DRAFT General Fund Ten-Year Plan
Key Assumptions & Considerations
Update January 21, 2015 – Council Budget & Finance Committee

Summary

- Projecting FY 2015 revenues to increase over Adopted projections by $3.8 million
- Projecting FY 2015 expenditures to increase over Adopted projections by $3.5 million (exclusive of any mid-year adjustments)
- Projected deficit reduction in FY 2015 of $274,000
- Decreased projected deficit in FY 2016 – FY 2024

Revenue

Property Tax (secured, unsecured, VLF)

a. Only minor adjustments to FY 2015 projections related to VLF revenues.
b. FY 2015 Secured projections are 9% over FY 2014 Actuals.
    a. Assessed valuation grew over FY 2014 by 6%.
    b. Additional 3% growth assumes new construction.
c. Total Property Tax projections are a net 8% over FY 2014 actuals.
d. FY 2016 & FY 2017 assumes 5% growth; FY 2018+ assumes 4% growth.
e. Based on recent information from County Auditor-Controller.
a) Pending HdL review (valuation & new projects) during January 2015.

Property Tax (Redevelopment Property Tax Trust Fund – RPTTF)

a. Recurring RPTTF estimates increased $270,000 to $1 million/year.
    a. Revenues dedicated to economic development program.
b. Assuming $500,000 in one-time revenues – which is projected at $0 FY 2016+.
    a. One time revenues to be deposited in separate Economic Development account.
c. Need to build in repayment of GF loan of $8.4 million from SA-RPTTF beginning in 2018 – funds to go to economic development program.

Sales Tax

a. FY 2015 Adopted relatively flat compared to FY 2014 Actuals.
b. FY 2015 Adopted does not yet include Measure C revenues or expenses.
c. No recommended increase to Bradley Burns basic Sales Tax projections. Current projections are 2.7% over FY 2014 Actuals with growth of 2.6% in FY 2016 and 3.9% FY 2017+.
d. Minimal increase to the Triple Flip allocation of $269,000 and a slight increase to projected Public Safety Sales Tax revenues (+$29,000). Triple Flip ends in FY 2016.
e. Further review pending receipts analysis conducted by MuniServices (sales tax consultant) – as may be adjusted by local entrance/exit of commerce
f. Overall sales tax revenues growing at a slow pace. Alameda County sales tax growth for the period December 2013 to December 2014 grew -.6%. While the most recent four quarters over the previous year is beginning to show positive growth (5.6%), it is still below the County average of 8.7%.
g. Seeing negative impacts of e-commerce – Statewide slowdown of revenues

Property Transfer Tax

a. FY 2015 Adopted relatively flat over FY 2014 Actuals.
b. Year to date is $2 million – however, some large anticipated transactions later in the year.
c. Increase FY 2015 & FY 2016 for one-time commercial transactions (e.g., Mervin's building) – about 8% year over year growth; FY 2017+ assumes 3% growth.
d. Assume future recession?

Utility Users Tax

a. FY 2015 Adopted assumes flat $15M, which is lower than FY 2014 Actuals of $15.8M due to Russell City Energy Center (RCEC) electricity usage impact.
b. Adjusting FY 2015 to FY 2014 level (+$750,000/year).
c. Year-end revenues could be negatively impacted by lower gas prices.

Transient Occupancy Tax

a. Increasing projection by $184,000 based on FY 2014 actuals and improved economy.

Charges for Services

a. Adjusting FY 2015 up by 12% to reflect FY 2014 Actual (increase of $1.08 million over Adopted).
b. Assumed 3% growth FY 2016 & FY 2017; 2% growth FY 2018+.
c. Pending additional project/revenue analysis by Development Services Department
d. Assume future recession?

Fines & Forfeitures

a. Increase $400,000 based on FY 2104 Actuals.
b. Somewhat unpredictable.

Expenditures

Salaries & Benefits

1. FY 2015 Adopted includes negotiated COLAs and cost sharing for HFD in 2016+; negotiated agreement with HPOA included in FY 2015 Adjusted.

2. No COLAs assumed for other units until FY 2016 – then 2% each year thereafter.

3. Projecting increased overtime costs of $1.66 million for FY 2015 based on vacancies; increasing assumed vacancy savings of $550,000 (partial offset to OT costs).

4. FY 2015 assumes annual medical premium growth of 10%; lowering medical premium increases to 8% in FY 2016 & FY 2017 and 6% in FY 2017+; added annual $1M Affordable Care Act Cadillac Tax effective FY 2018.

5. FY 2015 Adjusted reflects CalPERS rates per 10/2014 valuation.

Non-personnel

6. FY 2015 Adopted Internal Service Charges much higher than FY 2014 actuals.
   a. Staff lowering in consideration of FY 2014 Actuals.
   b. FY 2015 includes $1.5M in costs related to Information Technology ($1M) that partially phases out in FY 2017; and Fleet Replacement Fund ($500K) that is recurring.

7. CIP allocation is transfer to CIP fund as part of 10-Year CIP plan.
   a. Fluctuates each year depending on CIP Plan.
   b. FY 2015 = $550K to the Transportation Improvement Fund (streets); $320K for general capital for police, fire and general government; $1M for IT projects.

8. OPEB allocation grows $1M per year until reaches $5M in unfunded liability contribution in FY 2018 (current ARC = $7.6M: $2.6M in Pay Go and $5M in unfunded liability).
   a. Majority of OPEB liability is General Fund cost - other revenue funds will be assessed their appropriate costs