

# General Fund Long Term Financial Plan

2023 City Council Workshop Series  
February 7, 2023



# General Fund

## Long-Term Financial Plan

The General Fund Long-Term Financial Plan (LTFP) serves as a long-range fiscal planning tool

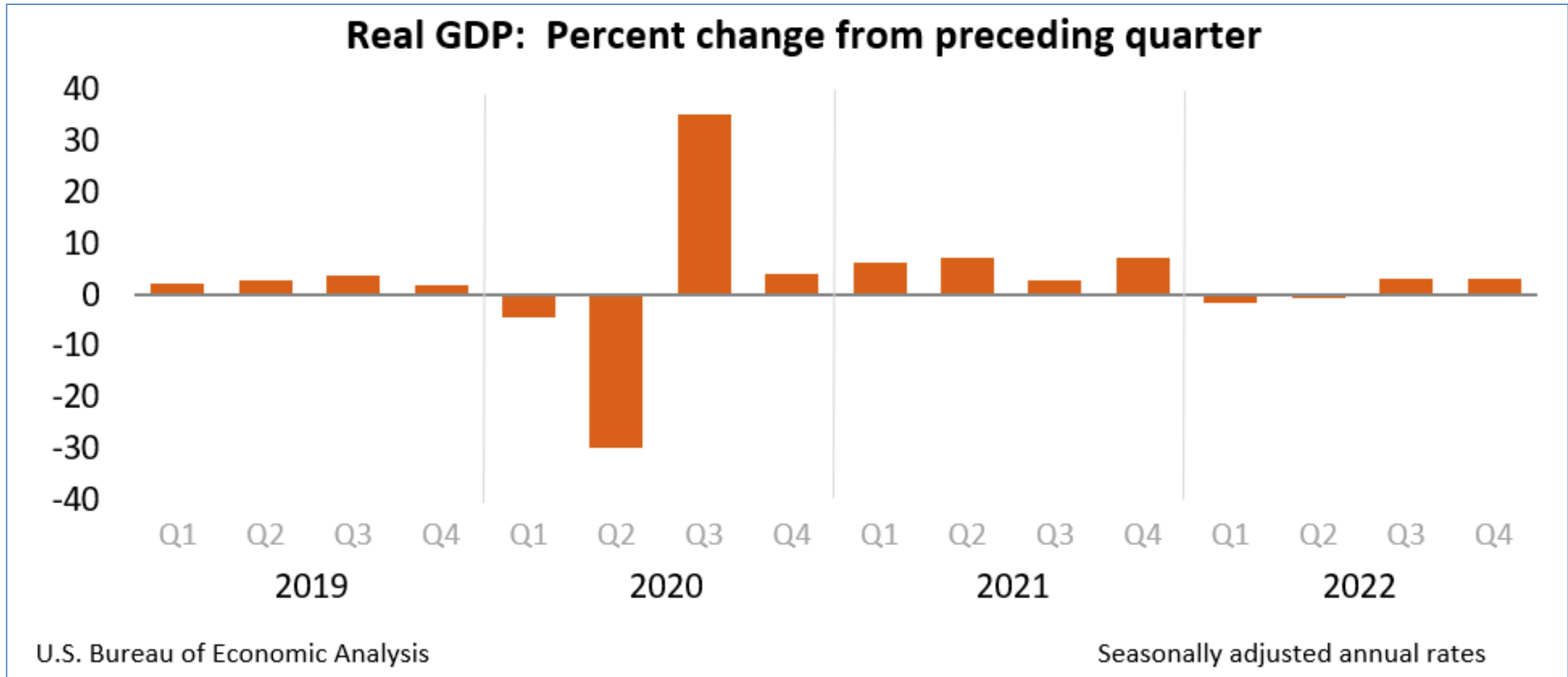
- Applies to General Fund only
- Projects funding surpluses/shortfalls
- Encourages discussion to proactively address the City's long-range funding needs
- ***Not a budget***, but highlights the need to plan for the allocation of City resources for continued delivery of core services at current service levels

# Key Economic Factors

- Gross Domestic Product
- Inflation
- Federal interest rates
- Employment levels

