NOTICE OF SPECIAL MEETING

Pursuant to Section 54956 of the Government Code of the State of California, a Special meeting of the **Tracy City Council** is hereby called for:

Date/Time:Tuesday, February 19, 2019, 6:00 p.m.(or as soon thereafter as possible)

Location: Council Chambers, City Hall 333 Civic Center Plaza, Tracy

Government Code Section 54954.3 states that every public meeting shall provide an opportunity for the public to address the Tracy City Council on any item, before or during consideration of the item, however no action shall be taken on any item not on the agenda.

- 1. Call to Order
- 2. Roll Call
- 3. Items from the Audience In accordance with Procedures for Preparation, Posting and <u>Distribution of Agendas and the Conduct of Public Meetings</u>, adopted by Resolution 2015-052 any item not on the agenda brought up by the public at a meeting, shall be automatically referred to staff. If staff is not able to resolve the matter satisfactorily, the member of the public may request a Council Member to sponsor the item for discussion at a future meeting.
- 4. RECEIVE REPORT AND PROVIDE DIRECTION REGARDING THE GENERAL FUND TEN-YEAR FORECAST AND ASSUMPTIONS TO BUILD THE FISCAL YEAR 2020 ANNUAL BUDGET
- 5. Adjournment

Lover Kickman

Mayor

Thursday, February 14, 2019

The City of Tracy complies with the Americans with Disabilities Act and makes all reasonable accommodations for the disabled to participate in public meetings. Persons requiring assistance or auxiliary aids in order to participate should call City Hall (209-831-6105), at least 24 hours prior to the meeting.

Any materials distributed to the majority of the Tracy City Council regarding any item on this agenda will be made available for public inspection in the City Clerk's office located at 333 Civic Center Plaza, Tracy, during normal business hours.

AGENDA ITEM 4

REQUEST

RECEIVE REPORT AND PROVIDE DIRECTION REGARDING THE GENERAL FUND TEN-YEAR FORECAST AND ASSUMPTIONS TO BUILD THE FISCAL YEAR 2020 ANNUAL BUDGET

EXECUTIVE SUMMARY

Staff has updated the General Fund ten-year forecast for fiscal years (FY) 2019-2028. The purpose of a long-term forecast is to help create a sustainable financial vision for the City. A budget forecast does not remain static; it is a dynamic tool that allows for consideration of the most reasonable outcomes. To that end, the forecast will continue to be updated at least annually. This will allow the City to better anticipate future challenges and opportunities, thereby creating a solid foundation to make strategic decisions about the City's financial position. Further, the forecast is reflective of economic estimations and assumptions based upon what is known today. It should be noted that this report represents the financial outlook assuming the City maintains existing services into the future.

Financial forecasting is not intended as a predictor of the future. Its level of confidence diminishes over time. It is instead a snapshot of current financial policy and trends, and assumptions based on best available information. Thus, the ten-year forecast is a policy setting aid, which can be altered as new information becomes available.

DISCUSSION

This ten year general fund budget forecast is presented to Council as part of the FY 19/20 budget adoption process. In preparation for this report, certain assumptions about both revenue and future expenses are included and are outlined in this report. The ten year general fund budget forecast includes Fiscal Years 2019 through 2028, and provides a lookback for comparison purposes to the FY2017 and FY2018 actuals. These assumptions are based on empirical data, established policy, Government Finance Officers Association best practices on financial forecasting and trend analysis.

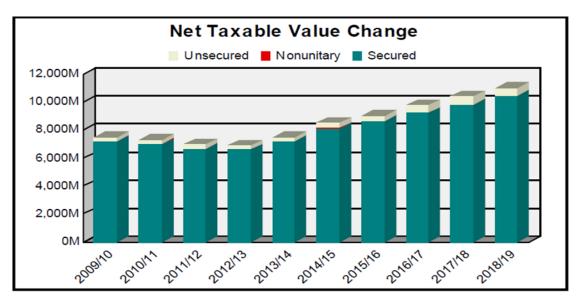
REVENUES

<u>Property Tax:</u> The City's revenue projections reflect the strong housing and employment markets in the Central Valley and Bay Area. Tracy has maintained housing prices above the County median. The economy is showing an increase in home sale activities as well as a return to pre-recession housing prices. This trend is predicted to continue. The housing market has fully recovered from the recent recession in many urban and coastal areas of the State while housing recovery has tended to lag in more rural and inland areas. Current median home prices, in many regions are at or above the pre-recession peak values. Affordability and inventory constraints are the main contributor to increases

in home prices over the last year. The numbers of sales year over year have declined and the lack of significant new home construction in California is one of the main factors affecting supply. The median sale price of a detached single family residential home in Tracy from January through September 2018 was \$483,000. This represents a \$33,000 (7.3%) increase in median sale price from 2017.



Home sales in Northern California were the slowest for a December in 11 years, since the start of the last housing downturn in 2007. This drop in activity reflects several factors – high mortgage rates, stock-market instability, and affordability. The median price paid for all Northern California homes sold in December was \$785,000, down 3.7 percent from \$815,000 in the prior month, and up 4.6 percent from \$750,500 in December 2017. Home sales of \$500,000 or more accounted for 77.1 percent of all sales, up from 75.4 percent this time last year. HdL graph for Tracy below:



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Property tax has been assumed to increase 5% annually through fiscal year 2021, then 3.5% annually through fiscal year 2023 and a 2% increase for each fiscal year remaining in the 10 year forecast. This pattern reflects the current anticipated new housing construction within Tracy. Over time it is expected to slow and as a result future year growth assumptions will rely solely on Proposition 13 growth factors, currently capped at 2% annually.

<u>Sales Tax:</u> The City uses HdL as its sales tax consulting and auditing firm. HdL has provided a forecast for the City's regular sales tax (1 cent) based upon recent trends. This long term forecast reflects increases of 2.3% through FY2022 then tapers to annual growth of 1.4% for the remainder of the ten year forecast. This is represented by recent economic development that has materialized in the short term but assuming long term growth at this rate would be highly speculative. History has shown the economy operates in cycles of about 10 years on average with ups and downs being the norm. Since the recent recovery/expansion has been ongoing since 2009, prudence would suggest that precaution be taken into consideration during the City's Sales tax forecasting assumptions. Tracy's sales tax per capita is well above both the County and State per capita, this is represented in the chart below.



<u>Temporary Half-Cent Sales Tax: Measure V</u>: HdL also audits Measure V sales tax data and has prepared a 5-year forecast for this temporary half-cent sales tax. Not all sales transactions subject to the standard 1 cent sales tax are applicable to the City's half-cent temporary sales tax. The most notable exceptions are auto sales in Tracy where the auto is not registered to an owner with a City of Tracy address and internet catalog sales to customers outside of the City of Tracy. These estimates are subject to further review as such estimates have been derived from only 7 quarters of actual data from Measure V.

These three revenue sources (*Property taxes, sales taxes and temporary half-cent sales tax Measure V*) make up over 70% of the General Fund's proceeds. All other revenue sources are assumed to have modest growth ranging in the 2% to 3% range.

EXPENSES

General Fund expenses are primarily associated with labor cost. For example, Police personnel expenses make up 84% of the Police Department's budget and Fire personnel expenses about 90% of the total Fire Department budget. Expenditures and recent enhancements to service levels have outpaced revenue in the past biennial budget cycle. The result is a projected deficit beginning in FY 2020. This deficit will linger throughout the 10 year forecast, absent taking specific measures to reduce expenditures. It is anticipated, however, as in past instances, budget correction measures would be enacted by the City, including a combination of reserve utilization and expenditure reductions, thereby, retaining a balanced budget in those years with a projected deficit.

