City of Chula Vista

GENERAL FUND
LONG-TERM FINANCIAL PLAN
FY 2020 - 2029

EXECUTIVE SUMMARY

The City of Chula Vista Fiscal Year 2020 – 2029 General Fund Long-Term Financial Plan (LTFP) serves as a long-range fiscal planning tool to identify financial trends, identify projected budgetary surpluses or shortfalls, and encourage discussion to proactively address the City's long-range needs. The goal of the LTFP is to assess the City's ability over the term of the plan to: maintain current or expand service levels; preserve the City's long-term fiscal health; and strategically increase the City's reserve funds to meet the City's reserve policies thresholds. The LTFP will serve as a guideline for the development of the Fiscal Year (FY) 2020 General Fund budget. The LTFP is only applicable for the City's General Fund. Information related to the City's non-General Fund funds can be found on the City's website within the FY 2019 Adopted Budget (www. chulavista.gov).

The LTFP focuses on baseline revenues and expenditures that are essential for the City to achieve the City's strategic goals over the next ten years.[1] These goals include:

- Providing the highest level of municipal services based upon available resources
- Maintaining safe and appealing neighborhoods
- Providing funding for City infrastructure
- Continuing to expand the City's economic development and financial base

It is important to stress that the LTFP is not a budget. It does not make expenditure decisions but rather highlights the need to prioritize the allocation of City resources to ensure the continuation of core City services. The purpose of the plan is to provide the City Council, key stakeholders, and the public an overview of the City's fiscal health based on various financial and service level assumptions over the next ten years; and allow for the discussion of necessary steps to be initiated during the development and implementation of future budgets. The LTFP is intended to look beyond the annual budget cycle and serve as a planning tool to bring a long-term perspective to the budget process. Should projected expenditures exceed projected revenues in any given year; the City Manager will need to identify steps to mitigate the shortfalls prior to presenting a balanced budget to the City Council for consideration during the annual budget development process.

SUMMARY OF FINANCIAL PROJECTIONS

Based on projections from the LTFP, overall General Fund revenues are anticipated to increase from FY 2020 to FY 2026. However, General Fund revenues are anticipated to decrease in FY 2027 and FY 2028 from prior years due to the scheduled conclusion of the citizen-approved

[1] The City's Strategic Plan can be found on the City's website (https://www.chulavista.gov/departments/finance/budget-information).

Measure P Sales Tax.[2] FY 2027 includes a partial year of Measure P revenues and FY 2028 is the first full year of excluding Measure P revenues from the General Fund revenue totals. The projected revenues include a partial year of revenues from the newly approved Measure A Sales tax in FY 2019 and a full year of revenue beginning in FY 2020. Revenues from Measure A are continued throughout the term of the LTFP. General Fund revenues resume the trend of slight increases from the prior year in FY 2029.

Based on baseline projections for current service levels and the inclusion of the services related to the Measure A Sales tax measure, growth in expenditures is anticipated to outpace the growth in revenues for each year of the LTFP period[3]. This long-term structural shortfall generates budget deficits for each year of the LTFP. As shown on the following table, the overall General Fund deficits are projected to increase from approximately $5.5 million in FY 2020 to $18.6 million in FY 2029 (last year of LTFP period). The addition of new positions or programs, above and beyond current service levels, is shown in the High Priority Program expenditure category on the table. The costs associated with these priority additions increase the deficit to $7.1 million in FY 2020 to $31.8 million in FY 2029.

The following table presents the financial forecast for the General Fund for FY 2020 through FY 2029. Additional information related to revenues and expenditures is provided within the report.

[2] Annual revenues generated from the citizen-approved Measure P Sales Tax are reflected in the overall General Fund revenue totals (Ordinance No. 3371, Chula Vista Municipal Code Chapter 3.33). However, revenues generated from Measure P are transferred from the General Fund into a separate Measure P Fund for monitoring and accountability.

[3] Transfers and expenditures/encumbrances (obligations) related to the Measure P and Measure A Sales tax measures equal the projected revenues each year resulting in a net zero impact to the General Fund for these items.

Long-Term Financial Plan FY 2020 - 2029

Description	Proposed FY 2019	Forecast FY 2020	Forecast FY 2021	Forecast FY 2022	Forecast FY 2023	Forecast FY 2024	Forecast FY 2025	Forecast FY 2026	Forecast FY 2027	Forecast FY 2028	Forecast FY 2029
Revenue Projections (millions)											
Property Taxes	$ 35.30	$ 36.36	$ 37.45	$ 38.57	$ 39.72	$ 40.91	$ 42.13	$ 43.39	$ 44.69	$ 46.03	$ 47.40
Sales Tax	$ 33.70	$ 34.04	$ 34.38	$ 34.72	$ 35.07	$ 35.42	$ 35.77	$ 36.13	$ 36.49	$ 36.86	$ 37.22
Measure P Sales Tax	$ 18.09	$ 18.27	$ 18.45	$ 18.63	$ 18.82	$ 19.01	$ 19.20	$ 19.39	$ 14.69	$ -	$ -
Measure A Sales Tax[1]	$ 8.00	$ 16.40	$ 16.73	$ 17.06	$ 17.40	$ 17.75	$ 18.11	$ 18.47	$ 18.84	$ 19.22	$ 19.60
Franchise Fees	$ 11.69	$ 11.93	$ 12.16	$ 12.41	$ 12.66	$ 12.91	$ 13.17	$ 13.43	$ 13.70	$ 13.97	$ 14.25
Utility Users Taxes	$ 5.61	$ 5.63	$ 5.66	$ 5.69	$ 5.72	$ 5.75	$ 5.78	$ 5.81	$ 5.83	$ 5.86	$ 5.89
Transient Occupancy Taxes	$ 4.10	$ 4.19	$ 4.27	$ 4.35	$ 4.44	$ 4.53	$ 4.62	$ 4.71	$ 4.81	$ 4.90	$ 5.00
Motor Vehicle License Fees	$ 21.89	$ 22.54	$ 23.22	$ 23.92	$ 24.63	$ 25.37	$ 26.13	$ 26.92	$ 27.73	$ 28.56	$ 29.41
MAJOR DISCRETIONARY REVENUES	**$ 138.37**	**$ 149.35**	**$ 152.31**	**$ 155.35**	**$ 158.45**	**$ 161.64**	**$ 164.90**	**$ 168.24**	**$ 166.77**	**$ 155.39**	**$ 158.78**
OTHER REVENUES[2]	**$ 44.30**	**$ 43.28**	**$ 43.54**	**$ 43.37**	**$ 43.65**	**$ 43.92**	**$ 44.20**	**$ 44.48**	**$ 44.77**	**$ 45.06**	**$ 45.35**
NEW DEVELOPMENT REVENUES[3]	**$ -**	**$ 2.97**	**$ 4.08**	**$ 5.07**	**$ 6.05**	**$ 7.02**	**$ 7.95**	**$ 8.94**	**$ 9.48**	**$ 9.60**	**$ 9.71**
TOTAL REVENUES	**$ 182.68**	**$ 195.59**	**$ 199.94**	**$ 203.78**	**$ 208.15**	**$ 212.58**	**$ 217.05**	**$ 221.66**	**$ 221.02**	**$ 210.04**	**$ 213.84**
Year-over-Year Change		**7.07%**	**2.22%**	**1.92%**	**2.14%**	**2.13%**	**2.10%**	**2.12%**	**-0.29%**	**-4.97%**	**1.81%**
Expenditure Projections (millions)											
Personnel Services	$ 88.01	$ 92.42	$ 94.17	$ 95.97	$ 97.80	$ 99.66	$ 101.57	$ 103.51	$ 105.50	$ 107.52	$ 109.58
Retirement - PERS	$ 27.59	$ 31.24	$ 34.44	$ 37.12	$ 39.43	$ 40.95	$ 42.69	$ 44.44	$ 46.25	$ 48.15	$ 50.13
Health Insurance	$ 13.53	$ 12.42	$ 12.46	$ 13.02	$ 13.60	$ 14.20	$ 14.84	$ 15.50	$ 16.19	$ 16.91	$ 17.67
Salary Savings (On Going)	$ (0.90)	$ (1.75)	$ (1.77)	$ (1.79)	$ (1.81)	$ (1.83)	$ (1.85)	$ (1.87)	$ (1.89)	$ (1.91)	$ (1.93)
PERSONNEL SERVICES EXPENDITURES	**$ 128.23**	**$ 134.32**	**$ 139.31**	**$ 144.31**	**$ 149.01**	**$ 152.98**	**$ 157.25**	**$ 161.58**	**$ 166.05**	**$ 170.67**	**$ 175.45**
OTHER EXPENDITURES[4]	**$ 54.45**	**$ 64.75**	**$ 65.78**	**$ 67.68**	**$ 66.94**	**$ 68.30**	**$ 69.19**	**$ 70.27**	**$ 66.47**	**$ 53.05**	**$ 53.37**
NEW DEVELOPMENT EXPENDITURES[5]	**$ -**	**$ 2.01**	**$ 2.14**	**$ 2.88**	**$ 2.99**	**$ 3.11**	**$ 3.23**	**$ 3.34**	**$ 3.47**	**$ 3.57**	**$ 3.62**
TOTAL EXPENDITURES	**$ 182.68**	**$ 201.08**	**$ 207.23**	**$ 214.87**	**$ 218.94**	**$ 224.38**	**$ 229.67**	**$ 235.19**	**$ 235.99**	**$ 227.29**	**$ 232.44**
Year-over-Year Change		**10.07%**	**3.06%**	**3.68%**	**1.90%**	**2.49%**	**2.36%**	**2.40%**	**0.34%**	**-3.68%**	**2.26%**
TOTAL GENERAL FUND SURPLUS/(DEFICIT)	**$ (0.00)**	**$ (5.49)**	**$ (7.30)**	**$ (11.09)**	**$ (10.79)**	**$ (11.80)**	**$ (12.62)**	**$ (13.53)**	**$ (14.97)**	**$ (17.25)**	**$ (18.60)**
SURPLUS/(DEFICIT) AS % OF BUDGET		**-2.73%**	**-3.52%**	**-5.16%**	**-4.93%**	**-5.26%**	**-5.49%**	**-5.75%**	**-6.34%**	**-7.59%**	**-8.00%**
HIGH PRIORITY PROGRAMS											
Peace Officer Funding[6]	$ -	$ 1.63	$ 2.58	$ 3.62	$ 4.75	$ 5.96	$ 7.28	$ 8.67	$ 10.19	$ 11.68	$ 13.18
TOTAL GENERAL FUND SURPLUS/(DEFICIT)	**$ (0.00)**	**$ (7.12)**	**$ (9.87)**	**$ (14.70)**	**$ (15.54)**	**$ (17.75)**	**$ (19.90)**	**$ (22.20)**	**$ (25.15)**	**$ (28.93)**	**$ (31.78)**
SURPLUS/(DEFICIT) AS % OF BUDGET		**-3.54%**	**-4.76%**	**-6.84%**	**-7.10%**	**-7.91%**	**-8.66%**	**-9.44%**	**-10.66%**	**-12.73%**	**-13.67%**