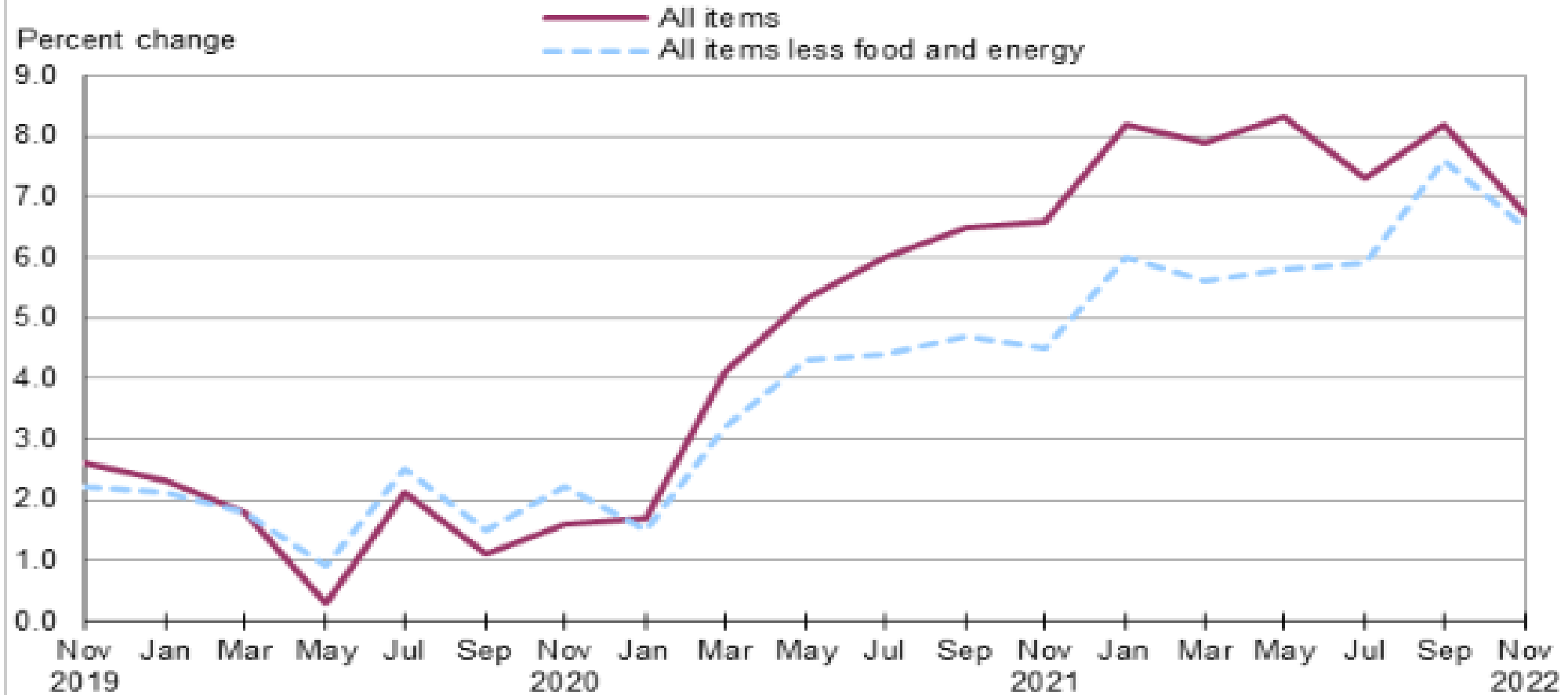


# National Growth – Gross Domestic Product



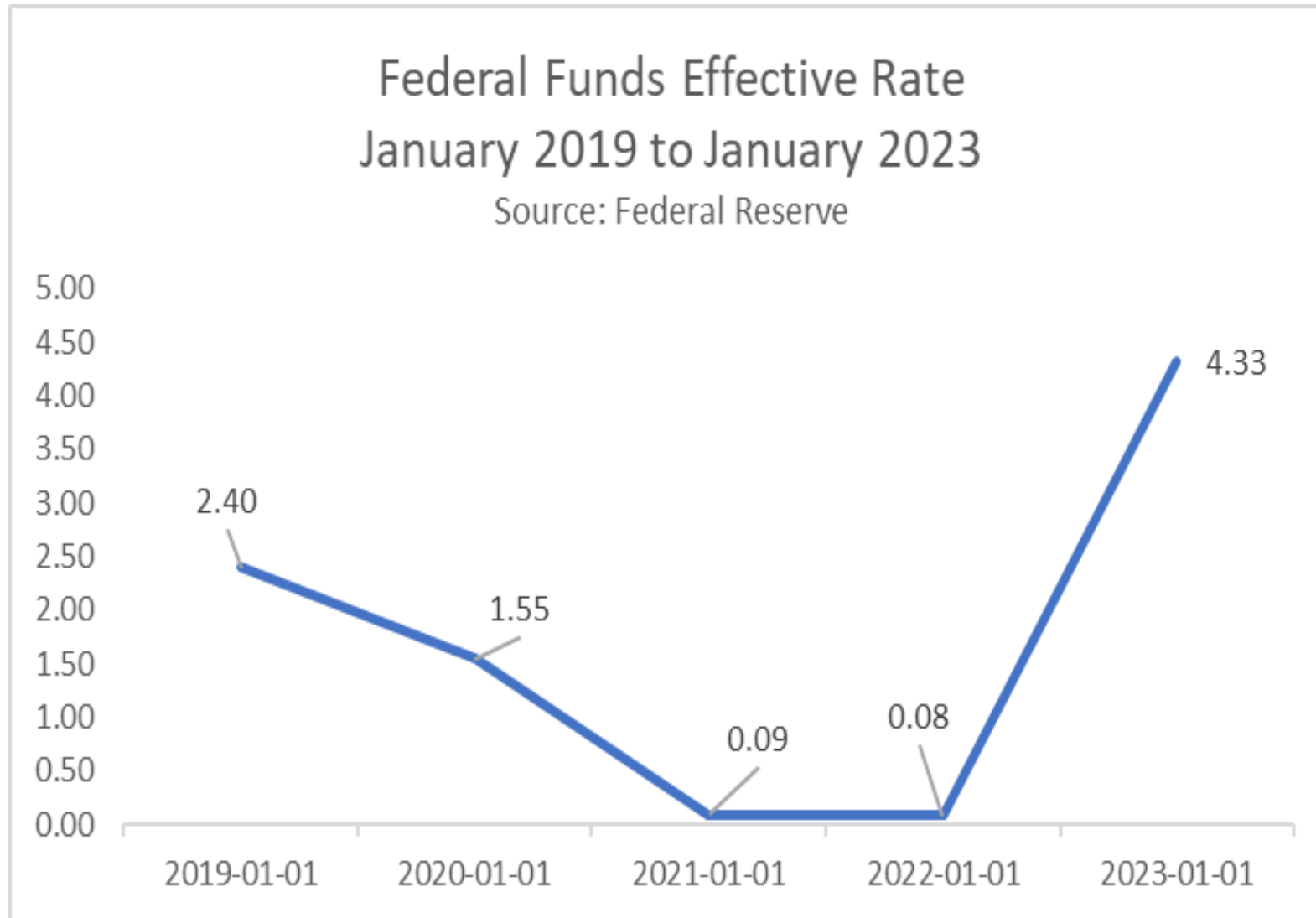
# Consumer Prices / Inflation

**Chart 