Also contributing to the fiscal challenges are continuing increases in the City's mandatory retirement contributions that are expected to further increase over the next ten years and beyond as discussed during an earlier actuarial discussion. The City will need to give serious consideration to its discretionary expenditures in terms of prioritization, especially in light of reduced revenues that may be on the horizon. At the same time, staff will have to find ways to contain costs and enhance revenues to enable the City to continue to provide quality services to the Tracy community.

Given the current status of labor costs, the assumptions that will be included in the ten year general fund budget forecast are as follows:

Labor Related Expenses:

It is assumed that:

- Cost of living adjustments mirroring the most recent MOU contracts have been included during this ten year period through FY 2021, with 1.7% growth as a placeholder for FY22-28;
- 100% of the costs associated with the increase to the City's PERS employer rate will be included as an expense absorbed by the City for each of the ten years;
- The costs associated with increases to the employees' health insurance will reflect the current respective labor contract agreements;
- The costs associated with increases to the employees' MOU agreements will be included in this 10 year forecast;
- Budget assumptions reflect current approved staffing levels;

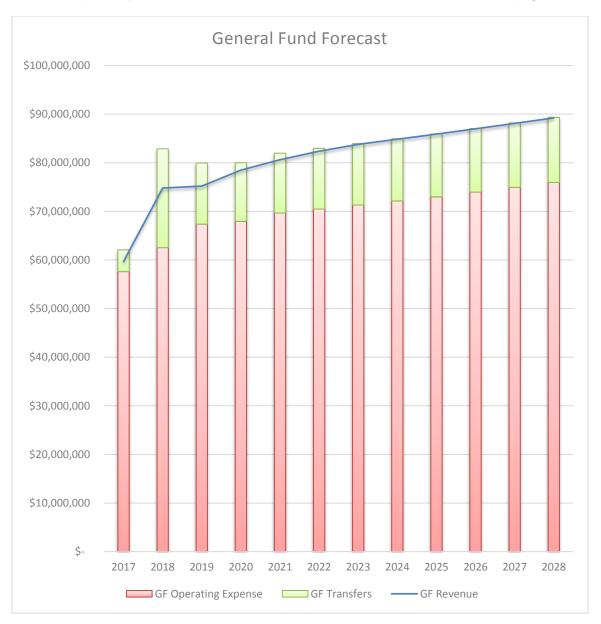
No other staff enhancements or reductions were included in this ten year general fund budget forecast.

<u>Operational Expenses</u>: Discretionary expenditures were held at ranges of 0-2% through FY 2025 then 1-2% growth was assumed for the remainder of the forecast through FY 2028. Considering the above, Police and Fire as well as other General Fund expenses would average an increase of about 1.5% per year during the forecast period.

FORECAST

A forecast is not a budget. The forecast attempts to reveal revenue & expenditure trends over time assuming that no other events intervene such as an economic recession, natural disaster, change in state law, loss of major taxpayers, or unanticipated expenses. It also Identifies outcomes if nothing changes and guides policy direction for future expenditures. The forecast aims to provide an "Order of Magnitude" feel for the General Fund's ability to continue services and preserve fiscal sustainability

The forecast should be viewed as a "Work in Progress" as new information becomes available (quarterly or semi-annual). The forecast table is shown on the next page:



