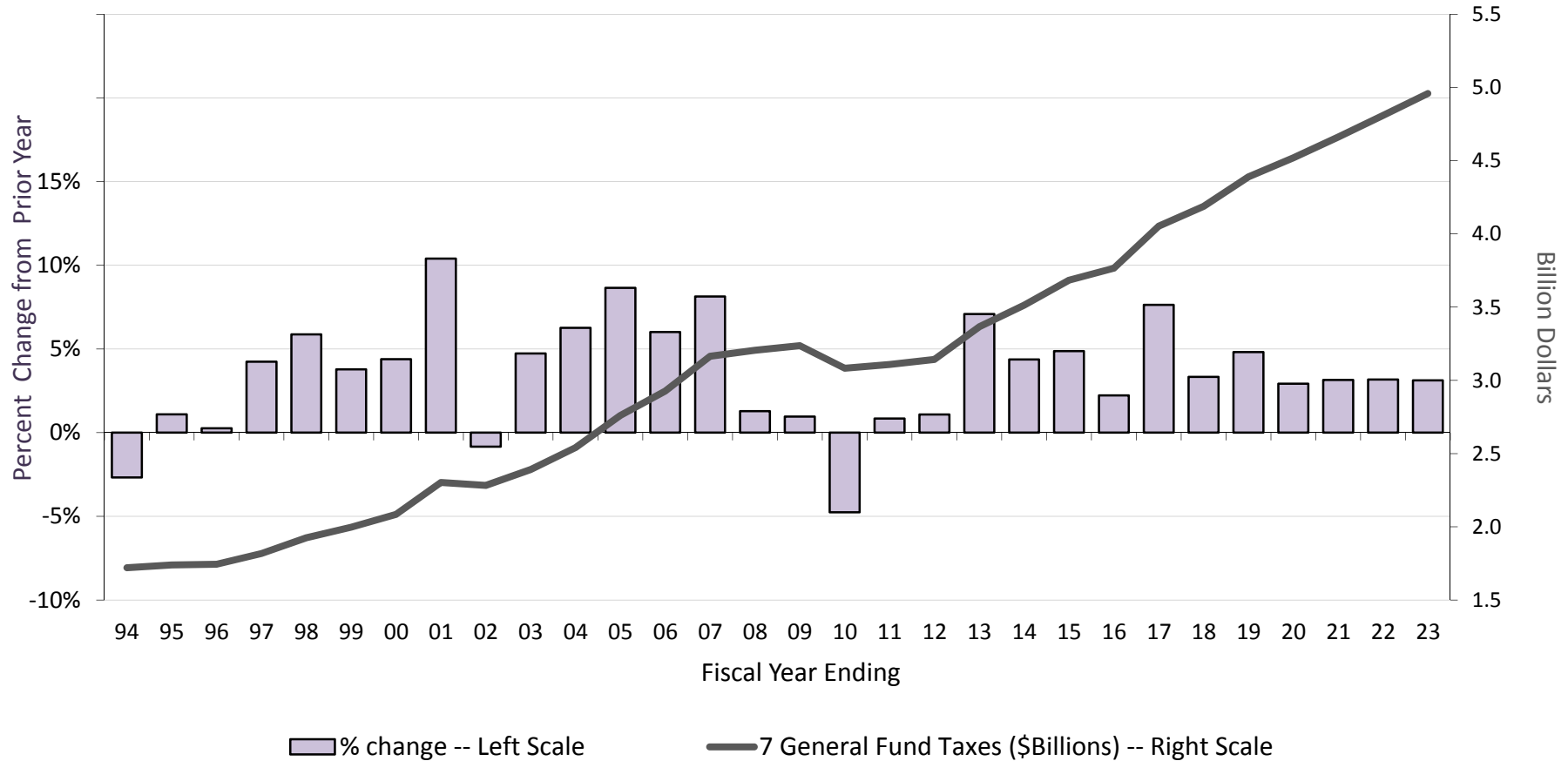
Source	Amount (Millions)	
Property Tax	\$124.1	Assumes 5.78% growth
License, Permits, Fees, and Fines	\$65.9	Primarily from increases to special fund reimbursements
Communications Users Tax	(\$19.0)	Continued decline due to loss of subscriptions and price competition
Business Tax	\$56.8	Includes cannabis revenues of \$30 million, other economically-driven growth
Sales Tax	\$29.3	3.3% growth from current rate
Transient Occupancy Tax	\$40.1	6.4% Growth in short-term rentals and hotels; Short-term rentals at \$52 million, including \$3.7 million from new VRBO agreement



REVENUES: LEVELS

SEVEN GENERAL FUND TAXES

(Property (includes VLF), Utility , Business, Sales, Hotel, Documentary, and Parking Occupancy Taxes)