1. Over-the-year percent change in CPI-U, San Diego-Carlsbad, CA, November 2019–November 2022**

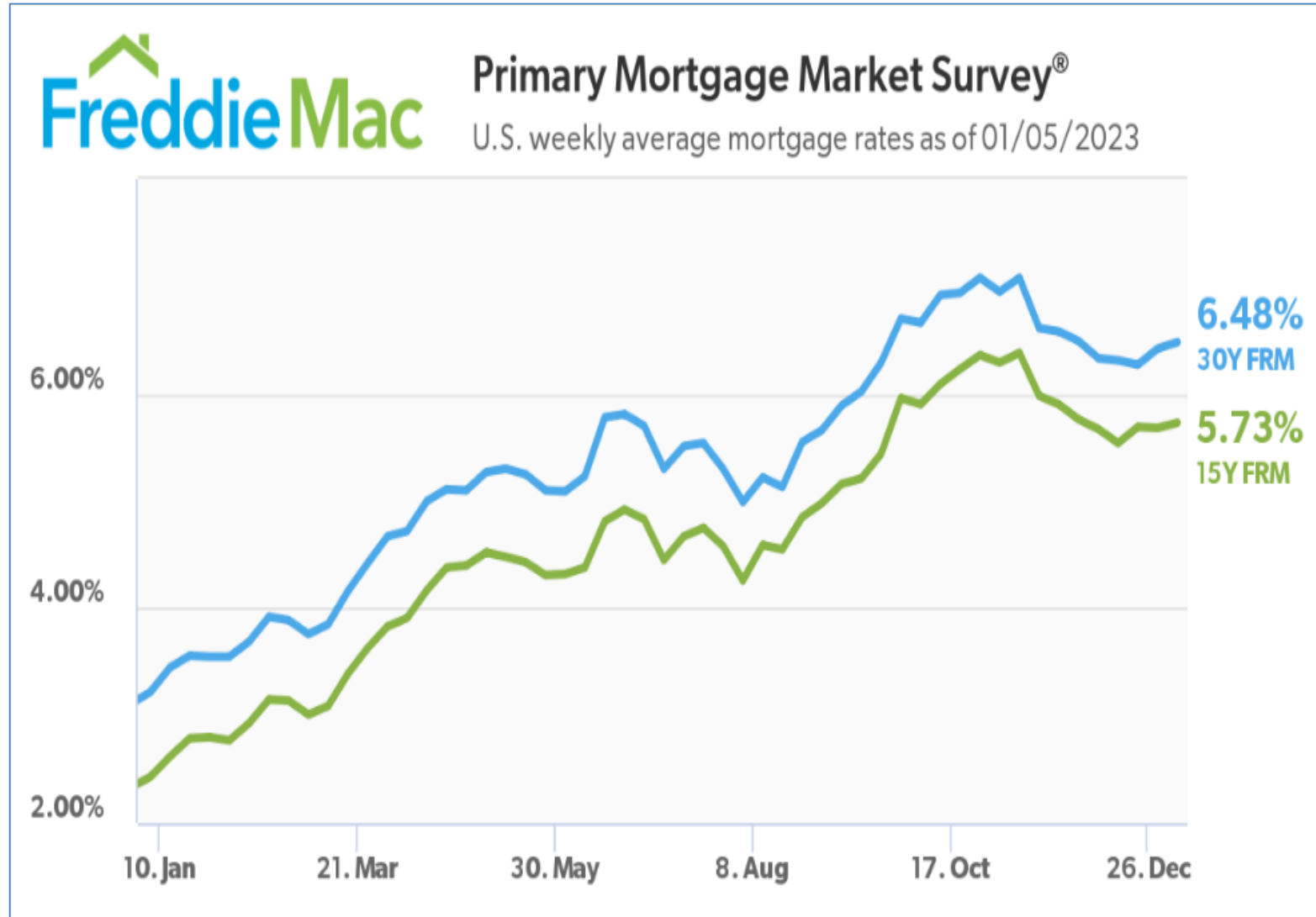


Source: U.S. Bureau of Labor Statistics.