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Surplus/ Deficit	Grand Total	E-SPECIAL ITEM	E-TRANSFERS OUT (GENFD)		E-TRANSFERS OUT	R-TRANSFERS IN (GENFD)	R-TRANSFERS IN	PROCEEDS FROM SALE	CAFR TYPE		FUND TYPE		Grand Total							CAFR TYPE		FUND TYPE		Crand Total	R-SPECIAL ASSESSMENT	R-OTHER REVENUES	R-CONTRIBUTIONS	R-CHARGES FOR SERVICES	R-INTERGOVERNMENTAL	R-USE OF MONEY AND	R-FINES AND FORFEITURES	R-LICENSES AND PERMITS				R-TAXES	CAFR TYPE		FUND TYPE	
			VFD) TRANSFERS OUT (GENFD)	MEASURE V	TRANSFERS OUT	D) TRANSFERS IN (GENFD)	TRANSFERSIN	PROCEEDS FROM SALE OF PROPEF SALE OF REAL PROPERTY	1 08		GENERAL FUND			Principal retirement	DEBT	CAPITAL	UTILITIES	PURCHASED SERVICES AND SUPPLIES	PERSONNEL	AL 08		GENERAL FUND				OTHER REVENUES			AL REVENUES FROM OTHER AGENCIES	R-USE OF MONEY AND PROPERTY USE OF MONEY	RES FINES AND FORFEITURES	TS LICENSES AND PERMITS	MEASURE V	OTHER TAXES	SALES TAX	PROPERTY TAX	™ OB		GENERAL FUND	
(2,393,145)	4,466,725		4,728,471	1,952,528	3,769,355	(4,728,472)	(1,250,000)	(5,158)	2017	Values	1	an fra de la compañía	57.604.448	63,279	750,020	439,264	1,308,391	11,490,486	_	¥ 2017	Values	4	(1.20,010,CC)	(E0 270 M7)	(404.207)	(3,355,742)	(159,175)	(4,333,327)	(1,433,842)	(639,648)	(198,176)	(2,980,580)	(1,952,528)	(2,240,831)	(21,338,139)	(20,641,833)	v 2017	Values	1	
(2,393,145) (8,043,661)	20,313,028	3,347,410	2,902,984	9,022,126	9,193,993	(2,902,984)	(1,250,000)	(500)	2018 F				62	68,552	1,043,515	672,864	803,585	13,243,197	46,703,913	8107			ן זאינסזט, בבי	(000 MO VL)		_		(11,340,070)	(1,583,992)	(672,721)	(220,087)	(3,694,143)	(9,022,126)	(2,355,533)	(21,338,139) (21,738,573)	(20,641,833) (22,039,158)	2018 F			
(4,753,018)	 12,566,079	0	2,902,984	9,247,679	4,568,400	(2,902,984)	(1,250,000)	0	FY 18-19 PROJECTED FY			 	67.371.909	68,552	0	528,814	875,547	13,770,851	52,128,144	FY 18-19 PROJECTED FY			ןכטכ,+יסג, כי ן	(15C 10A 0CO)	(425.216)	(14,356)	(147,221)	(11,132,662)	(1,534,072)	(699,630)	(466,322)	(3,768,026)	(9,247,679)	(2,379,089)	(22,282,038)	(23,088,660)	FY 18-19 PROJECTED FY			1
(1,494,410)	 12,047,271	0	2,902,984	9,478,871	2,568,400	(2,902,984)	0	0	19-20 PROJ BUD FY			 	67.942.947	68,552	0	211,500	875,547	13,927,488	52,859,860	FY 19-20 PROJ BUD FY			(10,400,000)	170 ADE 000)	(429.468)	(14,356)	(147,221)	(11,216,111)	(1,564,754)	(720,619)	(466, 322)	(3,843,386)	(9,478,871)	(2,719,507)	(23,705,081)	(24, 190, 112)	FY 19-20 PROJ BUD FY			2
(1,335,056)	 12,284,242	0	2,902,984	9,715,842	2,568,400	(2,902,984)	0	0	20-21 PROJ BUD F				69.673.934	68,552	0	213,615	875,547	14,012,675	54,503,545	FY 20-21 PROJ BUD F			(1.21'c20'no)	100 C73 131)	(433.763)	(14,356)	(147,221)	(11, 301, 230)	(1,580,401)	(735,031)	(466,322)	(3,881,820)	(9,715,842)	(3,058,666)	(23,942,361)	(25, 346, 107)	20-21 PROJ BUD F			ω
(605,713)	 12,478,559	0	2,902,984	9,910,159	2,568,400	(2,902,984)	0	0	FY 19-20 PROJ BUD FY 20-21 PROJ BUD FY 21-22 PROJ BUD FY 22-23 PROJ BUD			 	70.481.705	68,552	0	215,751	875,547	14,099,566	55,222,289	FY 21-22 PROJ BUD FY			(1 cc,+cc,20)	107 3EA EE 1)	(438.100)	(14,356)	(147,221)	(11,344,640)	(1,596,205)	(742,382)	(466,322)	(3,920,638)	(9,910,159)	(3,393,144)	(24,181,941)	(26,199,442)	FY 20-21 PROJ BUD FY 21-22 PROJ BUD FY 22-23 PROJ BUD		 	4
(166,057)	 12,627,212	0	2,902,984	10,058,812	2,568,400	(2,902,984)	0	0					71.303.989	68,552	0	217,909	875,547	14,188,194	55,953,787				(111 ,001,00)	100 76E 1 101	(442.481)	(14,356)	(147,221)	(11,388,485)	(1,612,167)	(749,805)	(466,322)	(3,959,845)	(10,058,812)	(3,419,503)	(24,423,840)	(27,082,306)				л
(92, 386)	 12,778,094	0	2,902,984	10,209,694	2,568,400	(2,902,984)	0	0	23-24 PROJ BUD FY				72.141.049	68,552	0	220,088	875,547	14,278,595	56,698,267	FY 23-24 PROJ BUD FY			04,020,737	101 075 757	(446.906)	(14, 356)	(147, 221)	(11,432,768)	(1,628,289)	(757, 303)	(466, 322)	(3,999,443)	(10,209,694)	(3,446,126)	(24,668,160)	(27,610,170)	23-24 PROJ BUD FY			6
(27,083)	12,931,239	0	2,902,984	10,362,839	2,568,400	(2,902,984)	0	0	FY 23-24 PROJ BUD FY 24-25 PROJ BUDGET FY 25-26 PROJ BUD FY 26-27 PROJ BUD FY 27-28 PROJ BUD				72.993.153	68,552	0	222, 289	875,547	14,370,804	57,455,961	FY 24-25 PROJ BUDGET F			(vrc, 1co,co)	105 007 210	(451.375)	(14,356)	(147, 221)	(11,477,494)	(1,644,572)	(757,303)	(466, 322)	(4,039,438)	(10,362,839)	(3,473,015)	(24,914,923)	(28, 148, 452)	FY 23-24 PROJ BUD FY 24-25 PROJ BUDGET FY 25-26 PROJ BUD FY 26-27 PROJ BUD FY 27-28 PROJ BUD			7
(60, 428)	13,086,682	0	2,902,984	10,518,282	2,568,400	(2,902,984)	0	0	Y 25-26 PROJ BUD F			. alaadaaa	73.958.325	68,552	0	224,512	884, 303	14,553,607	58, 227, 352				(00,004,07)	10C 00/ E70	(455.889)	(14, 356)	(147,221)	(11,522,667)	(1,661,018)	(757,303)	(466, 322)	(4,079,832)	(10,518,282)	(3,500,172)	(25, 164, 156)	(28,697,361)	Y 25-26 PROJ BUD F			8
(95,678)	13,244,456	0	2,902,984	10,676,056	2,568,400	(2,902,984)	0	0	Y 26-27 PROJ BUD F			andar alt a	74.940.069	68,552	0	226,757	893,146	14,739,179	59,012,436	FY 26-27 PROJ BUD F			(00,000,0 1 0)	100 000 0/01	(460,448)	(14,356)	(147,221)	(11, 568, 292)	(1,677,628)	(757,303)	(466,322)	(4, 120, 630)	(10,676,056)	(3,527,602)	(25,415,882)	(29, 257, 108)	Y 26-27 PROJ BUD F			9
(132,870)	13,404,597	0	2,902,984	10,836,197	2,568,400	(2,902,984)	0	0	Y 27-28 PROJ BUD			- e le se	75.938.678	68,552	0	229,024	902,077	14,927,566	59,811,459	FY 27-28 PROJ BUD			(++++,UT7'20)	100 01C 001	(465.052)	(14,356)	(147,221)	(11,614,373)	(1,694,404)	(757,303)	(466,322)	(4,161,837)	(10,836,197)	(3,555,305)	(25,670,127)	(29,827,907)	Y 27-28 PROJ BUD			10

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STRATEGIC PLAN

This item is a routine matter and does not relate to one of the City Council's Strategic Plans.

FISCAL IMPACT

There is no fiscal impact associated with this item. However, the ten-year forecast is critical in establishing financial policy. The forecasted outcome has the potential to improve or worsen. Some potential outcomes that would improve the forecast would include; higher employee vacancy rates (more vacant positions or vacancies for longer periods of time), delayed or weaker recessions, PERS investment gains, stronger economic development than already included in forecast. Some potential outcomes that would worsen the forecast; PERS investment losses(or additional discount rate cuts), weaker revenue growth, fewer new hotel rooms, or more severe recession losses, higher annual COLAs approved than the assumptions in forecast, staffing levels increased beyond current levels, discretionary one-time expenditures.

RECOMMENDATION

It is recommended that the City Council receive this report and provide direction regarding assumptions to be considered in compiling a ten year general fund budget forecast.

- Prepared by: Thomas Hedegard, Budget Officer
- Reviewed by: Karin Schnaider, Finance Director
- Approved by: Midori Lichtwardt, Interim City Manager

ATTACHMENT

10-Year Forecast Power Point Presentation



Ten-Year Financial Forecast General Fund

FY2018-19 to FY2027-28

City of Tracy, CA

Think Inside the Triangle[™]



- Forecast Background
- Revenue/ Expenditure Assumptions
- Recap of CalPERS Pension Misc./ Safety Increase Projections
- Variables
- Conclusion

Forecast Background

- Extends the Five-Year Forecast to a Ten-Year Period
- Forecast is not a Budget What it does try to do is;
 - Reveal revenue & expenditure trends over time
 - Assuming no other events intervene
 - Economic recession, natural disaster, change in state law, loss of major taxpayers, unanticipated expenses
 - Identify outcomes if nothing changes