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REVENUES: CONCERNS

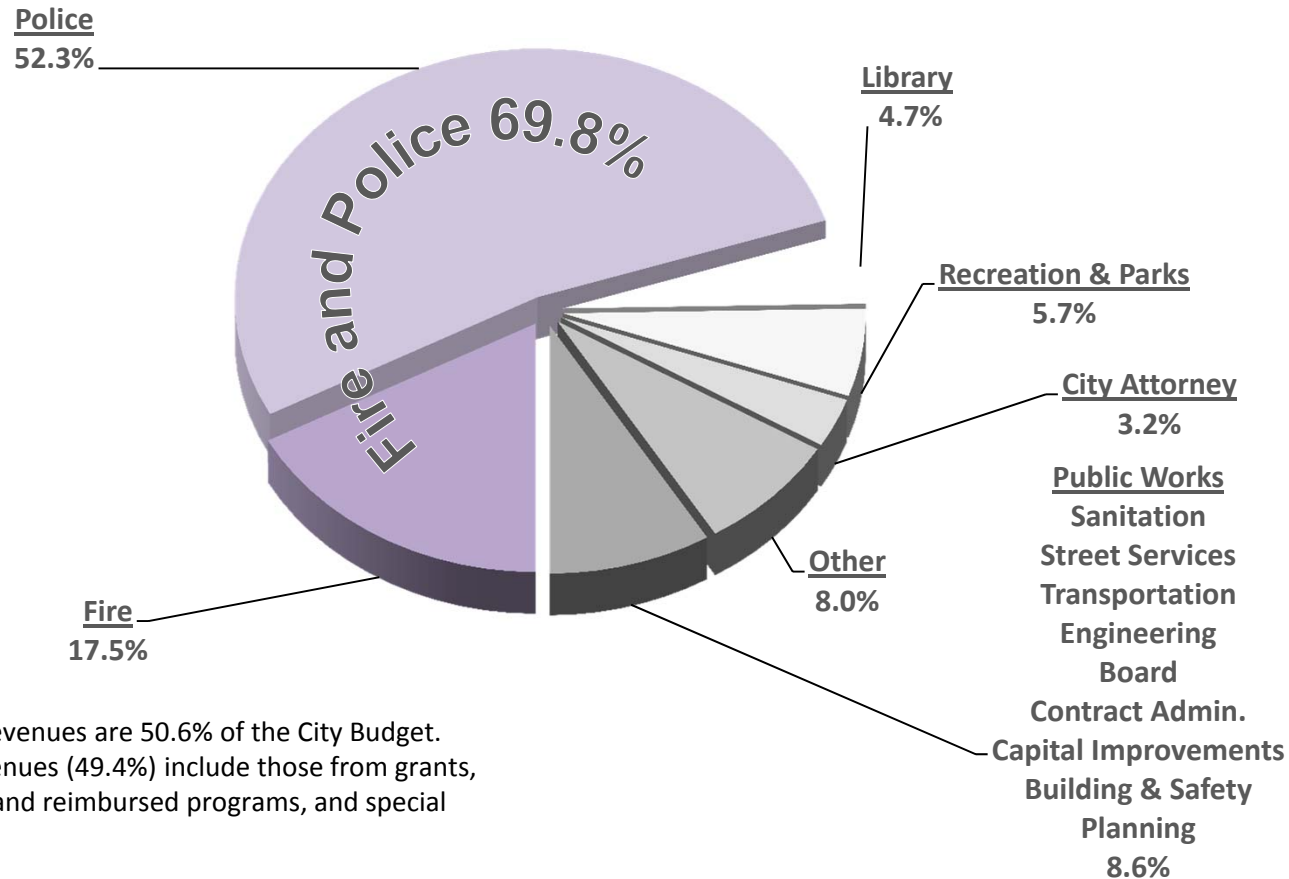
Revenues that are dependent on currently pending and possible policy decisions:

- \$13 million – Billboards
- \$52 million – Short-Term Rentals
- \$62 million – Street Damage Restoration Fee
- \$33.6 million – Potential repeal of the Gas Tax/Road Maintenance and Rehabilitation Program (SB1); Full-year funding is \$67.1 million



EXPENDITURES: OVERVIEW

USE OF UNRESTRICTED REVENUES (\$5.0 BILLION)