# Federal Interest Rates

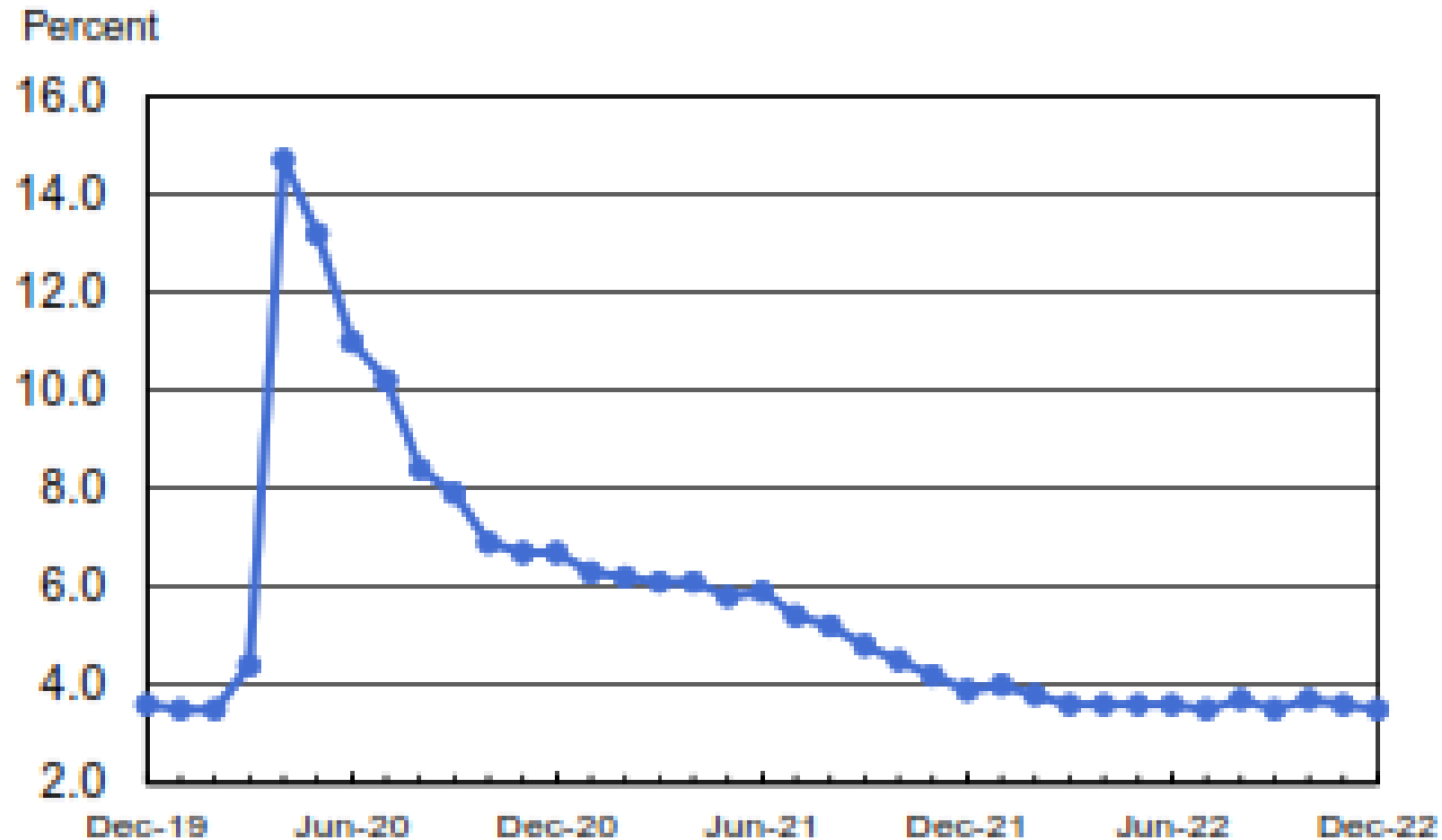


# Housing Market



# Economic Forecast

**Chart 1. Unemployment rate, seasonally adjusted,  
December 2019 – December 2022**



# LTFP Framework



TEN-YEAR PLAN



ASSUMES NORMAL  
ECONOMIC CONDITIONS



ASSUMES CURRENT  
SERVICE LEVELS



INCLUDES NEW  
FACILITIES

# LTFP Assumptions

- Current labor agreements
- New facilities
- Planned commitments
- Sunset of Measure P
- Conservative projections
- No Economic downturns/recessions