(1) Any revenues in excess of actual expenditures in any year will be carried forward to future years as an encumbrance and continue to be dedicated to Measure A obligations.

(2) Other Revenues line item is total of the following budget revenue categories: Development Revenue, Licenses and Permits, Fines, Forfeitures & Penalties, Use of Money and Property, Other Local Taxes, Police Grants, Other Agency Revenue, Charges for Services, Interfund Reimbursements, Other Revenues - Miscellaneous, and Transfers from Other Funds.

(3) New Development Revenues reflect increases in various existing revenue categories related to new development within the City.

(4) Other Expenditures line item is the total of the following expenditure categories: Supplies and Services, Utilities, Other Expenses, Equipment, Internal Services, and Transfers/Debt Service.

(5) New Development Expenditures related to new Millenia parks anticipated to come online during LTFP term.

(6) Figure represents City's goal of adding five additional peace officer positions each year to address anticipated growth in City's population. Positions not incorporated in the Intended Public Safety Expenditure Plan for Measure A Sale Tax Measure.

In development of the LTFP projections, staff reviewed historical budgeted and actual figures, reviewed current data, and researched current financial trends. Based on the information collected, continued growth in revenues and expenditures is anticipated throughout the LTFP period; however, staff employed a conservative approach in developing the projections. Uncertainty related to several key factors impacting the economy (discussed in more detail in this report) has led to the moderate growth expectations. It should be noted that these projections do not incorporate any economic downturn during the LTFP period. Any economic downturn during the term of the LTFP would negatively impact the LFTP projections. Projections within the LTFP will be re-evaluated based upon future economic activity.

REPORT OUTLINE

The LTFP includes a brief overview of the current economic environment and information on potential factors that could impact the City's fiscal position in the near-term and long-term.

Following the economic updates, information will be provided on the major revenue/expenditure categories shown within the LTFP. This information will provide brief descriptions of the revenues/expenditures, and highlight certain factors that could impact the revenues/expenditure projections.

Financial projections for the term of the LTFP will be presented following the highlighted revenues and expenditures. Significant results of the financial projections will be noted following the financial table.

Following the financial projections, the LTFP presents potential mitigation actions for discussion. No single, specific action is identified as a solution to resolving the City's projected shortfalls. Based upon discussion and input from the City Council and the public, City staff can develop additional information and recommendations related to addressing future shortfalls.

The final section of this report is information related to the citizen-approved Measure A Sales Tax and the anticipated expenditure plan for this revenue source. Information related to the development of the measure, the anticipated expenditure plan (the Intended Public Safety Expenditure Plan), and the preliminary cash flows for the collection and expenditure of the tax revenue is provided. The preliminary revenue and expenditure projections will be reviewed and updated upon discussion with the Measure A Citizen Oversight Committee. The preliminary financial projections have been incorporated into the LTFP.

ECONOMIC OVERVIEW

According to multiple reports, the overall national and state economies are growing at a steady rate with growth projected to continue into 2019 and 2020, albeit at slower rates than 2018. The steady growth is reflected in the real Gross Domestic Product (GDP) being projected to increase by three percent by the end of 2018; the national unemployment rate decreasing to 3.9 percent in July from 4.0 percent in June (an employment rate below the benchmark rate of 4.0 percent is considered full employment) and the consumer confidence index figure remaining high (127.4 in July compared to 127.1 in June).[4, 5] However, Mark Zandi, chief economist at Moody's Analytics, notes that these factors may indicate the economy entering the late stages of the business cycle; and that the current expansion, which has lasted almost nine years, cannot continue forever.[6]

According to the UCLA Anderson Forecast second quarter report for 2018, the overall economy appears to be growing at a steady pace, but there are potential threats that could affect the national and California economic outlooks. [7] The UCLA Anderson Forecast lists the potential risk of the U.S. withdrawal from the North American Free Trade Agreement (NAFTA), and a possible trade war with one or more of the major U.S. trade partners as potentially impacting factors to current forecasts. The federal administration is engaging in renegotiating NAFTA, which is an agreement to eliminate barriers to exchanging goods between the United States (U.S.), Canada, and Mexico; and the U.S. and China have initiated imposing tariffs on goods commonly traded between both countries. Consequences from either of these actions could result in a slowing of the economy.

At the state level, the California State Department of Finance and the Legislative Analyst's Office (LAO) both anticipate moderate growth over the next year. However, the LAO notes several key issues that could impact the future trajectory of the State's economy. These issues include a tight labor market, actions by the Federal Reserve, and the previously noted trade issues. California's unemployment rate as of June 2018 was at 4.2 percent.[8] When unemployment is low, economists generally expect wages and prices to rise, contributing to a rise in inflation. The Federal Reserve supports a target range of two percent inflation with their monetary policy by increasing or decreasing federal fund interest rates. With pressure on wages and prices to increase, the Federal Reserve is likely to increase interest rates to moderate the economy as higher interest rates make it more expensive for businesses to expand their operations or consumers to finance purchases. While the Federal Reserve opted to hold the federal interest rates steady at their August meeting, the Federal Reserve will reconsider rate increases in September and December.

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[4] "University of San Diego Burnham-Moores Center for Real Estate Index of Leading Economic Indicators for San Diego County April Report", University of San Diego, http://www.sandiego.edu.
[5] https://www.conference-board.org/data/consumerconfidence.cfm
[6] Bernice Napach, "Watch These 10 Signs for the Next Recession," https://www.Thinkadvisor.com, (April 23, 2018).
[7] "UCLA Anderson Forecast sees economy moving ahead – for now", UCLA Anderson School of Management, http://www.anderson.ucla.edu.
[8] U.S. Department of Labor Bureau of Labor Statistics.

At the local level, the University of San Diego (USD) Burnham-Moores Center for Real Estate's Index of Leading Economic Indicators for San Diego fell 0.2 percent in May (most recent report). The USD Index tracks six economic indicators: building permits, unemployment insurance, local stock prices, consumer confidence, help wanted advertising, and the outlook for the national economy. In May, building permits, unemployment insurance, and help wanting advertising were negative; while there were slight increases in the remaining categories. Overall, the USD Index reflected a slight decrease for the second straight month.[9]

As noted throughout the economic overview, while the economy is growing and consumer confidence has remained positive, there are concerns related to the future growth of the economy for various reasons. Three key measures staff will continue to monitor as important measures to the City's financial projections are: inflation, housing activity, and the yield curve. Inflation is a measure of the increase for the cost of goods and services. Housing activity impacts property tax revenue which is the City's largest revenue source. And the yield curve (difference between short-term and long-term investments) is widely held as a strong indicator of future economy activity. Brief information on these three factors follows.

Inflation

Inflation is the rate at which prices for goods and services increases. Normally inflation averages between 2 – 3 percent per year. There are multiple factors that impact inflation including but not limited to: increases in wages which normally drives an increase in employer costs and product prices; an increase in interest rates as it costs more to borrow funds for investments; and an increase in product demand.