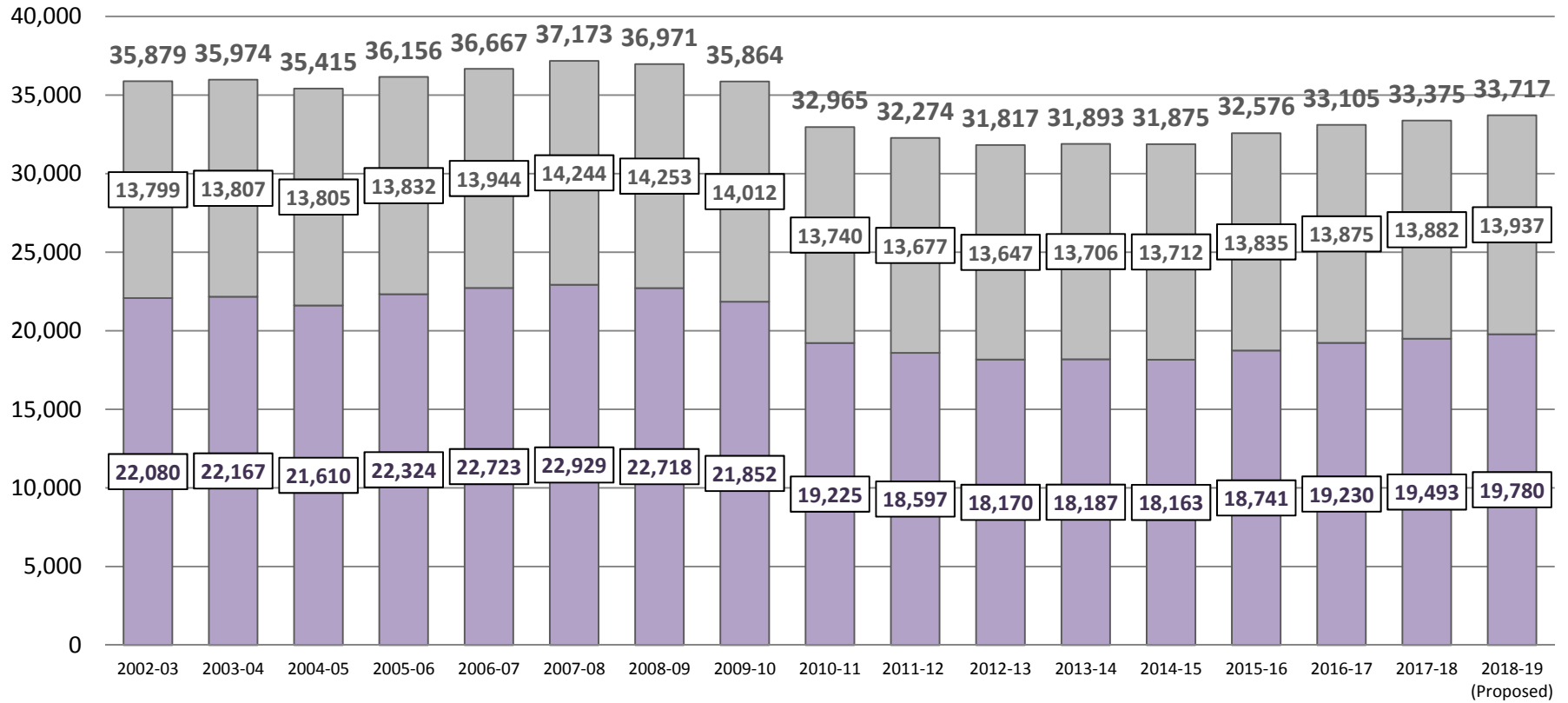


Unrestricted Revenues are 50.6% of the City Budget. Restricted Revenues (49.4%) include those from grants, fee supported and reimbursed programs, and special funds.



EXPENDITURES: STAFFING

AUTHORIZED CITY STAFFING* (Not Including Proprietary Departments)



* Regular Positions

■ All Others ■ Police (Sworn and Civilian)