# REVENUES



# LTFP Revenue Assumptions

Revenue Category	FY 2024 Growth Rate	FY 2025 – FY 2033 Growth Rate
Property Tax	5%	4%
Motor Vehicle License Fee (MVLF)	5%	4%
Sales Tax	2%	3%
Measure P (Sales Tax)	2%	3%
Measure A (Sales Tax)	2%	3%
Franchise Fees	2%	2%
Transient Occupancy Tax (TOT)	2%	2%
Utility Users' Tax (UUT)	0.5%	0.5%

# Revenue Projections (FY 2024 – FY 2027)

	Adopted		Forecasted									
	FY		FY	FY	FY	FY	FY					
	2023		2023	2024	2025	2026	2027					
Revenues												
Property Taxes	\$	40.9	\$	44.4	\$	46.5	\$	48.4	\$	50.3	\$	52.3
Sales Tax		42.3		48.0		49.0		50.4		52.0		53.5
Measure P Sales Tax		25.9		27.7		28.2		29.1		29.9		23.1
Measure A Sales Tax		25.9		27.7		28.3		29.1		30.0		30.9
Franchise Fees		14.5		14.5		14.8		15.1		15.4		15.7
Utility User Taxes		3.8		3.8		3.8		3.9		3.9		3.9
Transient Occupancy Taxes		5.2		7.4		7.6		7.8		8.0		8.1
Property Tax in lieu of VLF		26.9		28.0		29.5		30.7		31.9		33.2
Major Discretionary Revenues		185.5		201.5		207.7		214.5		221.3		220.7
Other Revenues		63.5		60.9		53.4		51.9		52.6		53.3
New Development Revenues		0.0		0.6		1.8		2.6		3.4		4.2
Total General Fund Revenues	\$	248.9	\$	263.0	\$	262.9	\$	269.0	\$	277.2	\$	278.2
Year-over-Year Change		0.1%		5.7%		-0.1%		2.3%		3.1%		0.3%

# Revenue Projections

## (FY 2028 – FY2033)

	Forecasted					
	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033
<b>Revenues</b>						
Property Taxes	\$ 54.4	\$ 56.5	\$ 58.7	\$ 61.1	\$ 63.5	\$ 66.0
Sales Tax	55.1	56.8	58.5	60.2	62.0	63.9
Measure P Sales Tax	0.0	0.0	0.0	0.0	0.0	0.0
Measure A Sales Tax	31.8	32.8	33.7	34.7	35.8	36.9
Franchise Fees	16.0	16.3	16.7	17.0	17.3	17.7
Utility User Taxes	3.9	3.9	4.0	4.0	4.0	4.0
Transient Occupancy Taxes	8.3	8.4	8.6	8.7	8.9	9.1
Property Tax in lieu of VLF	34.5	35.9	37.3	38.8	40.4	42.0
<b>Major Discretionary Revenues</b>	<b>204.0</b>	<b>210.6</b>	<b>217.5</b>	<b>224.6</b>	<b>231.9</b>	<b>239.5</b>
<b>Other Revenues</b>	<b>54.0</b>	<b>54.2</b>	<b>54.3</b>	<b>55.1</b>	<b>55.9</b>	<b>56.7</b>
<b>New Development Revenues</b>	<b>4.5</b>	<b>4.7</b>	<b>4.8</b>	<b>4.9</b>	<b>5.1</b>	<b>5.3</b>
<b>Total General Fund Revenues</b>	<b>262.5</b>	<b>269.6</b>	<b>276.6</b>	<b>284.6</b>	<b>292.9</b>	<b>301.5</b>
<b>Year-over-Year Change</b>	<b>-5.6%</b>	<b>2.7%</b>	<b>2.6%</b>	<b>2.9%</b>	<b>2.9%</b>	<b>2.9%</b>