Inflation impacts many of the City's revenue and expenditure categories. For revenues, inflation impacts rents, leases, fees, and investment returns to name a few. Additionally, inflation impacts expenditures such as service contracts, costs of materials, and borrowing costs. According to a recent Reuters' article, in the 12 months ending in June, the Consumer Price Index (a broad measure for inflation) increased 2.9 percent, the biggest rise since February 2012. [10] In California, with the approval of Senate Bill 3 by California Governor Jerry Brown, the state minimum wage will be increasing to $15 per hour by the year 2022. [11] As a result expenditure inflation may be significantly higher than normal over this period of time.

Housing

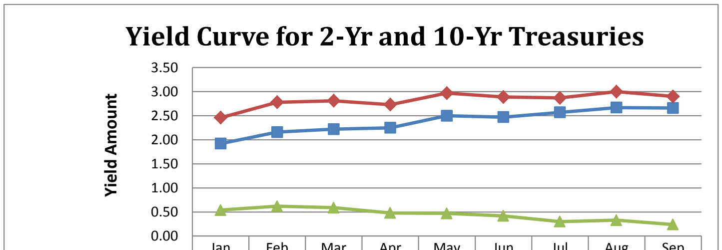
Housing activity is projected to continue to expand through 2019; however, not at the pace seen in recent years. Increasing interest rates and higher home prices are anticipated to play key roles in slowing the housing growth. Per the S&P Corelogic Case-Shiller Index press release of

[9] "University of San Diego Burnham-Moores Center for Real Estate Index of Leading Economic Indicators for San Diego County May Report", University of San Diego, http://www.sandiego.edu.
[10] Lucia Mutikani, "U.S. inflation steadily firming; labor market strong", https://www.reuters.com (July 12, 2018).
[11] Additional information related to Senate Bill 3 can be found at https://leginfo.legislature.ca.gov.

July 31, 2018, "Continuing price increases appear to be affecting other housing statistics. Sales of existing single family homes – the market covered by the S&P CoreLogic Case-Shiller Indices – peaked last November and have declined for three months in a row. The number of pending home sales is drifting lower as is the number of existing homes for sale. Sales of new homes are also down and housing stocks are flattening. All these indicators suggest that the combination of rising home prices and rising mortgage rates are beginning to affect the housing market."[12]

<u>Yield Curve</u>

According to research from the Federal Reserve Bank of San Francisco (FRBSF), one of the most strikingly accurate predictors of future economic activity is the yield curve or the difference between long-term and short-term interest rates. The interest rates for long-term investments such as 10-year government bonds are normally higher than short-term investments such as 2-year U.S Treasury Notes. Lately, longer term interest rates have been slow to rise while the Federal Reserve has moved forward with their plan to raise short-term interest rates as part of their monetary policy. The rising short-term rates are outpacing the growth in long-term rates which is reducing the difference in returns and causing the yield curve to "flatten". This flattening results in little to no difference between short-term and long-term rates. The following table shows the yield amount for the 2-year treasury and the 10-year treasury; as well as the difference or spread between the two investments for 2018 as of September 4, 2018.[13]



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
2 Yr Treasury	1.92	2.16	2.22	2.25	2.50	2.47	2.57	2.67	2.66
10 Yr Treasury	2.46	2.78	2.81	2.73	2.97	2.89	2.87	3.00	2.90
Spread (Difference)	0.54	0.62	0.59	0.48	0.47	0.42	0.30	0.33	0.24

Should this trend continue, the potential for a negative spread or an inverse yield curve is possible (short-term rates would be higher than long-term rates). Per an Economic Letter from the FRBSF, *every U.S. recession in the past 60 years was preceded by a negative term spread (inverse yield curve)*.[14] The delay between the yield curve turning negative and the beginning of a recession range between 6 and 24 months. While the flattening of the yield curve is concerning, several factors such as increased confidence in future growth or change in monetary policy from the Federal Reserve could impede the yield spread from shrinking further or becoming negative.

[12] "Rise in Home Prices Remains Steady at 6.4% According to S&P Corelogic Case-Shiller Index", S&P Dow Jones Indices, https://www.spice-indices.com.
[13] U.S. Department of the Treasury.
[14] Michael D. Bauer and Thomas M. Mertens, "Economic Forecasts with the Yield Curve", Federal Reserve Bank of San Francisco, https://www.frbsf.org.

MAJOR REVENUES AND EXPENDITURES

The following assumptions were used in the preparation of the ten year projections attached.

REVENUES

The City's major revenue sources include: Property Tax, Sales Tax, Measure P Sales Tax, Measure A Sales Tax, Motor Vehicle License Fees (MVLF), Franchise Fees, Transient Occupancy Tax (TOT), and Utility Users Tax. The listed revenues account for approximately $138.4 million, or 76 percent, of the City's General Fund revenues for FY 2019. The following are brief descriptions of the listed revenue sources.

<u>Property Tax</u>

Property tax revenue is generated from a 1 percent ad valorem tax on "real property" (land, buildings, and other permanent structures/improvements), based upon the assessed value of the property. Property tax revenue is the City's most stable revenue source. For FY 2019, property tax revenue is anticipated to total $35.3 million, which accounts for 19 percent of the overall General Fund revenue budget.

The LTFP includes a three percent increase in property tax revenues throughout the term of the LTFP based on expected continued but moderate growth in property values. The current strong economy and full employment of the labor market are anticipated to support continued growth in property revenues; however, rising interest rates, increasing prices and affordability issues are anticipated to temper the growth for the remainder of the outlook.

<u>Bradley-Burns Uniform Local Sales and Use Tax (Sales Tax)</u>

Sales tax revenue is generated from a percentage tax imposed by the City on the sale of retail goods and services that occur within the City of Chula Vista. The total citywide sales tax rate is 8.25 percent, of which the City's General Fund receives 1.0 percent of all the sales transactions within the City. The General Fund sales tax revenue is anticipated to be approximately $33.7 million in FY 2019, which represents the second largest revenue source for the City. In addition to this tax revenue, the citizens of Chula Vista approved the Measure P Sales Tax Measure in 2016 which established a temporary ten-year ½ percent sales tax rate upon sales within the City (which is included in the total 8.25% tax rate).

Beginning on October 1, 2018, a third component will contribute to the City's overall sales tax revenue. In June 2018, the Measure A Sales Tax was approved by the citizens of Chula Vista. The Measure A Sales Tax is a ½ percent sales tax on goods and services sold within the City to support the public safety needs of the city. This will increase the overall sales tax rate to 8.75 percent as of October 1, 2018, and the ½ percent sales tax will continue until the citizens of Chula Vista vote to discontinue.

Measure P Sales Tax

The Measure P sales tax revenue is to support repairing and replacing City infrastructure. While the revenue generated from the Measure P Sales tax is collected in the General Fund, the General Fund transfers this revenue to the Measure P Fund for accountability and transparency in the usage of these funds. These actions result in an overall net zero impact to the General Fund. Measure P sales tax revenue are anticipated to be approximately $18.1 million in FY 2019.

Measure A Sales Tax

The Measure A sales tax revenue is to support the public safety needs of the City. This revenue will be collected and tracked within the General Fund. Separate accounts (one for the fire department and one for the police department) will be established to support the monitoring and allocation of these funds. Original preliminary estimates anticipated approximately $8.0 million to be generate in FY 2019 (for two quarters of the fiscal year); however, this tax will be implemented in October 2019, allowing for the tax to be in place for three quarters of the year, revenues are anticipated to be higher than the original estimates. The LTFP incorporates the originally estimated revenues. Upon review by the Measure A Citizen Oversight Committee, the revenue estimates will be updated to reflect the revised revenue estimates.

Based on high consumer confidence and projections of continued growth in the economy, the LTFP assumes a one percent growth factor in sales tax revenues over the term of the plan. Inflation may impact this revenue source as rising prices would generate additional revenue; however, increased prices may also decrease sales. Staff engages an outside consultant to assist in the monitoring and projections for all sales tax related revenues.

Motor Vehicle License Fee (MVLF)

The City's MVLF revenue is projected to be $21.9 million for FY 2019. With the State Budget Act of 2004, the allocation of MVLF revenues to cities and counties was substantially changed. Since 2006, the majority of MVLF revenues for each city grew essentially in proportion to the growth in the change in gross assessed valuation. Due to the new formula by the State, 96 percent of the City's MVLF revenues fluctuated with changes in assessed property values within the City. As such, this revenue category reflects a three percent increase throughout the term of the plan, similar to the property tax revenue category.

Franchise Fees

Franchise fees are revenue generated from agreements with private utility companies in exchange for use of the City's rights-of-way. Franchise fees are collected from three primary sources: San Diego Gas & Electric (2% on gas and 1.25% on electricity), trash collection franchises (20% fee), and cable franchises (5% fee). As each source is impacted by various factors, an individual growth factor is applied to each source. Overall, while the gas & electric and trash sources have remained relatively stable, the cable fees have fluctuated in recent years due to changes in the cable industry. For FY 2019, total franchise fee revenue is projected to be $11.7 million. The LTFP anticipates these revenues, in the aggregate, to grow slightly over the term of the plan.