Forecast Goals





Promoting Fiscal

Discipline

INTERNATIONAL MONETARY FUND

Manmohan S. Kumar Teresa Ter-Minassian







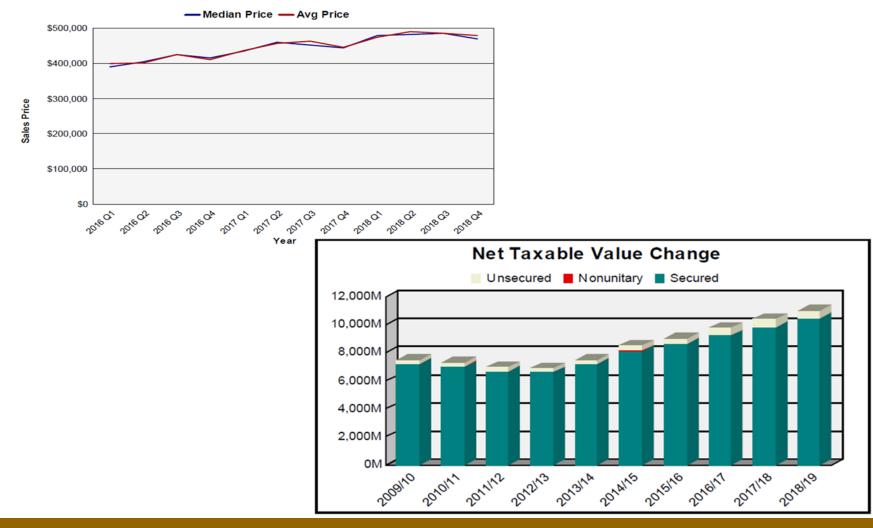


- **Recessions:** Does not take into account an economic downturn
- **Property Tax:** Assumed to increase 5% annually through fiscal year 2021, then 3.5% annually through fiscal year 2023 and a 2% increase for each fiscal year remaining in the 10 year forecast
- Sales Tax: HdL has provided a forecast for the City's regular sales tax (1 cent) based upon recent trends. This long term forecast reflects increases of 2.3% through FY22 then tapers to annual growth of 1.4% for the remainder of the ten year forecast
- Measure V: Carved out and to be used exclusively for Measure V
 - Debt
 - Operating
 - Pay-Go Capital





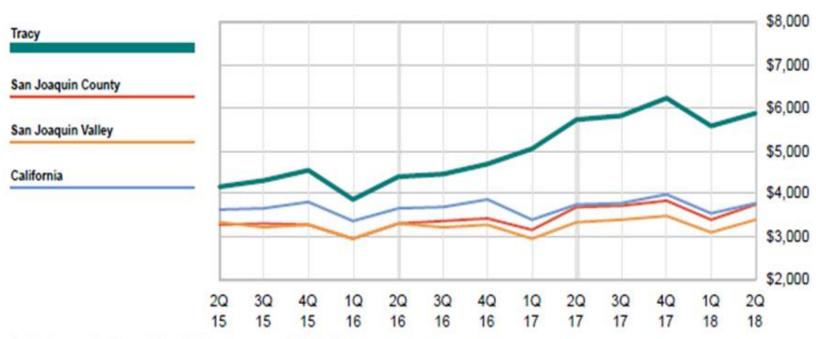
Property Tax



Think Inside the Triangle[™]



Sales Tax

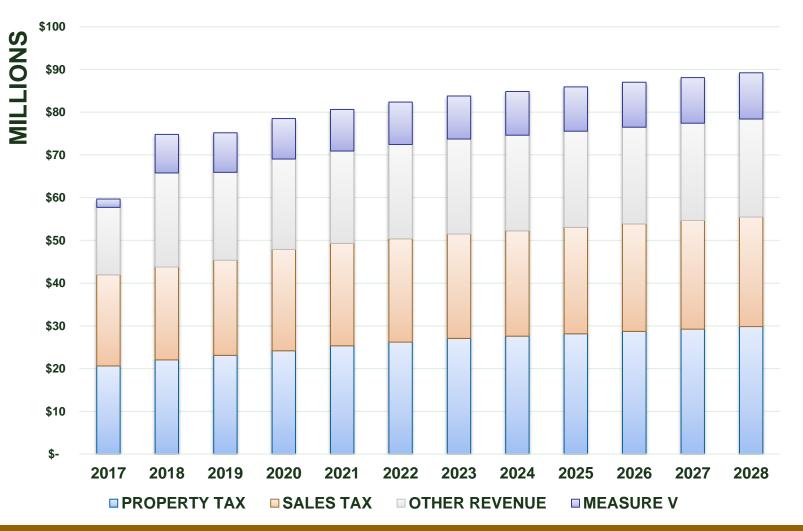


Per Capita Sales

Periods shown reflect the period in which the sales occurred - Point of Sale



Revenue



Think Inside the Triangle[™]

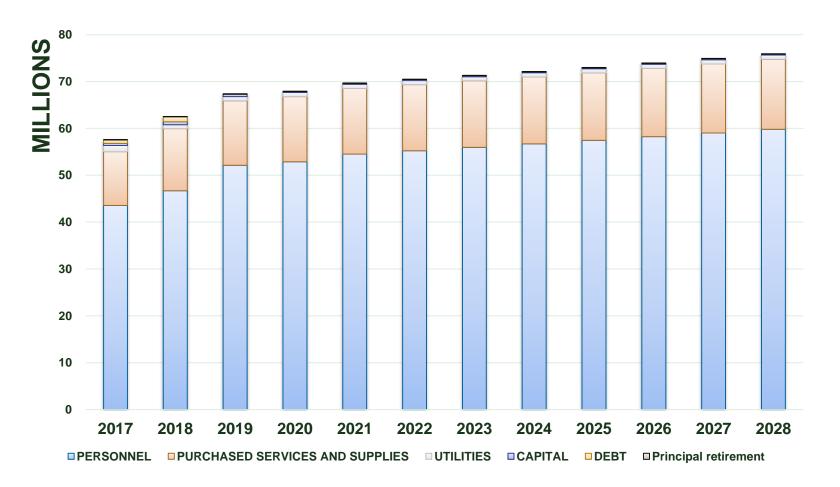


Key Expenditure Assumptions

- **Staffing levels:** No change from current FTE
- Wage Adjustments: Cost of living adjustments mirroring the most recent MOU contracts have been included during this ten year period through FY 2021, with 1.7% growth as a placeholder for FY22-28;
- **Pensions:** 100% of the costs associated with the increase to the City's PERS employer rate will be included as an expense absorbed by the City for each of the ten years
- **Health:** The costs associated with increases to the employees' health insurance will reflect the current respective labor contract agreements;
- Discretionary Expenditures: Held at ranges of 0-2% through FY 2025 then 1-2% growth was assumed for the remainder of the forecast through FY 2028
- Debt Service: Per debt schedules of current obligations
- **Capital:** No General Fund Capital investment beyond FY2019
- Subsidy of Other Funds: As required to maintain zero balances



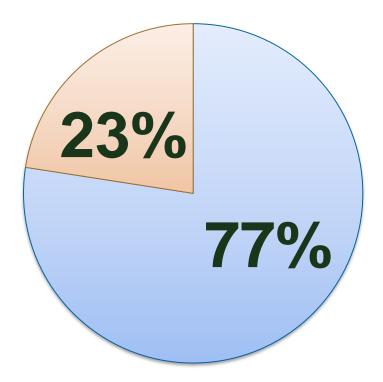
Expenditures - Macro





Expenditures – Micro (FY 2019 Op.)







