

# General Fund Budget Work Session

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February 4, 2025



# Agenda Overview

- Overview of the Five-Year General Fund Model Update
- Key Factor of Changes Since FY 2025 Adoption
- Overview of General Fund Model Assumptions
- Budget Balancing Strategies
- Interactive Budget Model
- Closing Remarks and Next Steps

# Five-Year General Fund Forecast Update

<b>GENERAL FUND FORECAST</b> FY 2025 Revised <i>\$ in thousands</i>	<b>FY 2024</b> Actuals (Unaudited)	<b>FY 2025</b> Adopted Year 1	<b>FY 2025</b> Revised Year 1	<b>FY 2026</b> Forecast Year 2	<b>FY 2027</b> Forecast Year 3	<b>FY 2028</b> Forecast Year 4	<b>FY 2029</b> Forecast Year 5
Revenues	\$217,093	\$216,360	\$220,062	\$226,668	\$229,769	\$235,701	\$241,546
<i>ARPA (one-time revenue)</i>			\$4,005				
Expenditures	\$216,154	\$218,168	\$227,348	\$232,876	\$238,696	\$242,595	\$248,643
<b>Net Change in Reserve - Surplus / (Shortfall)</b>	\$940	(\$1,808)	(\$3,281)	(\$6,208)	(\$8,928)	(\$6,894)	(\$7,098)
Beginning Balance	\$43,987	\$29,428	\$44,927	\$41,646	\$35,438	\$26,510	\$19,616
Ending Balance	\$44,927	\$27,620	\$41,646	\$35,438	\$26,510	\$19,616	\$12,517
Reserve Balance as % of Expenditures	20.8%	12.7%	18.3%	15.2%	11.1%	8.1%	5.0%

# Key Factors of Changes

## Revenue



Increase in Property Tax projections due to a number of new developments coming online



Increase in Utility User Tax projections due to continued increase in electric generation.



One-time ARPA appropriation in FY 2025.



Continued recovery in key revenue sources impacted by the pandemic, such as Transient Occupancy Tax (TOT)

## Expenditure



All labor contracts



Changes in CalPERS cost

## Other



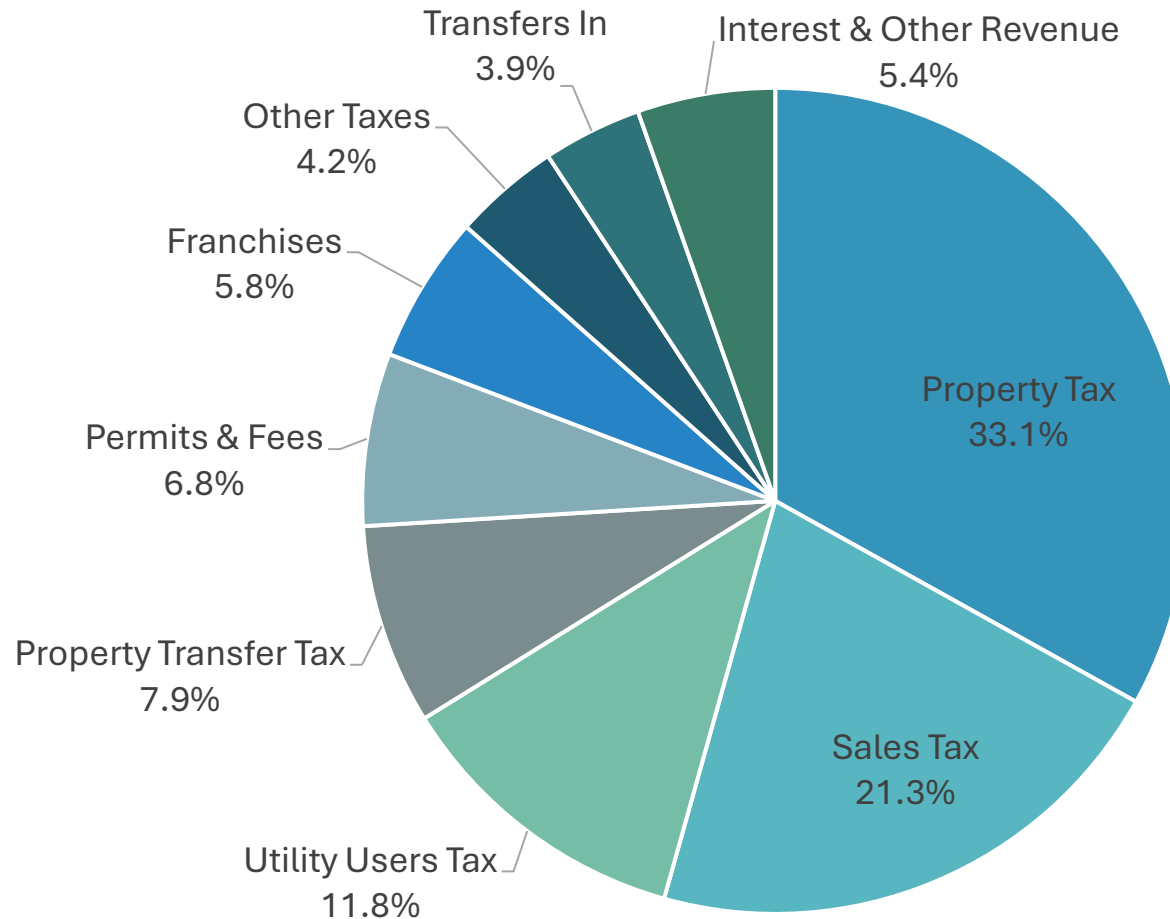
FY 2024 Ending Balance at \$44.9M vs. \$29.4M