Transient Occupancy Tax (TOT)

TOT is a tax that is imposed on occupants of hotel and motel rooms in the City. TOT revenues are projected to generate $4.1 million in FY 2019. The TOT tax rate in the City is 10 percent. Major economic drivers for TOT revenue include room rates, average occupancy rates, and seasonal and non-seasonal tourism. It is anticipated that TOT revenues will increase as a result of new hotels being developed within the City over the next several years. However, until these hotels have had some time to market themselves and establish a strong customer base, growth in the TOT revenues is anticipated to be tempered by the increased competition within the current market base. The LTFP projects an annual two percent growth rate for TOT revenues, which is anticipated to be a conservative estimate and will be updated as new hotels become established.

Utility User Tax (UUT)

The City adopted its Utility Users Tax (UUT) in 1970. The City of Chula Vista imposes a UUT on the use of telecom at the rate of 4.75 percent of gross receipts. The UUT on natural gas services is $0.00919 per therm and $0.00250 per kilowatt on electricity services, which equates to approximately a 1 percent tax. For FY 2019, revenues are projected for a total of $5.6 million. The LTFP assumes a one percent annual increase throughout the term of the plan.

EXPENDITURES

The City's major expenditure categories include: Personnel costs, Retirement Benefits, and Health Insurance. The listed expense categories account for approximately $128.2 million or 70 percent of the City's General Fund expenditures for FY 2019. The following are brief descriptions of the listed expenditure categories.

Personnel

Since the last economic recession, the City has focused on recovering its staffing levels to support City services. Since 2015, the City has increased staffing by approximately five percent by adding 38.0 Full-time Equivalent (FTE) positions to various departments. The primary beneficiary has been public safety as 23 of the 38 added FTEs (61 percent) have fallen into this service category. For FY 2019, the total General Fund staffing is 844.25 FTEs. For FY 2019, personnel costs, not including retirement benefits or health insurance, are projected to be approximately $87.1 million. The projected salary expenses are net anticipated salary savings from the City departments. Salary savings is the amount of salary expense that a department saves when a position is held vacant for a period of time or filled at a lower salary level than the originally budgeted level.

The LTFP includes the annualized costs of negotiated salary increase approved per the current Memoranda of Understanding (MOU) with each of the City's employee groups. The MOUs vary in negotiated salary increases from 2.0 to 2.5 percent annually, and vary in duration. The City is in current negotiations with the Chula Vista Mid-Managers/Professional Association as this MOU expired on June 30, 2018. Beyond the expiration of the current MOUs, the LTFP assumes wage inflation of 2 percent per year. It is important to note that this figure is simply an assumption for financial projections and does not represent a commitment or obligation, but rather provides a baseline for wage related inflation in the future.

Retirement Benefits

The City contracts with California Public Employees' Retirement System (CalPERS) for retirement benefits for all full-time benefitted employees. The City has two employee retirement plans (Miscellaneous and Safety), each with three tiers of employees based upon their start date within the CalPERS system and the City of Chula Vista. The Miscellaneous plan covers all qualified City employees except those which are considered public safety employees (fire and police departments). The Public Safety plan covers all qualified public safety employees. For each of the benefit rates referenced below, CalPERS uses the percentage of service credit earned in one year (3%, 2%, etc.) and the full retirement age (60, 50, etc.) to describe their tiers.

- Tier 1 employees include employees who became members of CalPERS and started with the City of Chula Vista prior to 4/22/2011. Miscellaneous tier 1 employees receive benefits at the rate of 3 percent at 60. Public Safety tier 1 employees receive benefits at the rate of 3% at 50.
- Tier 2 employees include employees that became members of CalPERS or a reciprocal agency prior to 1/1/2013 but started with the City after 4/22/2011. Miscellaneous tier 2 employees receive benefits at the rate of 2 percent @ 60. Public Safety tier 2 employees receive benefits at the rate of 3 percent at 55.
- Tier 3, or Public Employees' Pension Reform Act (PEPRA), employees include all employees that are new members to CalPERS on or after 1/1/2013. Miscellaneous tier 3 employees receive benefits at the rate of 2 percent at 62. Public Safety tier 3 employees receive benefits at the rate of 2.7 percent at 57.

CalPERS provides separate annual valuation reports for the two retirement employment plans. These reports provide the City with two very important figures. The first is the City's unfunded actuarial liability (UAL) which is the amount the City would have to pay to CalPERS today to completely pay off all pension liability. The UAL represents the unfunded liability the plan has incurred. As of June 30, 2017, the most recent CalPERS valuation report available, the City's unfunded liability was $171.1 million for the Miscellaneous plan and $140.8 million for the Public Safety plan for an overall total of $311.9 million. Based on the CalPERS valuation report, the FY 2019 UAL prepayment amount for the Miscellaneous plan and the Public Safety plan are $10.9 million and $7.3 million, respectively.

The second important figure is the City's required employer contribution for the Normal Cost or the annual cost of service accrual for the upcoming fiscal year for active employees. This is amount of money the City will need to contribute for the current fiscal year towards pension costs. For

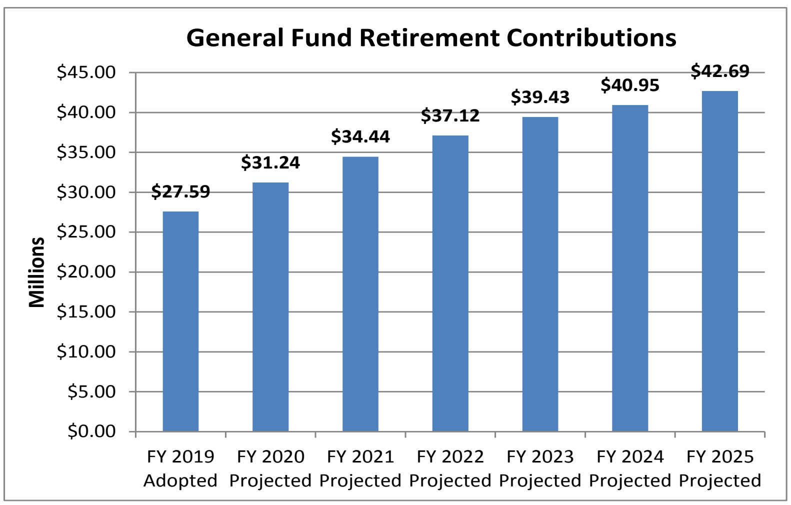
FY 2019, the required employer Normal Cost contribution for the Miscellaneous plan is $5.7 million and the Public Safety plan is $7.9 million, for a total cost of $13.6 million, respectively.

The UAL and Normal Cost payment amounts are used to calculate the City's fiscal year pension contribution amount. The City's total pension contribution amount for FY 2019 is $31.9 million, with the City's General Fund portion being $27.6 million. The following table shows the City's General Fund total retirement contributions since FY 2016.

General Fund Retirement Contributions (millions)

Fiscal Year	FY 2016 Actual	FY 2017 Actual	FY 2018 Adopted	FY 2019 Adopted
Contribution Amount	$20.87	$23.78	$24.53	$27.59
Increase ($) from Prior Year		$2.90	$0.75	$3.06
Increase (%)from Prior Year		13.9%	3.2%	12.5%

The CalPERS valuation reports also provide the City with a five-year projection of future employer contribution amounts that the City utilizes in making long term projections. Based on the projections within the valuation reports, the City's General Fund retirement contributions will increase from approximately $31.2 million in FY 2020 to $42.7 million in FY 2027. The following chart illustrates the increasing Retirement costs from FY 2019 to FY 2025.



On December 21, 2016, the CalPERS Board of Directors decided to lower the rate of return assumption from 7.5 percent to 7.0 percent over a three-year period beginning in FY 2019. The assumed rated of return would change to 7.375 percent in FY 2019, decreasing to 7.250 percent in FY 2020, and settling at 7.00 percent in FY 2021. This change may result in approximately 30-40 percent increase in the City's unfunded pension liability as well as increasing normal pension costs. The LTFP includes the anticipated impacts of this change.

Part-time employees receive retirement benefits through Public Agency Retirement System (PARS). PARS is an alternative to Social Security for Part-Time, Seasonal, and Temporary employees. The City and employees both currently contribute 3.75 percent of salary towards the PARS contribution amount of 7.5 percent.

Health Insurance

The City currently offers for qualified benefitted employees four medical plan options: United Healthcare (UHC) (value and full plans); UHC Preferred Provider Organization (PPO); and Kaiser Health Maintenance Organization (HMO). The City does allow retirees to stay enrolled in the City's health plans at the same rate as active employees. The City recently went out to bid to ensure the best overall value for the plans offered to our employees. As a result of the bid process, Aetna was replaced by UHC for the value, HMO, and PPO plans.