Forecast PY Actuals vs Current vs Projected

			Values			
CAFR TYPE	T OB	¥	2017	2018	FY 18-19 PROJECTED	FY 19-20 PROJ BUD
R-TAXES	PROPERTY TAX		(20,641,833)	(22,039,158)	(23,088,660)	(24,190,112)
	SALES TAX		(21,338,139)	(21,738,573)	(22,282,038)	(23,705,081)
	OTHER TAXES		(2,240,831)	(2,355,533)	(2,379,089)	(2,719,507)
	MEASURE V		(1,952,528)	(9,022,126)	(9,247,679)	(9,478,871)
	LICENSES AND PERMITS		(2,980,580)	(3,694,143)	(3,768,026)	(3,843,386)
R-FINES AND FORFEITURES	FINES AND FORFEITURES		(198,176)	(220,087)	(466,322)	(466,322)
R-USE OF MONEY AND PROPER	TY USE OF MONEY		(639,648)	(672,721)	(699,630)	(720,619)
R-INTERGOVERNMENTAL	REVENUES FROM OTHER AGENCIES		(1,433,842)	(1,583,992)	(1,534,072)	(1,564,754)
R-CHARGES FOR SERVICES	CHARGES FOR SERVICES		(4,333,327)	(11,340,070)	(11,132,662)	(11,216,111)
R-CONTRIBUTIONS	CONTRIBUTIONS		(159,175)	(143,350)	(147,221)	(147,221)
R-OTHER REVENUES	OTHER REVENUES		(3,355,742)	(1,574,233)	(14,356)	(14,356)
R-SPECIAL ASSESSMENT	SPECIAL ASSESSMENT		(404,207)	(421,006)	(425,216)	(429,468)
Grand Total			(59,678,027)	(74,804,993)	(75,184,969)	(78,495,808)



Forecast PY Actuals vs Current vs Projected

		Values			
CAFR TYPE	OB	2017	2018	FY 18-19 PROJECTED	FY 19-20 PROJ BUD
■ E-	PERSONNEL	43,553,008	46,703,913	52,128,144	52,859,860
	PURCHASED SERVICES AND SUPPLIES	11,490,486	13,243,197	13,770,851	13,927,488
	UTILITIES	1,308,391	803,585	875,547	875,547
	CAPITAL	439,264	672,864	528,814	211,500
	DEBT	750,020	1,043,515	0	0
	Principal retirement	63,279	68,552	68,552	68,552
Grand Total		57,604,448	62,535,625	67,371,909	67,942,947



Forecast PY Actuals vs Current vs Projected

		Values			
CAFR TYPE	J OB	2017	2018	FY 18-19 PROJECTED	FY 19-20 PROJ BUD
PROCEEDS FROM SALE OF PROP	EF SALE OF REAL PROPERTY	(5,158)	(500)	0	0
R-TRANSFERS IN	TRANSFERS IN	(1,250,000)	(1,250,000)	(1,250,000)	0
R-TRANSFERS IN (GENFD)	TRANSFERS IN (GENFD)	(4,728,472)	(2,902,984)	(2,902,984)	(2,902,984)
E-TRANSFERS OUT	TRANSFERS OUT	3,769,355	9,193,993	4,568,400	2,568,400
	MEASURE V	1,952,528	9,022,126	9,247,679	9,478,871
E-TRANSFERS OUT (GENFD)	TRANSFERS OUT (GENFD)	4,728,471	2,902,984	2,902,984	2,902,984
E-SPECIAL ITEM	PURCHASED SERVICES AND SUPPLIES		3,347,410	0	0
Grand Total		4,466,725	20,313,028	12,566,079	12,047,271