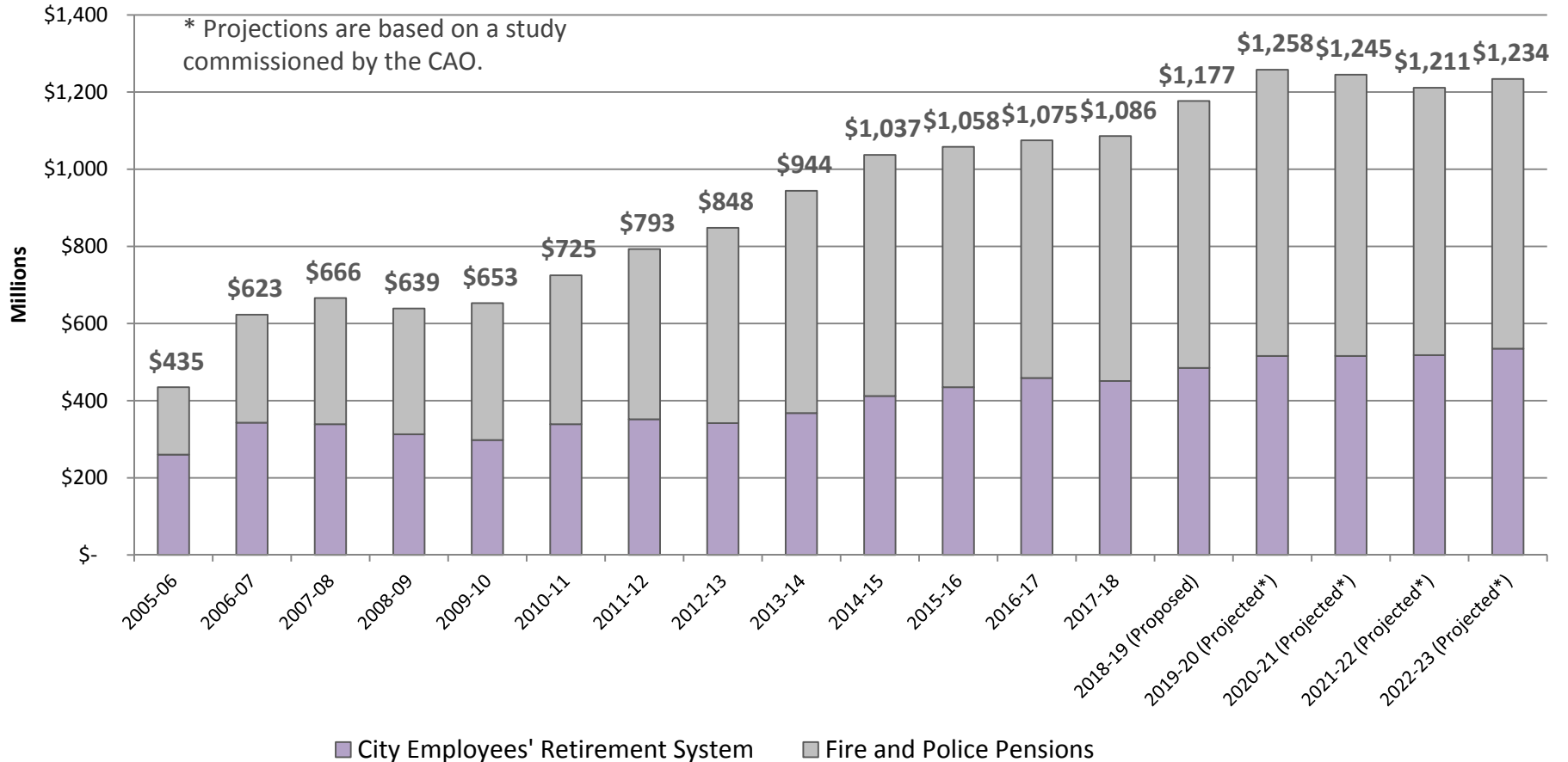


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EXPENDITURES: PENSIONS COSTS

GENERAL FUND CONTRIBUTIONS TO LACERS AND LAFPP

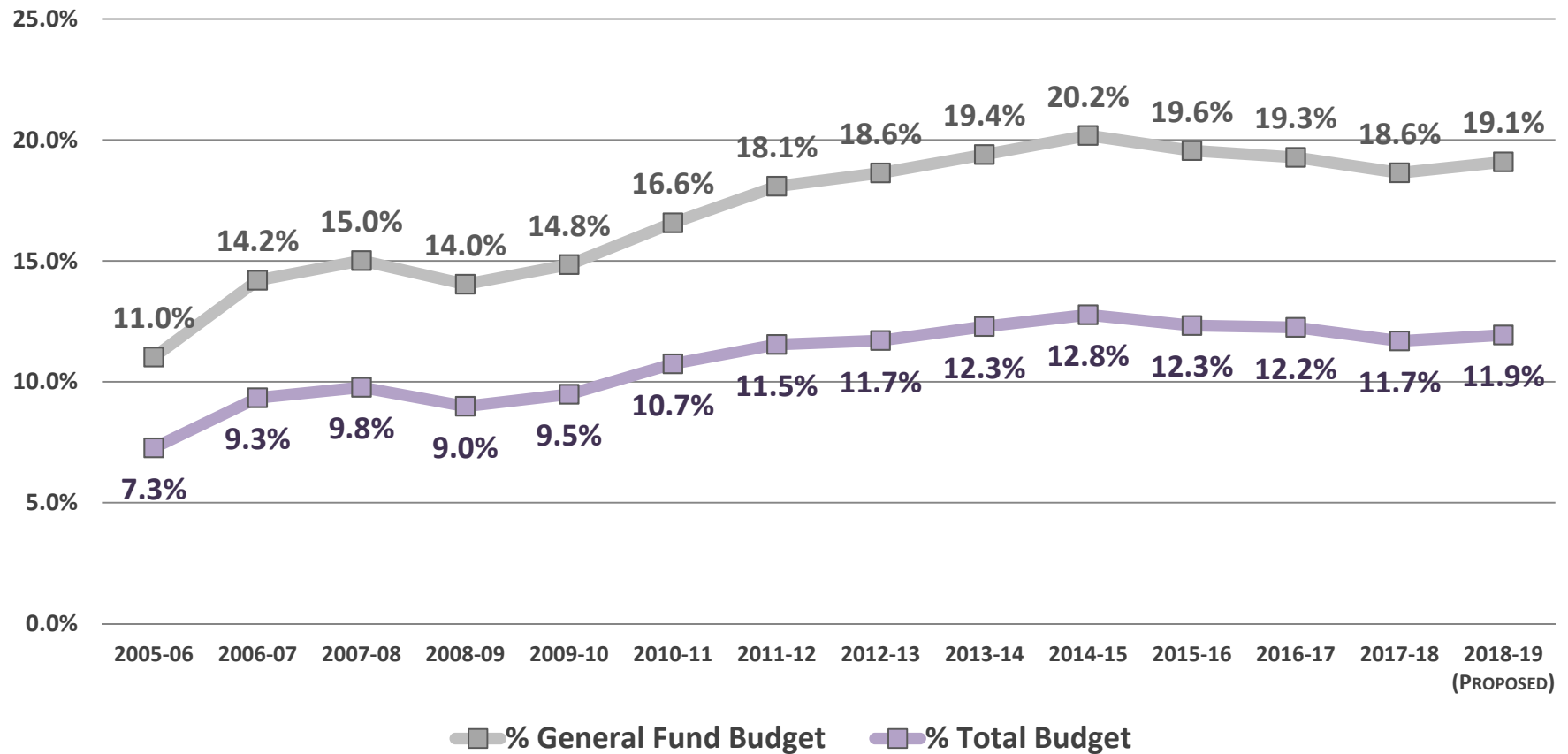
(Actual Amounts 2005-17; Adopted 2017-18; Proposed 2018-19, Projected 2019-23*)



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EXPENDITURES: PENSIONS COSTS

PERCENT OF BUDGET USED FOR LACERS/LAFPP CONTRIBUTION



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EXPENDITURES: CONCERNS

Potential Areas of Expenditure Shortfall

- No funding is included if employee compensation adjustments are approved through ongoing negotiations.
- Liability Claims funding matches 2017-18 level (\$109 million), but remains a risk.
- Police Overtime of \$118 million similar to 2017-18 level, but does not account for current year over-expenditures or anticipated compensation increases.
- \$45 million in departmental reductions require department heads to manage within budget.