For FY 2019, health insurance expenses are projected to total approximately $13.6 million, or 7.7 percent of the FY 2019 expenditures. This represents an increase of $1.2 million or 9.7 percent from the fiscal year 2018 Adopted Budget. Kaiser and AETNA/UHC insurance premiums have increased an average of 4.3 percent and 5.9 percent per year respectively since the beginning of Calendar Year 2014.

CAPITAL EXPENDITURES

To identify the City's infrastructure and capital needs, the City developed an asset management plan. The asset management plan inventoried all City infrastructure and property assets, conducted condition assessments on each asset, prioritized the assets by risk level and importance, and performed a life cycle cost assessment. This information allowed the City to develop a cost estimate for the capital improvement program. The asset management plan sorted the City assets into three categories: red (high risk), yellow (medium risk), and green (low risk). This allows for the City to make necessary decisions on each asset (repair, replace, renovate, liquidate, shut down, relocate, etc.), and to budget available resources towards the repair and replacement of these assets. Currently, the red category has approximately $112 million in estimated funding required to repair and replace these high risk assets. The yellow category currently has an estimated $437.6 million in funding required for repair and replacement costs.

In light of the projected costs to repair and replace the City's capital assets, the City Council placed a temporary ten-year ½ percent sales tax measure (Measure P) on the November 2016 ballot to address the high priority capital needs. In November 2016, Chula Vista voters approved Measure P. The sales tax was projected to generate $178 million in additional revenue over the ten-year period. To guide the expenditure of these revenues, the City developed the Intended Infrastructure, Facilities and Equipment Expenditure Plan (IFEEP) based on information from the City's asset management plan. As the Measure P Sales Tax has a limited term, the IFEEP focuses on critical one-time items to address deferred maintenance and improve the safety of the City's infrastructure. As the IFEEP focuses on one-time allocations, any additional operating costs for new or improved facilities, such as fire stations, will need to have an alternative funding source. Examples of ongoing operational costs include additional staff or increased utility costs.

The LTFP includes the Measure P revenues as General Fund revenues; however, these revenues are paired with a corresponding transfer out of the General Fund to the Measure P fund. The transfer of the funds provides for accurate monitoring of the allocation and expenditure of these funds to ensure compliance with the original intent of the sales tax measure. The corresponding transfer results in a net zero impact to the General Fund. The LTFP includes minimal capital expenditures beyond those anticipated to be funded through Measure P funding. Information on Measure P allocations and projects can be found on the City's website: https://www.chulavistaca.gov/departments/engineering.

General Fund alternative funding sources, such as grants and transportation funds, support the City's capital program. However, as the LTFP only addresses the General Fund, these resources and expenditures are not included in this report. Additional information related to the City's capital program and funding sources can be found on the City' website: https://www.chulavistaca.gov/departments/public-works/projects.

OUTSTANDING CITY DEBT

The City has three outstanding Certificates of Participation (COP) that are funded with General Fund contributions, Public Facilities Development Improvement Funds (PFDIF), and/or the Residential Construction Tax Funds (RCT). The outstanding COPs consist of: the 2014 Refunding COP, the 2015 Refunding COP, and the 2016 Refunding COP. These COPs have refunded the outstanding principal of various earlier COPs which were used to fund the construction of the City's Police Facility, Civic Center improvements, Western Chula Vista Infrastructure projects, and Nature Center Improvements.

In addition to the outstanding COPs, the City has three outstanding lease revenue bond issuances. These include: the Chula Vista Municipal Financing Authority (CHMFA) 2017 Lease Revenue Bonds (2017 Bonds); and the CHMFA Lease Revenue Bonds (New Clean Renewable Energy Bonds) Series 2017A and Series 2017B (2017A and 2017B Bonds). The 2017 Bonds (Measure P) were issued to finance infrastructure, facilities, and equipment; and the 2017A and 2018B Bonds were issued to finance photovoltaic (solar) energy systems at various City facilities. Funding from the Measure P Sales Tax will address the annual debt service for the 2017 Bonds. It is anticipated that savings in City utility costs will exceed the annual debt service for the 2017A and 2017B bonds, resulting in a positive impact to the General Fund.

The following table illustrates the City's General Fund debt obligations. While the City has several outstanding bond issuances, the General Fund's portion of the annual debt service payments is approximately $3.6 million for FY 2019. This represents approximately 2 percent of the General Fund revenues for FY 2019. The low annual General Fund debt service payment supports maintaining flexibility within the General Fund as a low percentage of the General Fund revenue is dedicated to long-term ongoing obligations.

General Fund Obligations	Description	Original Issuance Amount	Principal Outstanding 6/30/18	FY 2019 Debt Payment	Payment Sources		Final Maturity
					General Fund	Other[1]	
2014 Refunding COP	Police Facility Project	$45,920,000	$39,440,000	$3,601,806	$2,004,405	$1,597,401	FY 2033
2015 Refunding COP	Civic Center Project	$34,330,000	$30,220,000	$2,921,263	$424,304	$2,496,959	FY 2034
2016 Refunding COP	Civic Center Project	$8,600,000	$8,600,000	$282,550	$57,112	$225,438	FY 2036
2016 Lease Revenue Refunding Bonds	Capital Lease Refunding Project	$25,885,000	$23,130,000	$2,150,075	$612,091	$1,537,984	FY 2033
2017 Lease Revenue Bonds	Measure P	$61,355,000	$55,805,000	$8,120,250	$0	$8,120,250	FY 2027
Lease Revenue Bonds Series 2017A	CREBs	$12,045,000	$12,045,000	$485,781	$485,781	$0	FY 2049
Lease Revenue Bonds Series 2017B	Tax-Exempt	$1,085,000	$1,085,000	$42,350	$42,350	$0	FY 2029
Total		**$189,220,000**	**$170,325,000**	**$17,604,075**	**$3,626,043**	**$13,978,032**	

[1]Other Funding sources include Public Facilities Development Improvement Fees (PFDIF), Residential Construction Tax (RCT) Funds, and Measure P funds.

Additional information related to the City's outstanding debt can be found on the City's website: https://www.chulavistaca.gov/departments/finance/financial-reports.

NOT INCLUDED IN THE PLAN

Development Impacts

As new major developments are proposed in the City, each developer is required to submit a fiscal impact analysis to ensure that the City's revenues generated from the project will meet or exceed the anticipated expenditures. However, the actual timing of the impact from new development in revenues and expenditures is difficult to predict. As the development projects vary, such as new hotels or new housing, various factors influence the impact of the projects. The timing of the revenues related to new development can vary greatly depending on how fast the market can absorb the new inventory and the economic condition throughout the development process. Staff is currently working on developing an updated fiscal impact model to provide projections based on the best information available. The LTFP currently projects minimal revenue impacts from new development based upon percentage increases to existing base revenues.

Economic downturn

As previously discussed, the potential for an economic downturn is plausible. However, the LTFP does not attempt to incorporate the impact of a downturn as the timing and duration of a downturn is difficult to project. While the growth projections incorporated into the LTFP are conservative, the growth factors will be re-evaluated as needed based upon future economic indicators.

10 YEAR PROJECTIONS

The following table projects the revenue and expenditure categories for the City's General Fund for FY 2020 – 2029. It is important to understand that this is only a forecast and not indicative of what the budgets will be in future years. The following key assumptions were incorporated into the financial projections.

- The LTFP maintains current staffing and program levels throughout the term of the plan. No new staffing was included in the projections except for necessary staff to operating new facilities (fire stations) coming online within the Plan period; and five new peace officers annually as part of the City's goal to increase police staffing. The expense for the additional staff for the new fire stations is included in the New Development category as these positions will be necessary to operate the new facilities. The additional expenses for the five additional peace officers are shown under the "High Priority Programs" section of the table as these support the goals of the City.

- As noted, the LTFP include expenses related to staffing and operation of two new fire stations (Millenia and Bayfront) as new development expenses for the General Fund. Future discussions with the oversight committee for the newly approved Measure A Sales Tax, and the outcome of outstanding issues related to the Port of San Diego may lead to re-evaluating these expenses as future General Fund obligations.
- General Fund expenses related to twelve firefighter positions added in FY 2018 will be addressed with Measure A funding after October 1, 2018.
- The only new revenue source included in the LTFP are related to Measure A.
    - Revenues from the newly approved Measure A Sales Tax are budgeted as General Fund revenues and will be tracked with separate accounts for the police and fire departments. The separate accounts will assist in the monitoring and use of the funds. These revenues are dedicated to supporting the City's public safety needs and will have a corresponding expenditure appropriation each year.
    - No additional revenues are budgeted as reimbursement for General Fund staff support for Measure A actions. While the proposed expenditure plan for Measure A does include funding for support staff, no reimbursement projections have been included in the LTFP projections. The revenues for staff support will be updated when the Measure A oversight committee has updated the proposed expenditure plan.
- No projections or assumptions are included related to future ballot measures.
    - In response to the Adult Use of Marijuana Act, adopted by voters of the State of California in 2016, and the Medicinal and Adult-Use Cannabis Regulation and Safety Act, enacted by the California Legislature in 2017, the City adopted Ordinance No. 18-3418 (Chula Vista Municipal Code chapter 5.19) in March 2018 to permit, regulate and license commercial cannabis activity in the City. The City has submitted a measure for voter consideration on the November 2018 ballot to enact a set of taxes upon commercial cannabis businesses within the City to generate revenue to address the ongoing costs to permit, license, and fully regulate commercial cannabis businesses that will be operating within the City. The intended measure will be a general tax and will require approval by a simple majority (50% plus 1 of those castings ballots). If approved, the tax proceeds can be spent for any lawful general government purposes. Should this measure be approved, the projections within the LTFP will be revised to incorporate revenue

and expenditure projections related to this measure.