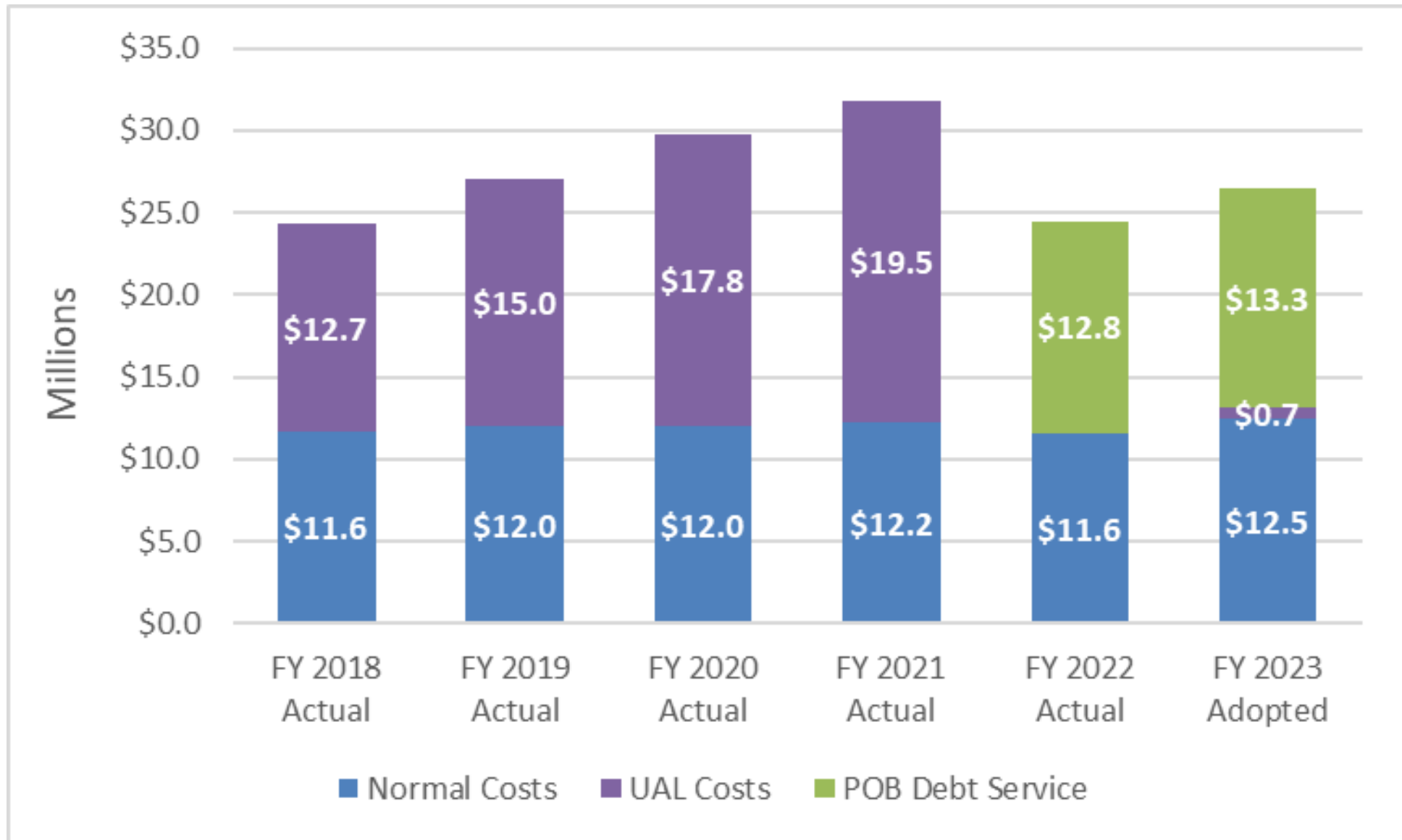
# EXPENDITURES



# LTFP Expenditure Assumptions

Expenditure Category	FY 2024 Growth Rate	FY 2025 Growth Rate	FY 2026 – FY 2033 Growth Rate
Personnel Services	2%	3%	3%
Health Insurance	4.1%	5%	5%
Retirement	14.1%	0.1%	0.7% - 2.8%
Supplies and Services	4%	3%	2%
Utilities	5%	5%	5%
Internal Services	2%	2%	2%

# Pension Related Costs



# Transfers Out

Equal to Revenue  
Received

Measure A

Measure P

RV Sales Tax

Transfers Out

Grant Match

Debt Service

Section 115 Trust  
Contribution

# New Development Expenditures

- Bayfront Fire Station
- Otag Ranch Village 8 West & Fire Station
- Cinematic Arts Academic Center & Library
- CV Center Sears Site Mixed Use Development



# Expenditure Projections

## (FY 2024 – FY 2027 in millions)

	Adopted	Forecasted				
	FY 2023	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
<b>Expenditures</b>						
Personnel Services	\$ 102.6	\$ 105.3	\$ 107.4	\$ 110.6	\$ 113.7	\$ 116.9
Retirement - PERS	13.3	13.5	15.4	15.4	15.5	15.6
Health Insurance	14.2	14.5	15.1	15.8	16.6	17.4
Salary Savings	(3.1)	(3.2)	(4.2)	(2.7)	(2.8)	(2.9)
<b>Personnel Services Expenditures</b>	<b>126.9</b>	<b>130.0</b>	<b>133.7</b>	<b>139.2</b>	<b>143.1</b>	<b>147.1</b>
Supplies and Services	18.6	23.2	24.8	22.0	22.4	22.8
Utilities	6.1	6.1	6.5	6.8	7.2	7.5
Other Expenses	1.8	6.8	1.5	1.5	1.6	1.7
Equipment (Capital not CIP)	0.2	0.6	0.2	0.2	0.2	0.2
Internal Services	3.8	3.9	4.0	4.0	4.1	4.2
Non-CIP Project Expenditures	2.5	2.7	2.7	2.7	2.7	2.7
Transfers/Other Expenditures	89.1	89.8	88.2	91.0	92.3	86.7
<b>Other Expenditures</b>	<b>122.0</b>	<b>133.1</b>	<b>127.9</b>	<b>128.3</b>	<b>130.5</b>	<b>125.9</b>
<b>New Development Expenditures</b>	<b>0.0</b>	<b>0.0</b>	<b>3.9</b>	<b>6.8</b>	<b>8.5</b>	<b>9.3</b>
<b>Total General Fund Expenditures</b>	<b>\$ 248.9</b>	<b>\$ 263.1</b>	<b>\$ 265.5</b>	<b>\$ 274.2</b>	<b>\$ 282.1</b>	<b>\$ 282.3</b>
<b>Year-over-Year Change</b>	<b>0.0</b>	<b>0.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>General Fund Surplus / (Deficit)</b>	<b>\$ (0.0)</b>	<b>\$ (0.0)</b>	<b>\$ (2.6)</b>	<b>\$ (5.2)</b>	<b>\$ (4.9)</b>	<b>\$ (4.2)</b>