FINANCIAL POLICY COMPLIANCE

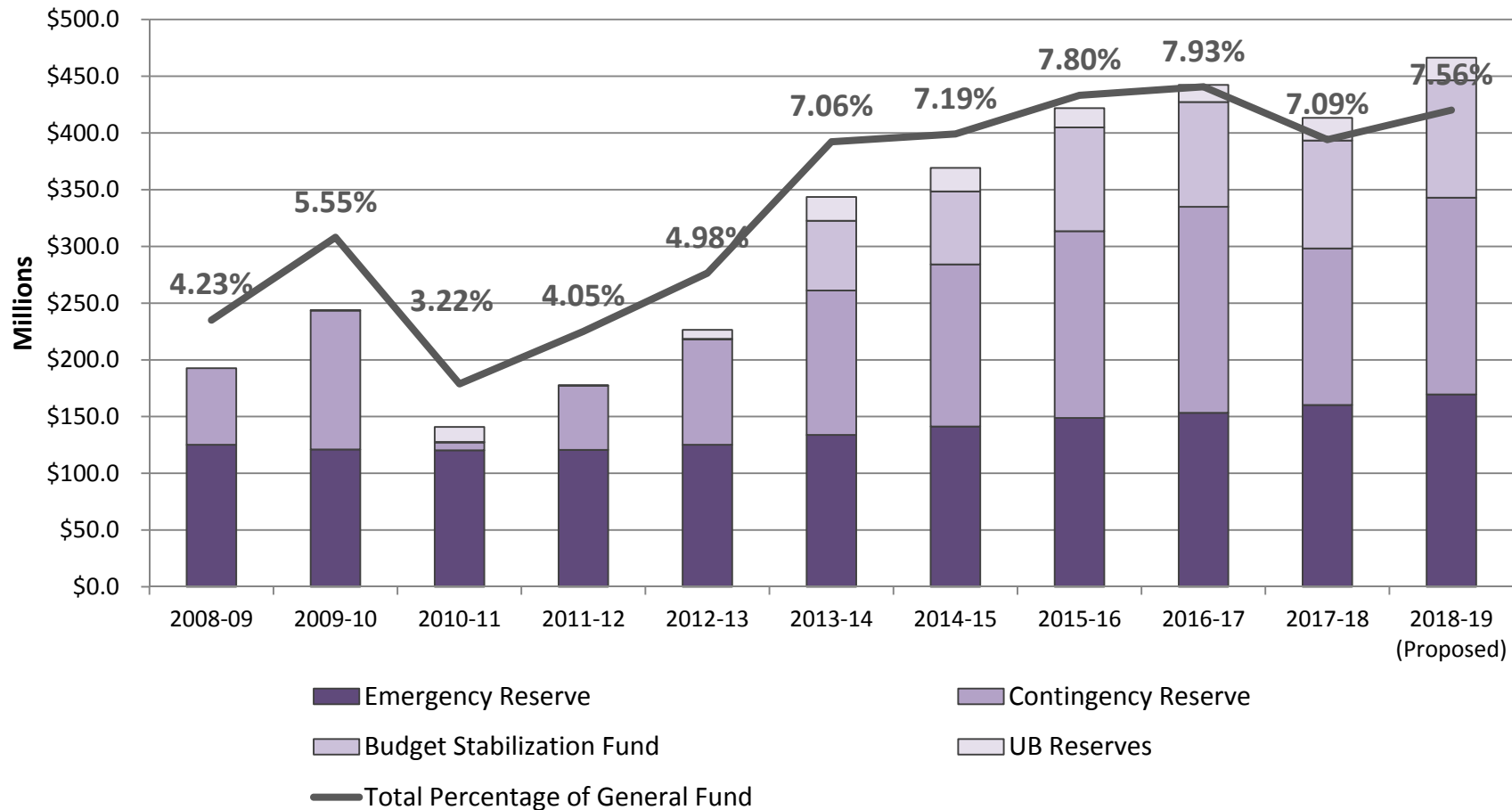
Policy		Compliance
Reserve Fund at least 5% of General Fund	✓	July 1 at \$343 million, or 5.56%
Budget Stabilization Fund contribution if growth of seven economically sensitive taxes is over 3.4%	✓	5.6% or \$90 million in growth: <ul style="list-style-type: none"> • \$5 million contribution to Fund • \$100 million for capital investment
Capital investment at 1% of General Fund	✓	Investment of 1.62% or \$100 million
All one-time revenues used for one-time expenditures	✓	\$49 million in one-time revenues for \$110 million in one-time expenditures
Debt service ceiling: 6% for non-voter approved and 15% for non-voter and voter approved of general receipts	✓	<ul style="list-style-type: none"> • 4.15% for non-voter approved • 6.23% for non-voter and voter approved • Projected to remain below limits throughout projection period, at least until 2025-26