- The City is currently in discussions with the City's labor group for less expensive healthcare options for City employees. Potential new options could reduce healthcare costs that will benefit both employee and the City overall. The LTFP incorporates approximately $1.1 million in health insurance cost savings beginning in FY 2020.
- The LTFP does not include any future debt issuances for capital projects.
- The LTFP includes the full projected UAL expense for FY 2020 – 2029. The annual valuation reports from CalPERS provides the City with two payment options for the City's annual contribution. The City may pay the full amount of the calculated payment at the beginning of the fiscal year and receive a discount (approximately 3.5 percent) off the full payment; or the City can make the full payment across twelve monthly payments. For FY 2109, the City opted to pay the discounted amount at the beginning of the fiscal year. The decision to pay the full amount at the beginning of the year versus monthly payments will be made annually based upon available financial resources. The LTFP conservatively did not assume any discounts to future projected annual contribution amounts.

Long-Term Financial Plan FY 2020 - 2029

Description	Proposed FY 2019	Forecast FY 2020	Forecast FY 2021	Forecast FY 2022	Forecast FY 2023	Forecast FY 2024	Forecast FY 2025	Forecast FY 2026	Forecast FY 2027	Forecast FY 2028	Forecast FY 2029
Revenue Projections (millions)											
Property Taxes	$ 35.30	$ 36.36	$ 37.45	$ 38.57	$ 39.72	$ 40.91	$ 42.13	$ 43.39	$ 44.69	$ 46.03	$ 47.40
Sales Tax	$ 33.70	$ 34.04	$ 34.38	$ 34.72	$ 35.07	$ 35.42	$ 35.77	$ 36.13	$ 36.49	$ 36.86	$ 37.22
Measure P Sales Tax	$ 18.09	$ 18.27	$ 18.45	$ 18.63	$ 18.82	$ 19.01	$ 19.20	$ 19.39	$ 14.69	$ -	$ -
Measure A Sales Tax[1]	$ 8.00	$ 16.40	$ 16.73	$ 17.06	$ 17.40	$ 17.75	$ 18.11	$ 18.47	$ 18.84	$ 19.22	$ 19.60
Franchise Fees	$ 11.69	$ 11.93	$ 12.16	$ 12.41	$ 12.66	$ 12.91	$ 13.17	$ 13.43	$ 13.70	$ 13.97	$ 14.25
Utility Users Taxes	$ 5.61	$ 5.63	$ 5.66	$ 5.69	$ 5.72	$ 5.75	$ 5.78	$ 5.81	$ 5.83	$ 5.86	$ 5.89
Transient Occupancy Taxes	$ 4.10	$ 4.19	$ 4.27	$ 4.35	$ 4.44	$ 4.53	$ 4.62	$ 4.71	$ 4.81	$ 4.90	$ 5.00
Motor Vehicle License Fees	$ 21.89	$ 22.54	$ 23.22	$ 23.92	$ 24.63	$ 25.37	$ 26.13	$ 26.92	$ 27.73	$ 28.56	$ 29.41
MAJOR DISCRETIONARY REVENUES	**$ 138.37**	**$ 149.35**	**$ 152.31**	**$ 155.35**	**$ 158.45**	**$ 161.64**	**$ 164.90**	**$ 168.24**	**$ 166.77**	**$ 155.39**	**$ 158.78**
Development Revenue	$ 1.25	$ 2.06	$ 2.06	$ 2.07	$ 2.08	$ 2.08	$ 2.09	$ 2.10	$ 2.10	$ 2.11	$ 2.11
Licenses and Permits	$ 1.45	$ 1.48	$ 1.51	$ 1.54	$ 1.57	$ 1.60	$ 1.63	$ 1.66	$ 1.70	$ 1.73	$ 1.77
Fines, Forfeitures & Penalties	$ 1.24	$ 1.27	$ 1.29	$ 1.32	$ 1.34	$ 1.37	$ 1.40	$ 1.43	$ 1.46	$ 1.48	$ 1.51
Use of Money and Property	$ 2.95	$ 2.38	$ 2.40	$ 2.42	$ 2.44	$ 2.46	$ 2.49	$ 2.51	$ 2.53	$ 2.56	$ 2.58
Other Local Taxes	$ 2.60	$ 2.62	$ 2.65	$ 2.68	$ 2.70	$ 2.73	$ 2.76	$ 2.79	$ 2.81	$ 2.84	$ 2.87
Police Grants	$ 0.84	$ 0.84	$ 0.84	$ 0.84	$ 0.84	$ 0.84	$ 0.84	$ 0.84	$ 0.84	$ 0.84	$ 0.84
Other Agency Revenue	$ 2.25	$ 2.27	$ 2.30	$ 2.32	$ 2.34	$ 2.36	$ 2.39	$ 2.41	$ 2.44	$ 2.46	$ 2.49
Charges for Services	$ 7.32	$ 7.36	$ 7.39	$ 7.43	$ 7.47	$ 7.50	$ 7.54	$ 7.58	$ 7.62	$ 7.65	$ 7.69
Interfund Reimbursements	$ 8.15	$ 9.74	$ 9.83	$ 9.49	$ 9.58	$ 9.68	$ 9.77	$ 9.87	$ 9.97	$ 10.07	$ 10.17
Other Revenues - Miscellaneous	$ 1.07	$ 1.07	$ 1.08	$ 1.08	$ 1.09	$ 1.09	$ 1.10	$ 1.10	$ 1.11	$ 1.12	$ 1.12
Transfers From Other Funds	$ 15.20	$ 12.20	$ 12.20	$ 12.20	$ 12.20	$ 12.20	$ 12.20	$ 12.20	$ 12.20	$ 12.20	$ 12.20
OTHER REVENUES	**$ 44.30**	**$ 43.28**	**$ 43.54**	**$ 43.37**	**$ 43.65**	**$ 43.92**	**$ 44.20**	**$ 44.48**	**$ 44.77**	**$ 45.06**	**$ 45.35**
NEW DEVELOPMENT REVENUES											
Property Taxes	$ -	$ 1.01	$ 1.41	$ 1.76	$ 2.10	$ 2.46	$ 2.79	$ 3.19	$ 3.37	$ 3.37	$ 3.37
Sales Tax	$ -	$ 0.32	$ 0.45	$ 0.59	$ 0.74	$ 0.85	$ 0.96	$ 1.06	$ 1.16	$ 1.17	$ 1.18
Franchise Fees	$ -	$ 0.28	$ 0.36	$ 0.45	$ 0.54	$ 0.63	$ 0.72	$ 0.80	$ 0.88	$ 0.90	$ 0.91
Utility Users Taxes	$ -	$ 0.10	$ 0.14	$ 0.17	$ 0.20	$ 0.23	$ 0.26	$ 0.29	$ 0.29	$ 0.29	$ 0.30
Transient Occupancy Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Motor Vehicle License Fees	$ -	$ 0.70	$ 0.97	$ 1.21	$ 1.45	$ 1.69	$ 1.92	$ 2.20	$ 2.32	$ 2.39	$ 2.46
Other Revenues - Miscellaneous	$ -	$ 0.38	$ 0.50	$ 0.62	$ 0.74	$ 0.86	$ 0.98	$ 1.06	$ 1.16	$ 1.17	$ 1.18
Other Local Taxes	$ -	$ 0.19	$ 0.26	$ 0.26	$ 0.28	$ 0.31	$ 0.33	$ 0.35	$ 0.30	$ 0.30	$ 0.31
NEW DEVELOPMENT REVENUES	**$ -**	**$ 2.97**	**$ 4.08**	**$ 5.07**	**$ 6.05**	**$ 7.02**	**$ 7.95**	**$ 8.94**	**$ 9.48**	**$ 9.60**	**$ 9.71**
TOTAL REVENUES	**$ 182.68**	**$ 195.59**	**$ 199.94**	**$ 203.78**	**$ 208.15**	**$ 212.58**	**$ 217.05**	**$ 221.66**	**$ 221.02**	**$ 210.04**	**$ 213.84**
Year-over-Year Change		**7.07%**	**2.22%**	**1.92%**	**2.14%**	**2.13%**	**2.10%**	**2.12%**	**-0.29%**	**-4.97%**	**1.81%**
Expenditure Projections (millions)											
Personnel Services	$ 88.01	$ 92.42	$ 94.17	$ 95.97	$ 97.80	$ 99.66	$ 101.57	$ 103.51	$ 105.50	$ 107.52	$ 109.58
Retirement - PERS	$ 27.59	$ 31.24	$ 34.44	$ 37.12	$ 39.43	$ 40.95	$ 42.69	$ 44.44	$ 46.25	$ 48.15	$ 50.13
Health Insurance	$ 13.53	$ 12.42	$ 12.46	$ 13.02	$ 13.60	$ 14.20	$ 14.84	$ 15.50	$ 16.19	$ 16.91	$ 17.67
Salary Savings (On Going)	$ (0.90)	$ (1.75)	$ (1.77)	$ (1.79)	$ (1.81)	$ (1.83)	$ (1.85)	$ (1.87)	$ (1.89)	$ (1.91)	$ (1.93)
PERSONNEL SERVICES EXPENDITURES	**$ 128.23**	**$ 134.32**	**$ 139.31**	**$ 144.31**	**$ 149.01**	**$ 152.98**	**$ 157.25**	**$ 161.58**	**$ 166.05**	**$ 170.67**	**$ 175.45**
Supplies and Services	$ 13.67	$ 14.95	$ 16.07	$ 17.18	$ 15.47	$ 15.90	$ 15.88	$ 16.01	$ 16.35	$ 16.69	$ 17.04
Utilities	$ 4.78	$ 4.21	$ 3.63	$ 3.89	$ 4.17	$ 4.50	$ 4.81	$ 5.14	$ 5.49	$ 5.86	$ 5.26
Other Expenses	$ 0.70	$ 0.71	$ 0.72	$ 0.74	$ 0.75	$ 0.77	$ 0.78	$ 0.80	$ 0.82	$ 0.83	$ 0.85
Equipment (Capital not CIP)	$ 0.22	$ 0.22	$ 0.22	$ 0.22	$ 0.22	$ 0.22	$ 0.22	$ 0.22	$ 0.22	$ 0.22	$ 0.22
Internal Services	$ 2.96	$ 3.02	$ 3.08	$ 3.14	$ 3.20	$ 3.26	$ 3.33	$ 3.40	$ 3.46	$ 3.53	$ 3.60
Measure A Obligations	$ 8.00	$ 16.40	$ 16.73	$ 17.06	$ 17.40	$ 17.75	$ 18.11	$ 18.47	$ 18.84	$ 19.22	$ 19.60
Transfers/Debt Service	$ 24.12	$ 25.24	$ 25.33	$ 25.45	$ 25.72	$ 25.89	$ 26.06	$ 26.24	$ 21.29	$ 6.70	$ 6.80
OTHER EXPENDITURES	**$ 54.45**	**$ 64.75**	**$ 65.78**	**$ 67.68**	**$ 66.94**	**$ 68.30**	**$ 69.19**	**$ 70.27**	**$ 66.47**	**$ 53.05**	**$ 53.37**
NEW DEVELOPMENT EXPENDITURES											
Millenia Parks Maintenance	$ -	$ 0.35	$ 0.40	$ 0.41	$ 0.42	$ 0.42	$ 0.43	$ 0.44	$ 0.45	$ 0.46	$ 0.46
Millenia Fire Station	$ -	$ 1.66	$ 1.74	$ 1.83	$ 1.91	$ 1.99	$ 2.08	$ 2.16	$ 2.25	$ 2.32	$ 2.36
Bayfront Fire Station	$ -	$ -	$ -	$ 0.64	$ 0.67	$ 0.69	$ 0.72	$ 0.74	$ 0.77	$ 0.79	$ 0.80
NEW DEVELOPMENT EXPENDITURES	**$ -**	**$ 2.01**	**$ 2.14**	**$ 2.88**	**$ 2.99**	**$ 3.11**	**$ 3.23**	**$ 3.34**	**$ 3.47**	**$ 3.57**	**$ 3.62**
TOTAL EXPENDITURES	**$ 182.68**	**$ 201.08**	**$ 207.23**	**$ 214.87**	**$ 218.94**	**$ 224.38**	**$ 229.67**	**$ 235.19**	**$ 235.99**	**$ 227.29**	**$ 232.44**
Year-over-Year Change		**10.07%**	**3.06%**	**3.68%**	**1.90%**	**2.49%**	**2.36%**	**2.40%**	**0.34%**	**-3.68%**	**2.26%**
TOTAL GENERAL FUND SURPLUS/(DEFICIT)	**$ (0.00)**	**$ (5.49)**	**$ (7.30)**	**$ (11.09)**	**$ (10.79)**	**$ (11.80)**	**$ (12.62)**	**$ (13.53)**	**$ (14.97)**	**$ (17.25)**	**$ (18.60)**
SURPLUS/(DEFICIT) AS % OF BUDGET		**-2.73%**	**-3.52%**	**-5.16%**	**-4.93%**	**-5.26%**	**-5.49%**	**-5.75%**	**-6.34%**	**-7.59%**	**-8.00%**
HIGH PRIORITY PROGRAMS											
Peace Officer Funding[2]	$ -	$ 1.63	$ 2.58	$ 3.62	$ 4.75	$ 5.96	$ 7.28	$ 8.67	$ 10.19	$ 11.68	$ 13.18
TOTAL GENERAL FUND SURPLUS/(DEFICIT)	**$ (0.00)**	**$ (7.12)**	**$ (9.87)**	**$ (14.70)**	**$ (15.54)**	**$ (17.75)**	**$ (19.90)**	**$ (22.20)**	**$ (25.15)**	**$ (28.93)**	**$ (31.78)**
SURPLUS/(DEFICIT) AS % OF BUDGET		**-3.54%**	**-4.76%**	**-6.84%**	**-7.10%**	**-7.91%**	**-8.66%**	**-9.44%**	**-10.66%**	**-12.73%**	**-13.67%**