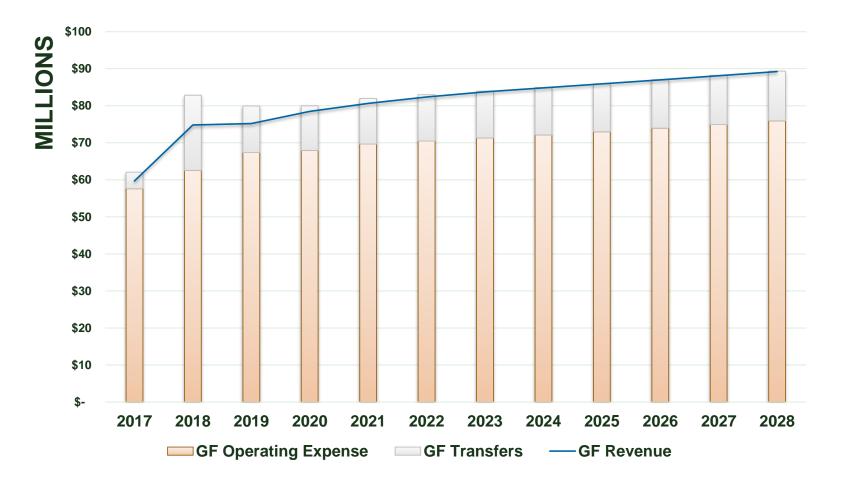
Forecast Itemization – 10 Year

				1	2	2 3	3 4	. 5	5 6	7	7 8	9	10
FUND TYPE	GENERAL FUND	- <u>T</u>											
		Values											
CAFRTYPE	-T OB	× 2017	2018	FY 18-19 PROJECTED	FY 19-20 PROJ BUD	FY 20-21 PROJ BUD	FY 21-22 PROJ BUD	FY 22-23 PROJ BUD	FY 23-24 PROJ BUD	FY 24-25 PROJ BUDGET	FY 25-26 PROJ BUD	FY 26-27 PROJ BUD	FY 27-28 PROJ BUD
■R-TAXES	PROPERTY TAX	(20,641,833)	(22,039,158)	(23,088,660)	(24,190,112)	(25,346,107)	(26, 199, 442)	(27,082,306	(27,610,170)	(28,148,452)	(28,697,361)	(29,257,108)	(29,827,907)
	SALES TAX	(21,338,139)	(21,738,573)	(22,282,038)	(23,705,081)	(23,942,361)	(24,181,941)	(24,423,840)	(24,668,160)	(24,914,923)	(25,164,156)	(25,415,882)	(25,670,127)
	OTHER TAXES	(2,240,831)	(2,355,533)	(2,379,089)	(2,719,507)	(3,058,666)	(3,393,144)	(3,419,503	(3,446,126)	(3,473,015)) (3,500,172)	(3,527,602)	(3,555,305)
	MEASURE V	(1,952,528)	(9,022,126)	(9,247,679)	(9,478,871)			(10,058,812)		(10,362,839)			
R-LICENSES AND PERMITS	LICENSES AND PERMITS	(2,980,580)		(3,768,026)	(3,843,386)			(3,959,845	(3,999,443)	(4,039,438)		1 1 1 1	(4,161,837)
R-FINESAND FORFEITURES	FINES AND FORFEITURES	(198,176)		(466,322)	(466,322)			(466,322		(466,322)		1.1.1	1.1.1.1
R-USE OF MONEY AND PROPER	TY USE OF MONEY	(639,648)	(672,721)	(699,630)	(720,619)			(749,805		(757,303)			(757,303)
R-INTERGOVERNMENTAL	REVENUES FROM OTHER AGENCIES	(1,433,842)		(1,534,072)	(1,564,754)			(1,612,167		(1,644,572)		1	(1,694,404)
R-CHARGES FOR SERVICES	CHARGES FOR SERVICES	(4,333,327)		(11,132,662)	(11,216,111)			(11,388,485		(11,477,494)			(11,614,373)
BR-CONTRIBUTIONS	CONTRIBUTIONS	(159,175)		(11,132,002)	(147,221)			(147,221		(147,221)			
R-OTHER REVENUES	OTHER REVENUES	(3,355,742)		(14,356)	(14,356)					(14,356)			
R-SPECIAL ASSESSMENT	SPECIAL ASSESSMENT	(404,207)	(421.006)	(425.216)	(429,468)			(442,481		(451.375)		(460,448)	(465.052)
Grand Total	JF LEIAE AJJEJJMENT		(74,804,993)	(75,184,969)	(78,495,808)			(83,765,144		(85,897,310)			(405,052)
		(33,070,027)	(74,004,555)	(73,104,505)	(70,403,000)	(00,023,121)	(02,334,331)	(03,703,144	(04,020,737)	(03,057,30)	(00,504,575)	[00,000,040]	(05,210,404)
FUND TYPE	GENERAL FUND	T,											
FUNDITE	GENERALFOND	<u> </u>											
		Values											
CAFRTYPE	J OB		2018	FY 18-19 PROJECTED						FY 24-25 PROJ BUDGET			
	PERSONNEL	43.553.008	46,703,913	52,128,144					56,698,267				59,811,459
0E-					52,859,860		55,222,289			57,455,961		59,012,436	
	PURCHASED SERVICES AND SUPPLIES	11,490,486	13,243,197	13,770,851	13,927,488		14,099,566	14,188,194		14,370,804		14,739,179	14,927,566
	UTILITIES	1,308,391	803,585	875,547	875,547		875,547	875,547		875,547		893,146	902,077
	CAPITAL	439,264	672,864	528,814	211,500		215,751	217,909		222,289		226,757	229,024
	DEBT	750,020	1,043,515	0	0		0	0		0	0	0	0
	Principal retirement	63,279	68,552	68,552	68,552		68,552	68,552		68,552	68,552	68,552	68,552
Grand Total		57,604,448	62,535,625	67,371,909	67,942,947	69.673.934							
						0,075,554	70,481,705	71,303,989	72,141,049	72,993,153	73,958,325	74,940,069	75,938,678
		_				0,073,334	/0,481,/05	/1,303,989	72,141,049	72,993,153	73,958,325	74,940,069	75,938,678
							/0,481,705	/1,303,989	72,141,049	72,993,153	73,958,325	74,940,069	75,938,678
FUND TYPE	GENERAL FUND	Ţ,					/0,481,705	/1,303,989	72,141,049	72,993,153	73,958,325	74,940,069	75,938,678
FUND TYPE	GENERAL FUND						70,481,705	/1,303,989	72,141,049	72,993,153	73,958,325	74,940,069	75,938,678
	,	Values											
CAFRTYPE	<u></u> ОВ	Values 2017				FY 20-21 PROJ BUD	FY 21-22 PROJ BUD	FY 22-23 PROJ BUD	FY 23-24 PROJ BUD	FY 24-25 PROJ BUDGET	FY 25-26PRQJ BUD	FY 26-27 PROJ BUD	FY 27-28 PROJ BUD
CAFR TYPE	T OB	Values 2017 (5,158)	(500)	0	0	FY 20-21 PROJ BUD	FY 21-22 PROJ BUD	FY 22-23 PROJ BUD	FY 23-24 PROJ BUD	FY 24-25 PROJ BUDGET	FY 25-26 PROJ BUD	FY 26-27 PROJ BUD	FY 27-28 PROJ BUD 0
CAFRTYPE PROCEEDS FROM SALE OF PROP R-TRANSFERS IN	T OB PEFSALE OF REAL PROPERTY TRANSFERS IN	Values 2017 (5,158) (1,250,000)	(500) (1,250,000)	0 (1,250,000)	0	FY 20-21 PROJ BUD 0 0	FY 21-22 PROJ BUD 0 0	FY 22-23 PROJ BUD 0 0	FY 23-24 PROJ BUD 0 0	FY 24 25 PROJ BUDGET	FY 25-26 PROJ BUD 0 0	FY 26-27 PROJ BUD 0 0	FY 27-28 PROJ BUD 0 0
CAFRTYPE PROCEEDS FROM SALE OF PROP R-TRANSFERS IN R-TRANSFERS IN (GENFD)	T OB PEFSALE OF REAL PROPERTY TRANSFERS IN TRANSFERS IN (GENFD)	Values 2017 (5,158) (1,250,000) (4,728,472)	(500) (1,250,000) (2,902,984)	0 (1,250,000) (2,902,984)	0 0 (2,902,984)	FY 20-21 PROJ BUD 0 (2,902,984)	FY 21-22 PROJ BUD 0 (2,902,984)	FY 22-23 PROJ BUD 0 (2,902,984	FY 23-24 PROJ BUD 0 (2,902,984)	FY 24 25 PROJ BUDGET 0 (2,902,984)	FY 25-26 PROJ BUD 0 0 (2,902,984)	FY 26-27 PROJ BUD 0 (2,902,984)	FY 27-28 PROJ BUD 0 (2,902,984)
CAFRTYPE PROCEEDS FROM SALE OF PROP R-TRANSFERS IN	T OB EFSALE OF REAL PROPERTY TRANSFERS IN TRANSFERS IN (GENFD) TRANSFERS OUT	Values 2017 (5,158) (1,250,000) (4,728,472) 3,769,355	(500) (1,250,000) (2,902,984) 9,193,993	0 (1,250,000) (2,902,984) 4,568,400	0 0 (2,902,984) 2,568,400	FY 20-21 PROJ BUD 0 (2,902,984) 2,568,400	FY 21-22 PROJ BUD 0 (2,902,984) 2,568,400	FY 22-23 PROJ BUD 0 (2,902,984 2,568,400	FY 23-24 PROJ BUD 0 (2,902,984) 2,568,400	FY 24-25 PROJ BUDGET 0 (2,902,984) 2,568,400	FY 25-26 PROJ BUD 0 (2,902,984) 2,568,400	FY 26-27 PROJ BUD 0 (2,902,984) 2,568,400	FY 27-28 PROJ BUD 0 (2,902,984) 2,568,400