Accounting for Loan to HEDC

# General Fund Revenue by Source

Total: \$224.1M

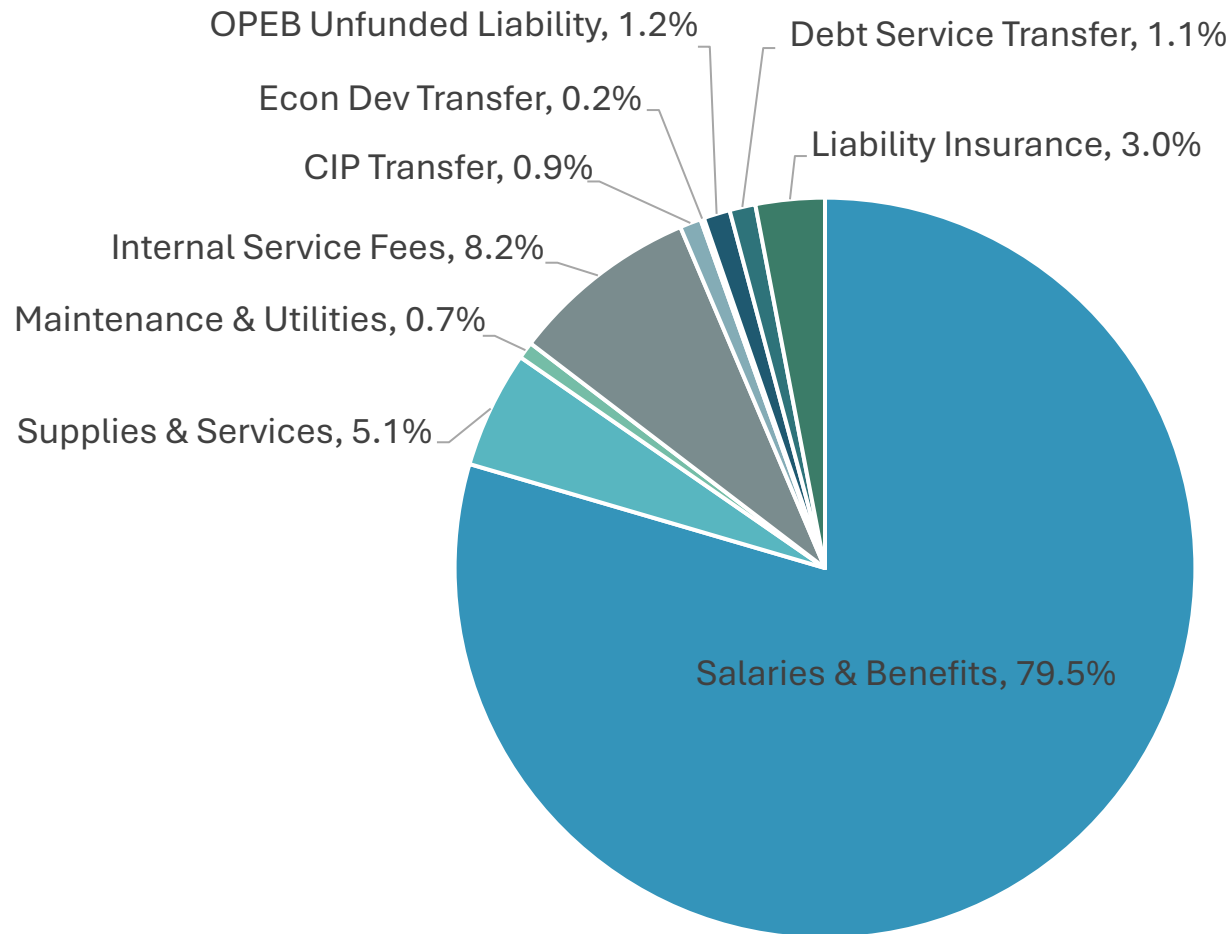


# Key Revenue Assumptions



# General Fund Expenditure by Category

## Total: \$227.3M



# Revenue Budget Balancing Strategies

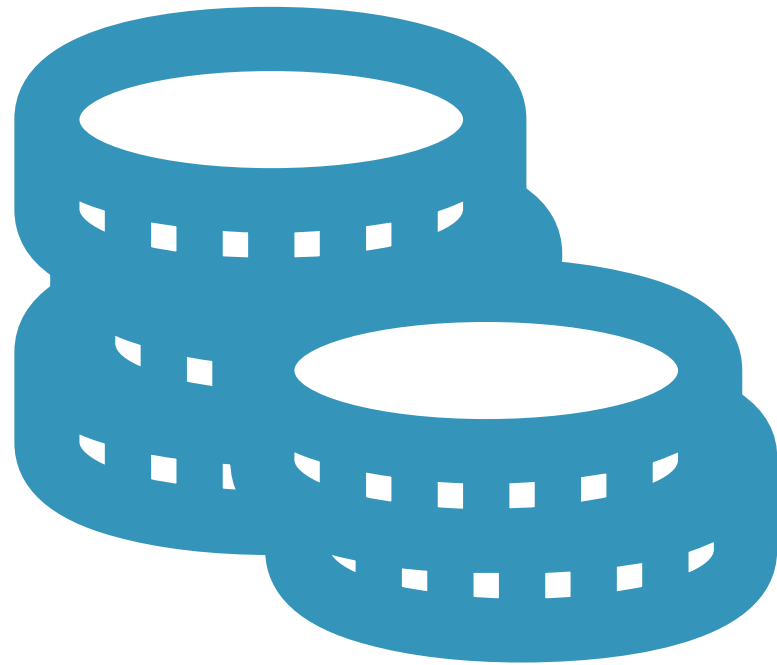
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# Expenditure Budget Balancing Strategies





# Interactive Budget Model

Menti.com

Code: 2774 5224

# Strategies

## Revenue Strategies (5)

- Cannabis Tax – Increase up to the full 15%
- Transient Occupancy Tax (TOT) – Increase up to 14%
- Half-Cent Sales Tax (Measure C/K1) – designated amount
- Short-Term Rental (STR) Tax Enforcement
- Business License Tax Adjustments

## Expenditure Strategies (5)

- Operational Efficiencies & Program Consolidation – Cut amount or some percent
- Reduce General Fund Subsidy for Capital Projects – designated amount
- Hiring Freeze – three-months
- Reduce Overtime – designated amount
- Strategic Program Evaluations – Cut amount or some percent