# Expenditure Projections

## (FY 2028 – FY 2033 in millions)

	Forecasted					
	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033
<b>Expenditures</b>						
Personnel Services	\$ 120.2	\$ 123.6	\$ 127.1	\$ 130.7	\$ 134.4	\$ 138.2
Retirement - PERS	15.6	15.7	15.7	16.1	16.5	17.0
Health Insurance	18.3	19.2	20.2	21.2	22.3	23.4
Salary Savings	(3.0)	(3.1)	(3.2)	(3.3)	(3.4)	(3.5)
<b>Personnel Services Expenditures</b>	<b>151.2</b>	<b>155.5</b>	<b>159.8</b>	<b>164.7</b>	<b>169.8</b>	<b>175.1</b>
Supplies and Services	23.3	23.7	24.2	24.7	25.2	25.7
Utilities	7.9	8.3	8.7	9.1	9.5	10.0
Other Expenses	2.0	2.0	2.1	2.1	2.2	2.2
Equipment (Capital not CIP)	0.2	0.2	0.2	0.2	0.2	0.2
Internal Services	4.3	4.4	4.5	4.6	4.6	4.7
Non-CIP Project Expenditures	2.7	2.7	2.7	2.7	2.7	2.7
Transfers/Other Expenditures	65.2	66.9	68.6	70.0	67.1	69.0
<b>Other Expenditures</b>	<b>105.6</b>	<b>108.2</b>	<b>111.0</b>	<b>113.4</b>	<b>111.6</b>	<b>114.6</b>
<b>New Development Expenditures</b>	<b>10.0</b>	<b>10.5</b>	<b>10.8</b>	<b>11.1</b>	<b>11.5</b>	<b>11.8</b>
<b>Total General Fund Expenditures</b>	<b>\$ 266.8</b>	<b>\$ 274.2</b>	<b>\$ 281.6</b>	<b>\$ 289.2</b>	<b>\$ 292.9</b>	<b>\$ 301.5</b>
<b>Year-over-Year Change</b>	<b>-5.5%</b>	<b>2.8%</b>	<b>2.7%</b>	<b>2.7%</b>	<b>1.3%</b>	<b>2.9%</b>
<b>General Fund Surplus / (Deficit)</b>	<b>\$ (4.3)</b>	<b>\$ (4.6)</b>	<b>\$ (5.0)</b>	<b>\$ (4.6)</b>	<b>\$ -</b>	<b>\$ -</b>