CAFR TYPE PROCEEDS FROM SALE OF PROP R-TRANSFERS IN R-TRANSFERS IN (GENFD)	T OB PEFSALE OF REAL PROPERTY TRANSFERS IN TRANSFERS IN (GENFD)	Values 2017 (5,158) (1,250,000) (4,728,472)	(500) (1,250,000) (2,902,984) 9,193,993 9,022,126	0 (1,250,000) (2,902,984)	0 (2,902,984) 2,568,400 9,478,871	FY 20-21 PROJ BUD 0 (2,902,984) 2,568,400 9,715,842	FY 21-22 PROJ BUD 0 (2,902,984)	FY 22-23 PROJ BUD 0 (2,902,984	FY 23-24 PROJ BUD 0 (2,902,984) 2,568,400	FY 24 25 PROJ BUDGET 0 (2,902,984)	FY 25-26 PROJ BUD 0 (2,902,984) 2,568,400	FY 26-27 PROJ BUD 0 (2,902,984)	FY 27-28 PROJ BUD 0 (2,902,984) 2,568,400 10,836,197
CAFR TYPE PROCEEDS FROM SALE OF PROP R-TRANSFERS IN R-TRANSFERS IN (GENFD) E-TRANSFERS OUT E-TRANSFERS OUT E-TRANSFERS OUT (GENFD)	T OB EFSALE OF REAL PROPERTY TRANSFERS IN TRANSFERS IN (GENFD) TRANSFERS OUT	Values 2017 (5,158) (1,250,000) (4,728,472) 3,769,355	(500) (1,250,000) (2,902,984) 9,193,993 9,022,126 2,902,984	0 (1,250,000) (2,902,984) 4,568,400	0 0 (2,902,984) 2,568,400	FY 20-21 PROJ BUD 0 (2,902,984) 2,568,400 9,715,842	FY 21-22 PROJ BUD 0 (2,902,984) 2,568,400	FY 22-23 PROJ BUD 0 (2,902,984 2,568,400	FY 23-24 PROJ BUD 0 (2,902,984) 2,568,400 10,209,694	FY 24-25 PROJ BUDGET 0 (2,902,984) 2,568,400	FY 25-26 PROJ BUD 0 (2,902,984) 2,568,400 10,518,282	FY 26-27 PROJ BUD 0 (2,902,984) 2,568,400	FY 27-28 PROJ BUD 0 (2,902,984) 2,568,400
CAFR TYPE	T OB EFSALE OF REAL PROPERTY TRANSFERS IN TRANSFERS IN (GENFD) TRANSFERS OUT MEASURE V	Values 2017 (5,158) (1,250,000) (4,728,472) 3,769,355 1,952,528 4,728,471	(500) (1,250,000) (2,902,984) 9,193,993 9,022,126 2,902,984 3,347,410	0 (1,250,000) (2,902,984) 4,568,400 9,247,679 2,902,984 0	0 (2,902,984) 2,568,400 9,478,871 2,902,984 0	FY 20-21 PROJ BUD 0 (2,902,984) 2,568,400 9,715,842 2,902,984 0	FY 21-22 PROJ BUD 0 (2,902,984) 2,558,400 9,910,159 2,902,984 0	FY 22-23 PROJ BUD 0 (2,902,984 2,558,400 10,058,812 2,902,984 0	FY 23-24 PROJ BUD 0 (2,902,984) 2,568,400 10,209,694 2,902,984 0	FY 24-25 PROJ BUDGET 0 0 (2,902,984) 2,558,400 10,362,839 2,902,984 0	FY 25-26 PROJ BUD 0 (2,902,984) 2,588,400 10,518,282 2,902,984 0	FY 26-27 PROJ BUD 0 (2,902,984) 2,558,400 10,676,056 2,902,984 0	FY 27-28 PROJ BUD 0 (2,902,984) 2,558,400 10,836,197 2,902,984 0
CAFR TYPE PROCEEDS FROM SALE OF PROP R-TRANSFERS IN R-TRANSFERS IN (GENFD) E-TRANSFERS OUT E-TRANSFERS OUT E-TRANSFERS OUT (GENFD)	T OB PESALE OF REAL PROPERTY TRANSFERS IN TRANSFERS IN (GENED) TRANSFERS OUT MEASURE V TRANSFERS OUT (GENED)	Values 2017 (5,158) (1,250,000) (4,728,472) 3,769,355 1,952,528 4,728,471	(500) (1,250,000) (2,902,984) 9,193,993 9,022,126 2,902,984	0 (1,250,000) (2,902,984) 4,568,400 9,247,679 2,902,984	0 (2,902,984) 2,568,400 9,478,871 2,902,984	FY 20-21 PROJ BUD 0 (2,902,984) 2,568,400 9,715,842 2,902,984 0	FY 21-22 PROJ BUD 0 (2,902,984) 2,558,400 9,910,159 2,902,984 0	FY 22-23 PROJ BUD 0 (2,902,984 2,568,400 10,058,812 2,902,984	FY 23-24 PROJ BUD 0 (2,902,984) 2,568,400 10,209,694 2,902,984 0	FY 24-25 PROJ BUDGET 0 (2,902,984) 2,568,400 10,362,889 2,902,984	FY 25-26 PROJ BUD 0 (2,902,984) 2,588,400 10,518,282 2,902,984 0	FY 26-27 PROJ BUD 0 (2,902,984) 2,568,400 10,676,056 2,902,984	FY 27-28 PROJ BUD 0 (2,902,984) 2,558,400 10,836,197 2,902,984
CAFR TYPE	T OB PESALE OF REAL PROPERTY TRANSFERS IN TRANSFERS IN (GENED) TRANSFERS OUT MEASURE V TRANSFERS OUT (GENED)	Values 2017 (5,158) (1,250,000) (4,728,472) 3,769,355 1,952,528 4,728,471	(500) (1,250,000) (2,902,984) 9,193,993 9,022,126 2,902,984 3,347,410	0 (1,250,000) (2,902,984) 4,568,400 9,247,679 2,902,984 0	0 (2,902,984) 2,568,400 9,478,871 2,902,984 0	FY 20-21 PROJ BUD 0 (2,902,984) 2,568,400 9,715,842 2,902,984 0	FY 21-22 PROJ BUD 0 (2,902,984) 2,558,400 9,910,159 2,902,984 0	FY 22-23 PROJ BUD 0 (2,902,984 2,558,400 10,058,812 2,902,984 0	FY 23-24 PROJ BUD 0 (2,902,984) 2,568,400 10,209,694 2,902,984 0	FY 24-25 PROJ BUDGET 0 0 (2,902,984) 2,558,400 10,362,839 2,902,984 0	FY 25-26 PROJ BUD 0 (2,902,984) 2,588,400 10,518,282 2,902,984 0	FY 26-27 PROJ BUD 0 (2,902,984) 2,558,400 10,676,056 2,902,984 0	FY 27-28 PROJ BUD 0 (2,902,984) 2,568,400 10,836,197 2,902,984 0
CAFR TYPE PROCEEDS FROM SALE OF PROP PR-TRANSFERS IN R-TRANSFERS IN (GENFD) E-TRANSFERS OUT E-TRANSFERS OUT E-TRANSFERS OUT (GENFD) E-SPECIALITEM	T OB PESALE OF REAL PROPERTY TRANSFERS IN TRANSFERS IN (GENED) TRANSFERS OUT MEASURE V TRANSFERS OUT (GENED)	Values 2017 (5,158) (1,250,000) (4,728,472) 3,769,355 1,952,528 4,728,471	(500) (1,250,000) (2,902,984) 9,193,993 9,022,126 2,902,984 3,347,410 20,313,028	0 (1,250,000) (2,902,984) 4,568,400 9,247,679 2,902,984 0	0 (2,902,984) 2,568,400 9,478,871 2,902,984 0	FY 20-21 PROJ BUD 0 (2,902,984) 2,568,400 9,715,842 2,902,984 0 12,284,242	FY 21-22 PROJ BUD 0 (2,902,984) 2,558,400 9,910,159 2,902,984 0 12,478,559	FY 22-23 PROJ BUD 0 (2,902,984 2,568,400 10,058,812 2,902,984 0 12,627,212	FY 23-24 PROJ BUD 0 (2,902,984) 2,568,400 10,209,694 2,902,984 0 12,778,094	FY 24-25 PROJ BUDGET 0 0 (2,902,984) 2,558,400 10,362,839 2,902,984 0	FY 25-26 PROJ BUD 0 (2,902,984) 2,568,400 10,518,282 2,902,984 0 13,086,682	FY 26-27 PROJ BUD 0 (2,902,984) 2,558,400 10,676,056 2,902,984 0	FY 27-28 PROJ BUD 0 (2,902,984) 2,568,400 10,836,197 2,902,984 0