(1) Any revenues in excess of actual expenditures in any year will be carried forward to future years as an encumbrance and continue to be dedicated to Measure A obligations.
(2) Figure represents City's goal of adding five additional peace officer positions each year to address anticipated growth in City's population. Positions not incorporated in the Intended Public Safety Expenditure Plan for Measure A Sale Tax Measure.

The LTFP projects future structural deficits absent further action by the City to bridge the funding gaps. Based on baseline projections, growth in expenditures is anticipated to outpace the growth in revenues for each year of the LTFP period. This long-term structural shortfall generates incremental deficits each year of the LTFP. The overall General Fund deficits are projected to increase from approximately $7.1 million in FY 2020 to $31.8 million in FY 2029 (last year of LTFP period).

General Fund Reserves

City Council Policy No. 220-03 establishes a General Fund Operating Reserve Fund for the City. The General Fund Operating Reserve (Operating Reserve) represents unrestricted resources or unassigned balance available for appropriations by the City Council to address extraordinary needs. The policy sets the long-term goal of building a General Fund Operating Reserve of no less than 15 percent of the City's operating expenditures. Per the policy, the Operating Reserve is to be used to provide temporary financing for unanticipated extraordinary needs of an emergency nature, such as major storm drain repairs, litigation, or settlement costs or an unexpected liability created by Federal or State legislative action. Authorized use of this Operating Reserve requires approval by four/fifths vote of the City Council.

In addition to the Operating Reserve, Policy No. 220-03 established the Economic Contingency Reserve (Contingency Reserve) and the Catastrophic Event Reserve (Catastrophic Reserve). The funding goal for these reserves is 5 percent and 3 percent of the annual operating budget, respectively. The Contingency Reserve is funding set aside to mitigate a significant downturn in the economy; while the Catastrophic Reserve is to be used to address unexpected expenses related to a major natural disaster in the City. Usage of either of these funds requires authorization by four/fifths of the City Council. It is anticipated that the funding of these reserves would be a long-term goal and would be funded from unanticipated revenues or expenditure savings.

The annual budget does not include a line item to build reserves; all anticipated revenues have been budgeted in order to balance the budget. Higher reserve levels will help mitigate the negative impact on revenues from economic fluctuations, support debt service coverage ratios, and provide a resource to fund unforeseen expenditure requirements.

Based on current projections and the proposed year-end actions for FY 2018, the unassigned balance for the General Fund for the beginning of FY 2019 is anticipated to be approximately $20.4 million or 13 percent of the FY 2019 General Fund operating budget. The following table shows the projected fund balances for the General Fund reserve funds for FY 2019.

General Fund Reserves - FY 2019

	Operating Reserve	Contigency Reserve	Catastrophic Reserve
General Fund Expenditures[1]	$156.6	$156.6	$156.6
Reserve Amount[2]	$20.4	$3.6	$0.0
Percentage of GF Revenue	**13.0%**	**2.3%**	**0.0%**
Policy Target	15.0%	5.0%	3.0%

(1) Figures exclude $18.1 million in Measure P transfers and $8.0 million in Measure A expenditures/encumbrances.
(2) Projected balance for beginning of FY 2019.

POTENTIAL SOLUTIONS TO RESOLVE STRUCTURAL OPERATING DEFICIT

The LTFP projects future structural deficits throughout the Plan period. Increases in expenditures are projected to outpace revenue growth throughout the forecast period. Below are possible actions that could be further explored in order to develop potential actions to mitigating future deficits.