# SUMMARY



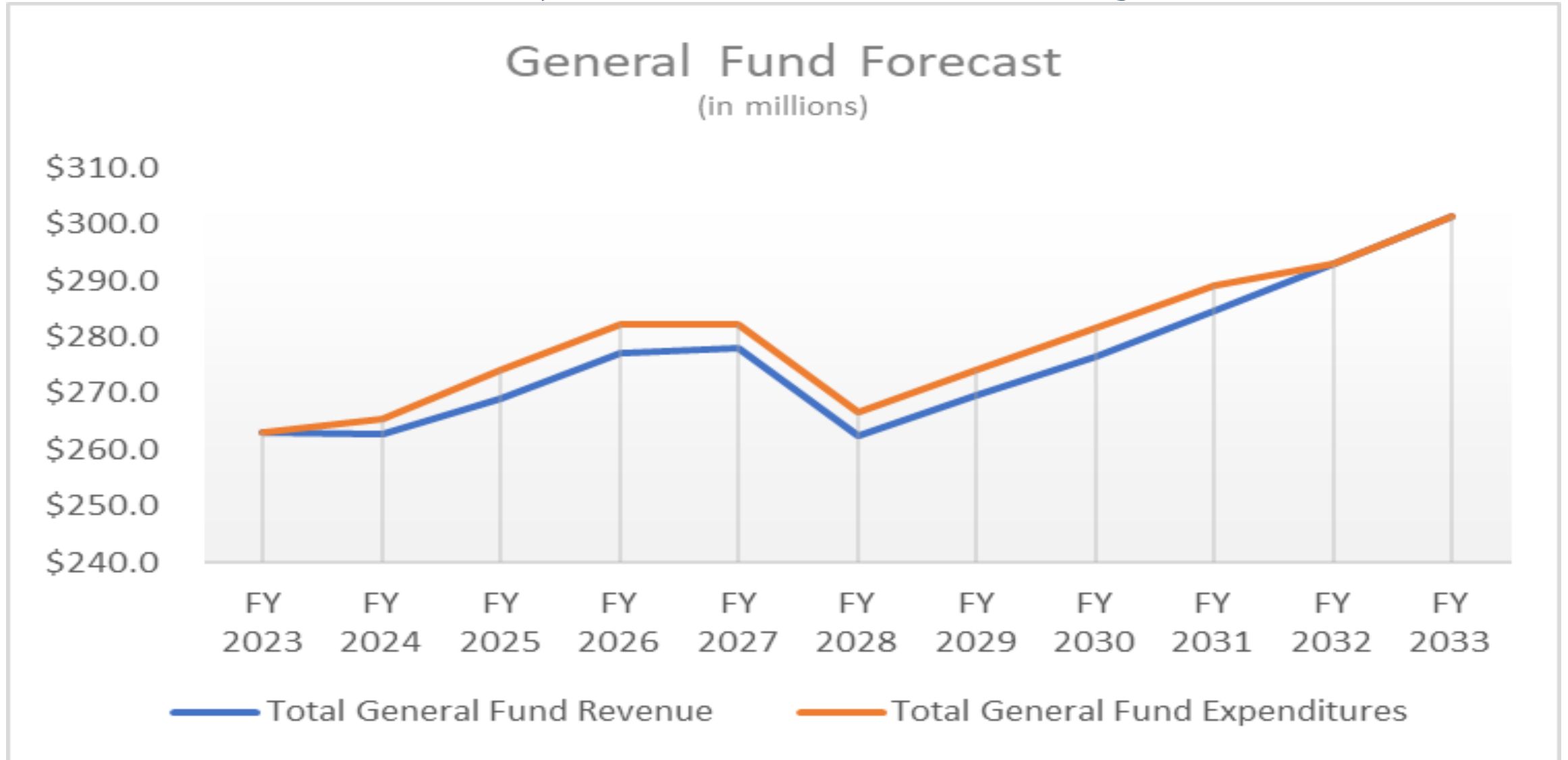
# Projection Summary

		Adopted	Forecasted									
		FY	FY		FY		FY		FY			
		2023	2023	2024	2025	2026	2027					
Revenues												
Major Discretionary Revenues	\$	185.5	\$	201.5	\$	207.7	\$	214.5	\$	221.3	\$	220.7
Other Revenues		63.5		60.9		53.4		51.9		52.6		53.3
New Development Revenues		0.0		0.6		1.8		2.6		3.4		4.2
Total General Fund Revenues	\$	248.9	\$	263.0	\$	262.9	\$	269.0	\$	277.2	\$	278.2
Year-over-Year Change		0.1%	5.7%		-0.1%		2.3%		3.1%		0.3%	
Expenditures												
Personnel Services Expenditures	\$	126.9	\$	130.0	\$	133.7	\$	139.2	\$	143.1	\$	147.1
Other Expenditures		122.0		133.1		127.9		128.3		130.5		125.9
New Development Expenditures		0.0		0.0		3.9		6.8		8.5		9.3
Total General Fund Expenditures	\$	248.9	\$	263.1	\$	265.5	\$	274.2	\$	282.1	\$	282.3
Year-over-Year Change		1.4%	5.7%		0.9%		3.3%		2.9%		0.1%	
General Fund Surplus / (Deficit)	\$	(0.0)	\$	(0.0)	\$	(2.6)	\$	(5.2)	\$	(4.9)	\$	(4.2)
Surplus / (Deficit) as a % of Budget		0.0%	0.0%		-1.0%		-1.9%		-1.7%		-1.5%	

# Projection Summary

		FY		FY		FY		FY		FY		FY
		2028		2029		2030		2031		2032		2033
Revenues												
Major Discretionary Revenues	\$	204.0	\$	210.6	\$	217.5	\$	224.6	\$	231.9	\$	239.5
Other Revenues		54.0		54.2		54.3		55.1		55.9		56.7
New Development Revenues		4.5		4.7		4.8		4.9		5.1		5.3
Total General Fund Revenues	\$	262.5	\$	269.6	\$	276.6	\$	284.6	\$	292.9	\$	301.5
Year-over-Year Change		-5.6%		2.7%		2.6%		2.9%		2.9%		2.9%
Expenditures												
Personnel Services Expenditures	\$	151.2	\$	155.5	\$	159.8	\$	164.7	\$	169.8	\$	175.1
Other Expenditures		105.6		108.2		111.0		113.4		111.6		114.6
New Development Expenditures		10.0		10.5		10.8		11.1		11.5		11.8
Total General Fund Expenditures	\$	266.8	\$	274.2	\$	281.6	\$	289.2	\$	292.9	\$	301.5
Year-over-Year Change		-5.5%		2.8%		2.7%		2.7%		1.3%		2.9%
General Fund Surplus / (Deficit)	\$	(4.3)	\$	(4.6)	\$	(5.0)	\$	(4.6)	\$	-	\$	-
Surplus / (Deficit) as a % of Budget		-1.6%		-1.7%		-1.8%		-1.6%		0.0%		0.0%

# Projection Summary



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