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General Fund w/ Measure V





Forecasted Deficits

	2017	2018	2019	2020	2021
Revenue	(59,678,027.00)	(74,804,993.00)	(75,184,969.00)	(78,495,808.00)	(80,623,121.00)
Expenditures	57,604,448.00	62,535,625.00	67,371,909.00	67,942,947.00	69,673,934.00
Transfers	4,466,725.00	20,313,028.00	12,566,079.00	12,047,271.00	12,284,242.00
Surplus/ Deficit	(2,393,145.00)	(8,043,661.00)	(4,753,018.00)	(1,494,410.00)	(1,335,056.00)

2022	2023	2024	2025	2026	2027	2028
(82,354,551.00)	(83,765,144.00)	(84,826,757.00)	(85,897,310.00)	(86,984,579.00)	(88,088,848.00)	(89,210,404.00)
70,481,705.00	71,303,989.00	72,141,049.00	72,993,153.00	73,958,325.00	74,940,069.00	75,938,678.00
12,478,559.00	12,627,212.00	12,778,094.00	12,931,239.00	13,086,682.00	13,244,456.00	13,404,597.00
(605,713.00)	(166,057.00)	(92,386.00)	(27,083.00)	(60,428.00)	(95,678.00)	(132,870.00)



CaIPERS Update





CaIPERS Update

Investments (PERF^{*})

Total Fund Market Value & Total Net Investment Return^{**} 10-year Review (for FY end 6/30)

	(in billions)	(%)
2018	\$354.0	8.6%
2017	\$326.4	11.2%
2016	\$302.0	0.6%
2015	\$301.9	2.4%
2014	\$300.3	18.4%
2013	\$257.9	13.2%
2012	\$233.4	0.1%
2011	\$237.5	21.7%
2010	\$200.0	13.3%
2009	\$180.9	(24.0%)

Total Net Investment Return^{*} (for FY end 6/30)

FY to date	è									8.6%
3 years .										6.7%
5 years .										8.1%
10 years										5.6%
20 years										6.1%
30 years										8.4%

* Net time-weighted rate of returns

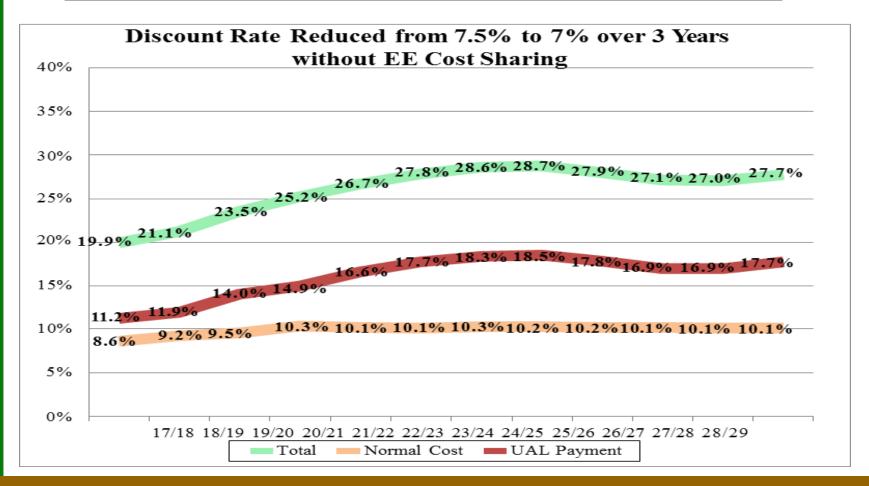
* Public Employees' Retirement Fund (PERF)

** Net time-weighted rate of returns



CaIPERS Misc. Increases

CONTRIBUTION PROJECTIONS - MISCELLANEOUS

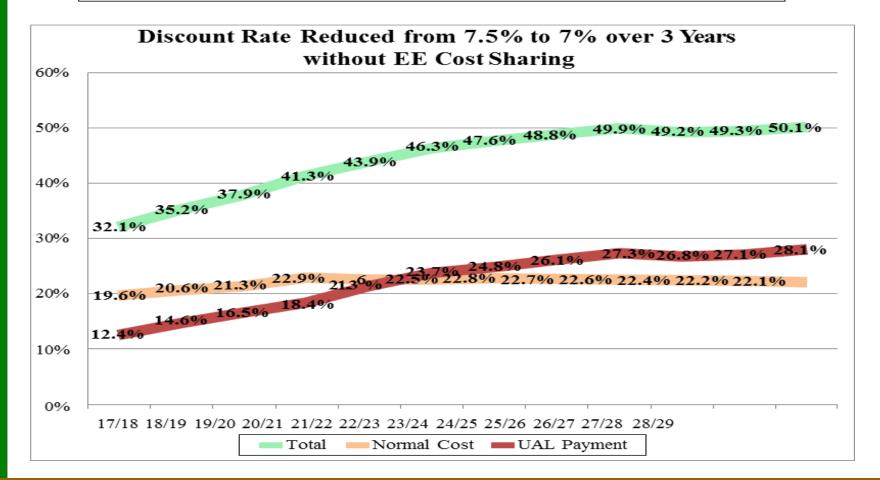


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CalPERS Safety Increases

CONTRIBUTION PROJECTIONS - SAFETY



TRACY

Fiscal Year 2018 CAFR General Fund Committed/ Assigned/ Unassigned

Summary of the General Fund Reserves as of June 30, 2018

Non-spendable	Advances To Other Funds	\$ 1,042,000
	Loans Receivable	482,841
Committed	20% reserve	14,960,997
Assigned	10% reserve (Economic Stability)	7,480,499
-	Measure V	7,550,250
	Prior Year Re-Appropriations	1,594,000
	2019 Budget Appropriations	4,350,000
	Animal Control	22,193
Uncommitted	Uncommitted	842,109
		\$38,324,889

Source: FY2018 CAFR

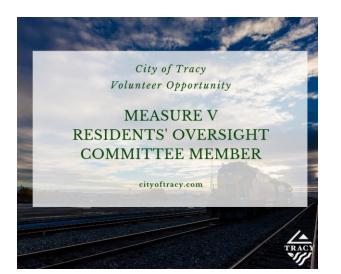
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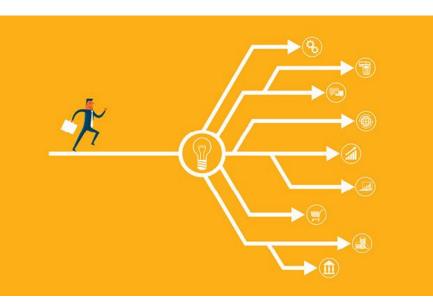
Forecast Variables

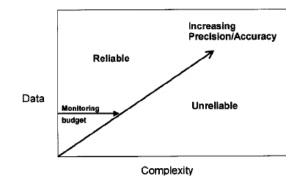
- Potential Outcomes that Would Improve Forecast
 - Higher employee vacancy rates (more vacant positions or vacancies for longer periods of time)
 - Delayed or weaker recessions
 - PERS investment gains
 - Stronger economic development than already included in forecast

- Potential Outcomes that Would Worsen Forecast
 - PERS investment losses(or additional discount rate cuts)
 - Weaker revenue growth, fewer new hotel rooms, or more severe recession losses
 - Higher annual COLAs approved than the assumptions in forecast
 - Staffing levels increased beyond current levels
 - Discretionary one-time expenditures



Forecast Conclusions







What's the difference?

A 🗉 americanenglish.state.gov

EVERYTHING

= all things used with a singular verb

Everything is packed, and we are ready to move to our new house.

ANYTHING

= a thing of any kind; it doesn't matter which thing

used with a singular verb

often used in questions & negative statements

I'm hungry. Do you have anything to eat?

INDEFINITE PRONOUNS

SOMETHING

= a thing that is not specified

used with a singular verb

often used in positive statements

Nina knew something was wrong because her friend's behavior was strange.

NOTHING

= no thing used with a singular verb not used with another negative

I've covered all the main points. I have nothing more to say.

Think Inside the Triangle[™]



Questions and Direction