FINANCIAL POLICY COMPLIANCE

ADOPTED BUDGET RESERVES

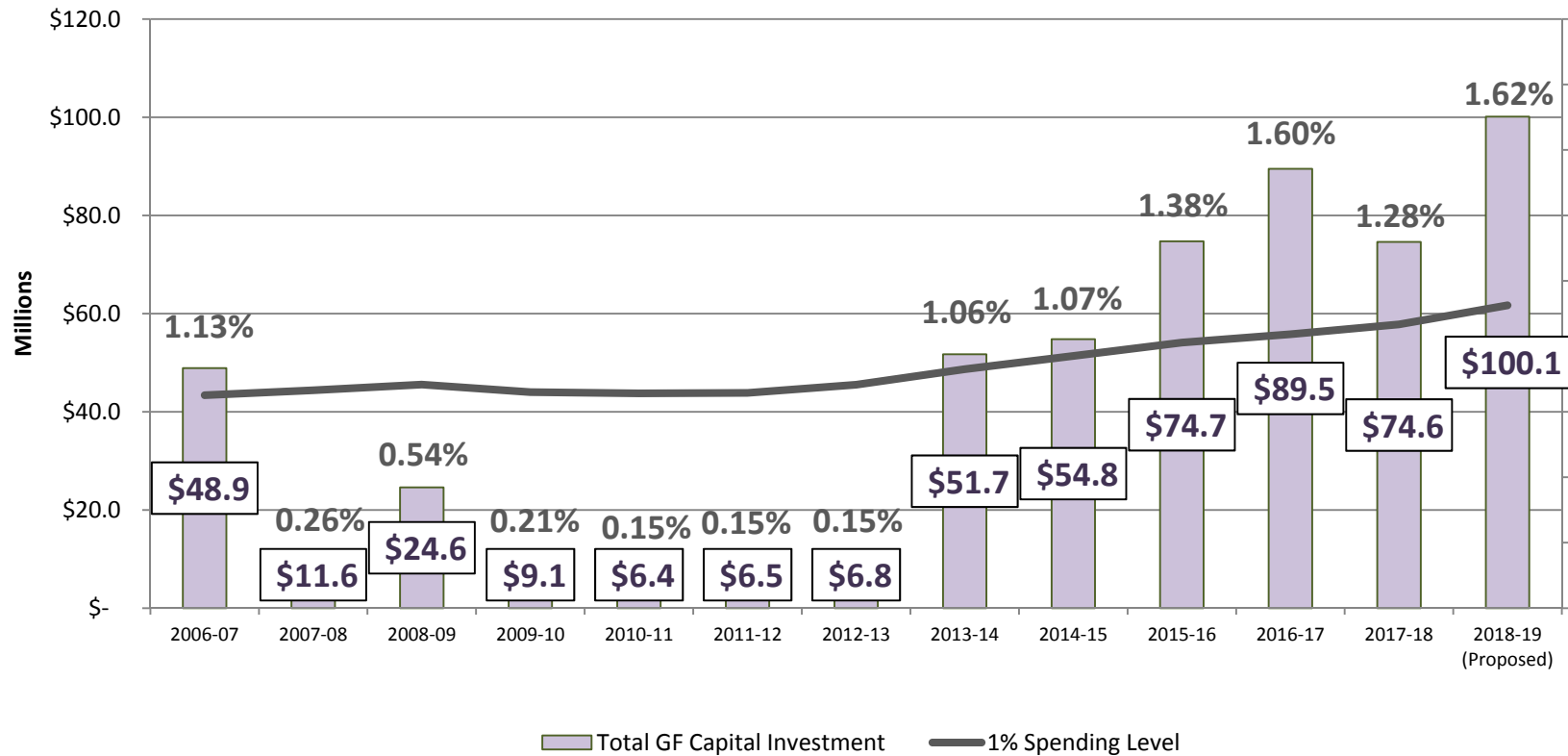
(Reserve Fund, Budget Stabilization Fund, and UB Reserves)



