

GENERAL FUND LONG RANGE

BUDGET MODEL REVENUE & EXPENDITURE ASSUMPTIONS

ATTACHMENT III

REVENUE ASSUMPTIONS

- **Property Tax** – Projections based on information provided by HdL Coren & Cone. Projections includes an assumed recession in 2021. Annual growth ranges from -1.76% immediately following the projected recession year to 3.47% during recovery. For context the City saw an increase of 7.11% in assessed valuation in FY 2020. Unsecured Property Tax is approximately 1.5% annual growth for FY 2021, these taxes are not tied to property and therefore market value is not a factor. Projections also include RPTTF (RDA Redistribution of funds).
- **Sales Tax** – Projections based on information provided by Avenu Insights & Analytics. The sales tax shows contraction in FY 2020 and FY 2021. Flat growth in FY 2020. The FY 2021 contraction stems from a recession scenario ranging from -2.0% to 4.3% growth over the next five years. With an assumption of 2.9% growth annually for years information not provided.
- **Utility Users Tax (UUT)** – 2.0% growth annually.
- **Cannabis Tax Revenue** – Projections reduced to \$0 for FY 2020. Model assumes revenue of \$250,000 for FY 2021, growing to \$500,000 by FY 2030.
- **Other Taxes** - 2.0% growth annually.
- **RPTT** – New voter-passed rate increased to \$8.50 per \$1000 property value. Budgeted for \$15.5M in 2020, with 2% annual growth.
- **Franchise Fees** - 2.0% growth annually.
- **Construction Related Permits/Fees** - 2.0% growth annually.
- **Public Safety Fees/Services and Residential Rental Inspections** - 2.0% growth annually.
- **Licenses & Permits** - 3.0% growth annually.
- **Fairview Fire Protection District**- 2.0% growth annually.
- **Intergovernmental Revenue** - 2.0% growth annually.
- **Fines & Forfeitures** -2.0% growth annually.
- **Parking Citations-In House** - 2.0% growth annually.
- **Interest and Rental** - 2.0% growth annually.
- **Transfers to General Fund** - \$800,000 in loan repayments from Redevelopment Agency Successor Fund through FY 2028.
- **Does not include use of one-time funds** (e.g. proceeds from 238 sales).

EXPENDITURE ASSUMPTIONS

NOTE: The Model as presented assumes no increase in budgeted FTE.

- **Salary Increases** – Based on negotiated contracts through FY 2021 for Miscellaneous groups and FY 2024 for Police & Fire. All salary increases in subsequent years are projected at 2% annually.
- **Merit/Turnover Rate** – Ranges from .25% to 1.27% in FY2020 and FY2021, with .25% annual growth in out years.
- **PERS Employer Contribution** - Projections based on actuarial. Total normal cost, plus UAL for Misc. Plan ranges from 33.7% to 40.2% of GF payroll for FY 2021 through FY 2030. Fire Plan ranges from 57.9% to 68.0%. Police Plan ranges from 65.6% to 75.6%.
- **PERS Cost Share; Employee Contributions towards Employer Rate** – Clerical/Maintenance bargaining units – 4.5% through FY2020, and an increase to 5% in FY2021. Public Safety bargaining units – 6.0%. HAME/Local 21/Unrep-Non-Exempt/Unrep-Exempt/Mayor & City Council – 3.0%. Unrep Dept. Heads/Appointed – 5.0%.
- **Medical** – 6.0% annual growth.
- **Dental** - 2.0% annual growth.
- **Vision, Life Insurance, and Other Benefits** – 2.0% annual growth.
- **Workers' Compensation** – Based on fixed 8.95% of annual salary projections, excluding overtime.
- **Medicare** – 2.0% annual growth.
- **Retiree Medical*** – Misc & Fire Plans – 0% growth due to fixed cap. Police Plan – 6.0% annual growth, additional contributions to ARC of \$2M in FY2019, \$2.6M in FY2020, \$4.6M in FY2021, \$6.4M in FY2022, fully funding the ARC beginning in 2022..
- **Maintenance & Utilities** – 2.0% annual growth.
- **Services & Supplies** – 2.0% annual growth.
- **Internal Service Fees** – 2.0% annual growth.
- **CIP Transfers Out** – One-time \$4.4M transfer to Capital Fund (Fund 405) in FY 2020 for the demolition of City Center.
- **Other appropriations since the start of FY 2020** for operating expenses have been added subsequent to City Council approval.

* The City's Police & Fire groups agreed through negotiations to voluntarily contribute 1% towards funding the retiree medical ARC beginning in FY 2019, and will continue through the end of the contract terms.