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FINANCIAL POLICY COMPLIANCE

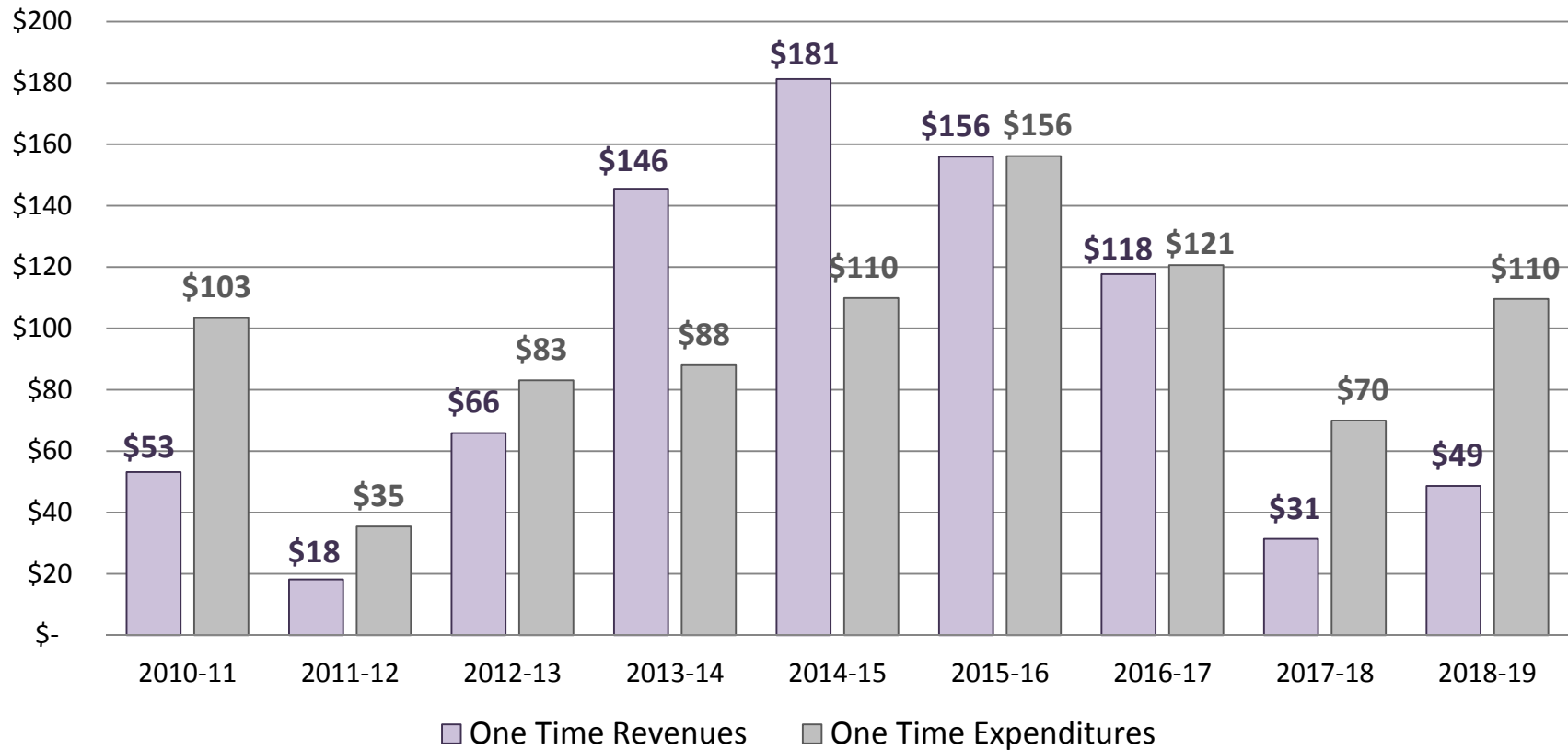
CAPITAL INVESTMENT AS PERCENTAGE OF GENERAL FUND REVENUE



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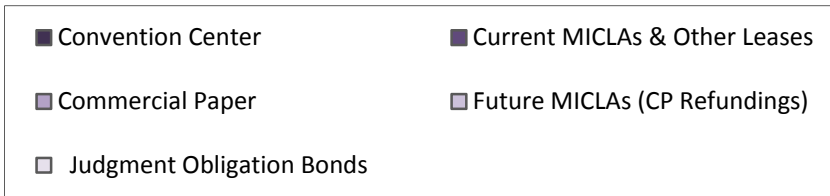
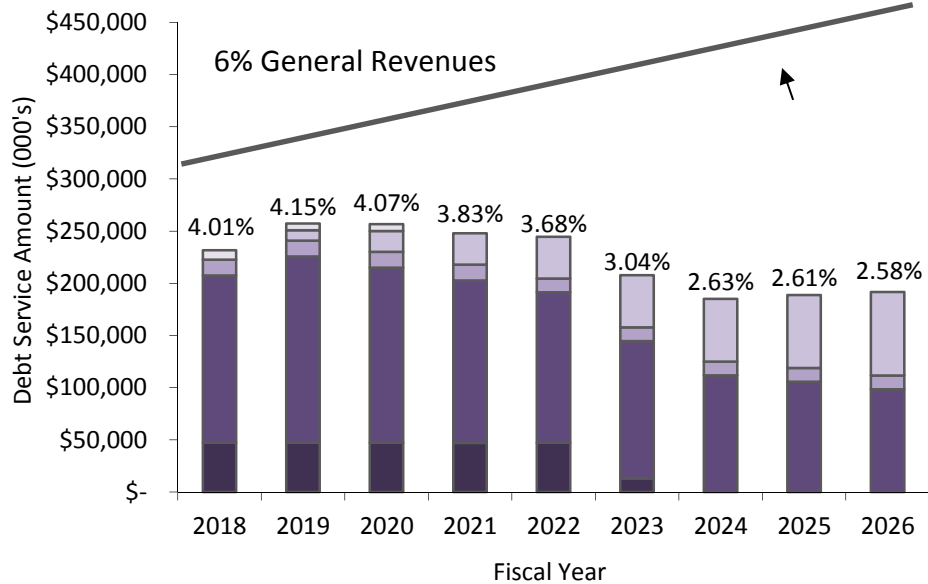
ONE-TIME REVENUES VS. ONE-TIME EXPENDITURES PROPOSED BUDGETS



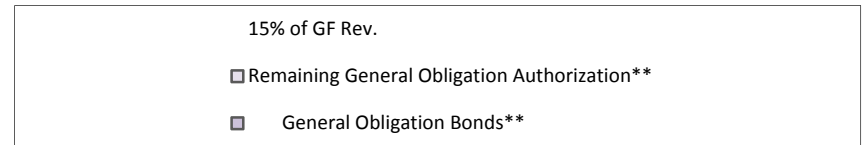
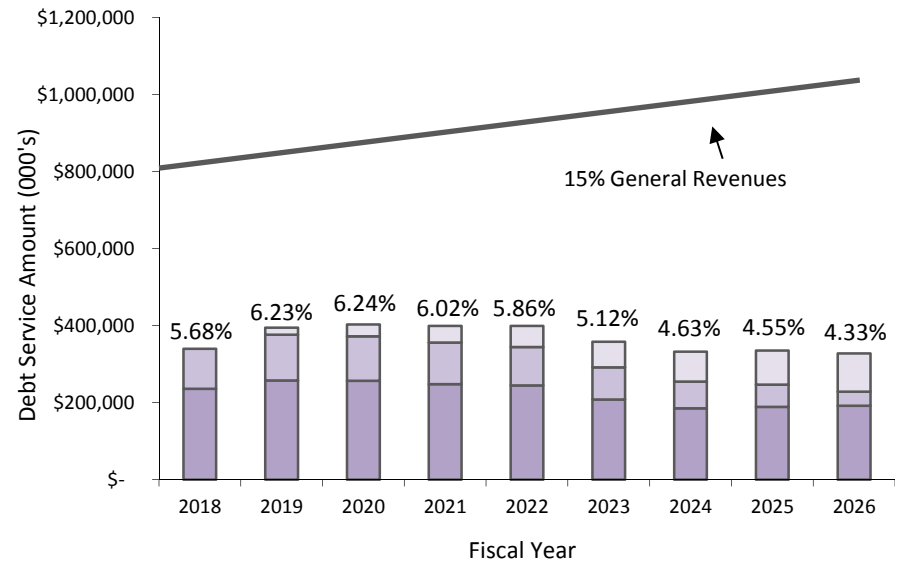
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FINANCIAL POLICY COMPLIANCE

NON-VOTER APPROVED DEBT



VOTER APPROVED AND NON-VOTER APPROVED DEBT



*Includes all non-voter approved items from chart on left.

** Voter approved Debt

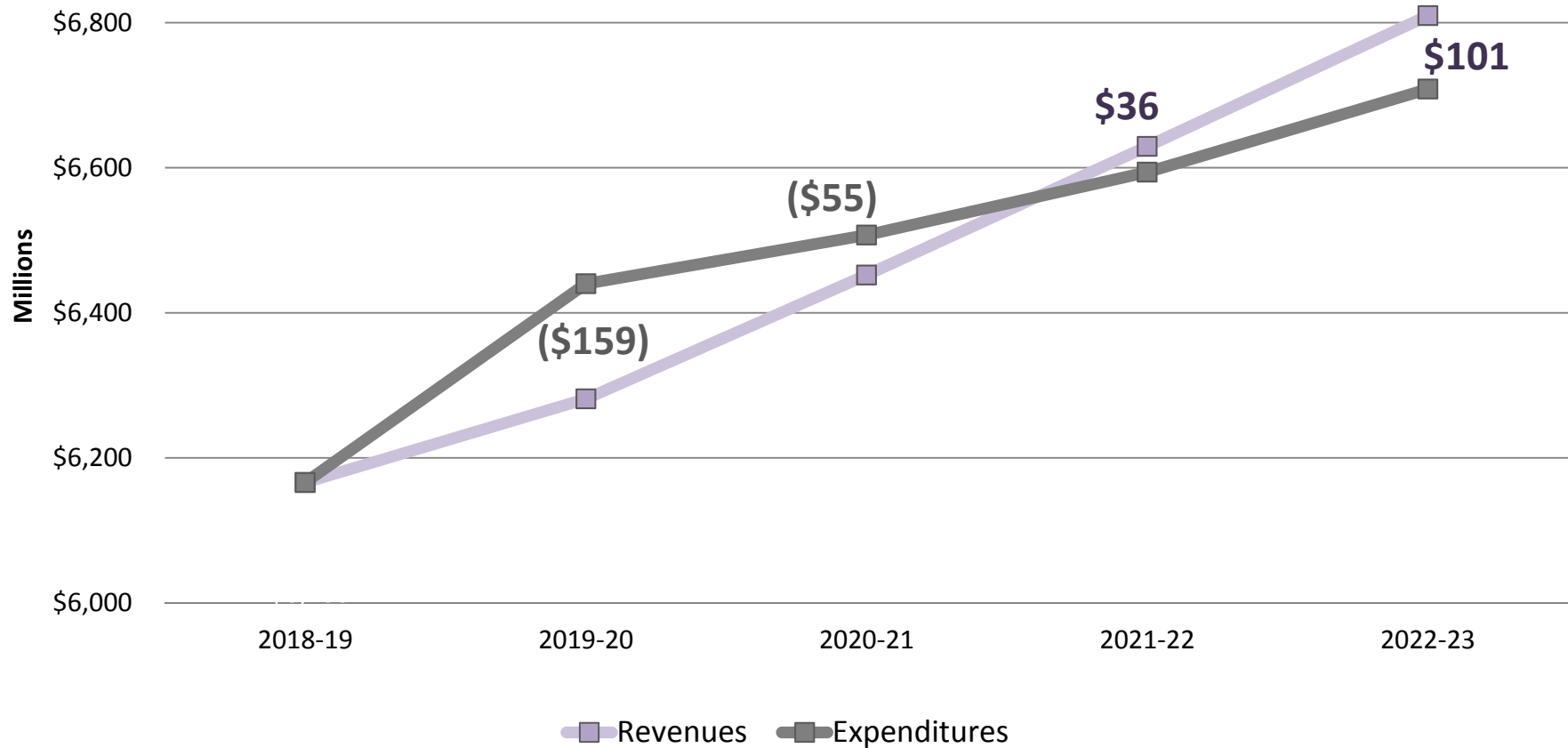
NOTE: Revenue bond and proprietary department debt not included.



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THE OUTLOOK

FOUR-YEAR BUDGET OUTLOOK *(2018-19 Proposed Budget)*



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