- Technology – Identify and purchase technology that provides a positive return on its public investment. Technology can increase service levels to the constituents without raising costs to the City (ex. Third Party Mobile Applications), it can create new revenues to the City that exceed its costs, or it can reduce costs overall through the replacement of manual processes (ex. provide more services with the same amount of staff).

- Efficiency – Evaluate current City processes for potential efficiencies in delivering City services. Efficiencies could allow for the delivery of City services for less cost or provide greater benefits to the public.

- Policies for use of One-Time Funds – Many cities establish policies to guide the usage of one-time funds so that as grants, donations, and unexpected revenues are received, the funds are allocated to the highest priority in the City automatically. A typical one-time funds policy would first allocate additional revenues to a reserve fund until the minimum required reserve is met, then perhaps pension stabilization fund, a vehicle and equipment replacement fund, and finally a comprehensive asset management program (capital projects). Other potential uses of one-time funds include projects and services that create ongoing revenue streams (ex. solar projects, business attraction incentives, etc.).

- Use of Public Private Partnerships – Public private partnerships are cooperative agreements between a government agency (City), and the private sector to deliver a service or a project and can take a variety of forms. One great example of this type of partnership currently taking place in the City of Chula Vista is within the City's library system. Several non-profit organizations partner with the City to provide services to the public at local libraries at low or no cost. Other creative public-private partnerships that have been used by other cities include adopt-a-park programs where citizens or local organizations volunteer to maintain or rehabilitate an existing park (ex. Living Coast Discovery Center, Olympic Training Center).

- Internship/Volunteer Programs – Utilize volunteers and internships to support City staff with one time projects, special events, research, and analysis. While these individuals will not perform day-to-day duties of current City employees, they are able to add value without significant cost. A robust internship/volunteer program can create significant financial benefits to the City while providing the individuals volunteering valuable experience and skills that can make them more attractive when seeking full time employment.

- Contract Services – Cities commonly contract out for a variety of services including but not limited to: legal; engineering; financial; and specialty services typically in cases where the City does not possess the in-house expertise to perform the function most efficiently.

- Service levels – Service level can be defined simply as the quantity and quality of the services provided by a City. As economic cycles occur and City revenues rise and fall, the most difficult job for a City is to maintain service levels. The structural deficit detailed in the LTFP demonstrates the severity of the projected fiscal condition of the City and the importance of balancing service levels with financial resources. The City should undertake a comprehensive review of all the services provided by the City. By defining these services and setting a minimum standard for the delivery of those services; a model could be developed that prioritizes where potential reductions in service level could take place with the least overall impact to the citizens of Chula Vista.

- Fees/Cost Recovery – In general, local governments provide many services to the general population at no charge (ex. Police, Fire, Road Maintenance, Park Maintenance, etc.). These services are paid for with general revenues that the City receives including sales tax, property tax, and a variety of other general revenue sources. Cities also provide many services that are a specific benefit to the party requesting the service. The parties benefiting from these special services are charged a fee. Reviewing development plans, inspecting buildings, renting a park space, etc. are all examples of services the City provides that are paid directly by a citizen or developer. The City's current master fee schedule was adopted to set the fees for all services the City provides directly to a citizen or developer. In practice fees should be set to recover all costs. Some services are subsidized by the City in order to encourage participation in a program or event. It is important to review all subsidized fees periodically to assess the feasibility of continuing to subsidize these services in the future.

- Priority Based Budgeting – During the last recession the City put together a Fiscal Recovery Plan. The plan detailed the steps necessary to navigate through the worst recession in over eighty years by prioritizing divisions and functions and making reductions where necessary in order to balance the budget. By taking a bottom up approach, the City could review and classify all services by priority in order to identify functions and programs that can be restructured either through attrition or reorganization. Some finance officers refer to this as "zero based budgeting" because it starts with a blank budget and funds are allocated in priority order until all funds are allocated.

- Competitive Purchasing – The City's Municipal Code and Charter set competitive bidding requirements on materials, supplies, equipment, and services that the City procures. The minimum threshold of those competitive requirements starts at $10,000 for a single purchase. The reason that cities have minimum bidding thresholds is because at some point it becomes an administrative burden to try and get quotes or bids on smaller dollar items. With more powerful online procurement tools, the City now has the ability to get bids extremely efficiently. Procurement cards also provide incentives and negotiated pricing when the City uses them for purchases. Consideration should be made to lower the bidding threshold for certain types of purchases in order to achieve the highest value added procurement program possible. Other procurement related money saving ideas include purchasing manufacturer refurbished items, floor models, certified pre-owned, and alternative product selection (higher value, lower cost).

- Municipal Code/Charter Updates – The City's Municipal Code and Charter lay out the specific terms in which the City must operate. Some areas of the code and Charter are very specific, while other are more general, allowing for some flexibility to City staff when dealing with unique situations. Cities must follow all federal and state laws and codes, but Charter cities such as Chula Vista may impose stricter rules and requirements upon which the City is governed. Some of these rules require greater resources to be spent in order to remain in compliance as compared to more lenient state laws. A thorough review of the existing Charter and Municipal Code may be reveal potential money saving opportunities that could be recommended to Council for consideration.

POTENTIAL SOLUTIONS TO RESOLVE STRUCTURAL INFRASTRUCTURE DEFICIT

The City's assets continue to age and will require additional repair and rehabilitation in the coming decade and beyond. Measure P, passed in November 2016 will provide much needed funding for a significant portion of the City's Asset Management Program over the next ten years.

While Measure P does address a significant amount of deferred maintenance items, the infrastructure needs of the City identified in the asset management exceed the funding anticipated to be generated from Measure P. The City will need to continue to pursue additional funding sources to address the City's capital needs. Many of the solutions mentioned in the operating section overlap into the infrastructure section. These include Public/Private Partnerships, Competitive Purchasing, Use of One-Time Funds, and Service Levels.

CONCLUSION

Based on projections within the LTFP, the City will be facing structural deficits in every year of the LTFP. In the absence of identifying new revenues or reducing ongoing expenditures, the structural deficits will lower the City's unassigned (fund) balance. In order to preserve and maintain the valuable resources and quality of life the citizens have enjoyed over the years, the City will need to make a concerted effort to adopt several of the solutions mentioned above. Proactive planning and a commitment to a fiscally sustainable service delivery model will be required.

MEASURE A

In November 2017, the City of Chula Vista engaged a research firm to conduct a public opinion survey to identify the services and projects that residents were most interested in funding and to obtain input on a potential half-cent general sales tax to fund the services. According to the public survey, eight of the top ten items prioritized by the public were public safety related.

In December 2017, City staff presented the Public Safety Staffing Strategies Report to the City Council. This report outlined staffing proposals for the Police and Fire Department that addressed critical needs. The departments evaluated their operations and identified the gaps in not only service levels, but also in the customer service experience for residents and businesses. After discussions regarding the critical needs and funding options, the City Council directed the City Manager to return with a proposal for Council consideration to place a half-cent sales tax measure before the voters to fund public safety critical needs.

In February 2018, City staff presented the City Council with a ballot measure to consider for placement to address public safety staffing on the ballot in June 2018. The measure would impose a ½ cent transaction and use tax (sales tax) on retail sales within the City of Chula Vista. The tax would commence on October 1, 2018. The tax would remain in place unless and until the voters repealed it. Concurrent with the approval of placing the measure on the ballot, the City Council adopted an Intended Public Safety Expenditure Plan for the anticipated revenues generated from the measure. By doing so, the City Council expressed its intent to spend the sales tax revenues exclusively on the critical staffing needs of the City's police and fire departments, including necessary equipment.

In June 2018, the citizens of Chula Vista approved Measure A which enacted the ½ cent sales tax to support public safety staffing. Measure A is to provide faster responses to emergency calls, increase neighborhood police patrols, address homelessness, and improve firefighter and emergency medical response, by generating an estimated $17 million annually for City services.

Measure A includes requirements for separate accounting of budgeting for revenues and expenditures. It also requires creation of a Citizens' Oversight Committee ("COC"). The COC would be responsible for reviewing and reporting on Measure A annual accounting and spending plans, and compliance with those plans.

The Intended Public Safety Expenditure Plan (the "Plan") identifies two phases (as shown in the table to the right) to address the staffing shortage in public safety. Phase I outlines the most critical needs identified by the Police and Fire Departments for the next 10 years. The total positions identified by each department and the anticipated phase in which the positions will be filled is shown in the table.

PUBLIC SAFETY CRITICAL NEEDS

Positions	Phase I	Phase II
Police		
Sworn	29.0	14.0
Non Sworn	14.0	5.0
Total PD	43.0	19.0
Fire		
Personnel	36.0	58.0
Total FD	36.0	58.0
Total Additional Staffing	**79.0**	**77.0**

Phase I will be funded through revenues generated from Measure A. Funding to implement Phase II is to be determined at a later date.

The following tables identify the timeline and proposed positions to be added by each department during the implementation of Phase I of the Plan.

Fire Department Phase I
Implementation By Fiscal Year

Positions	FY 19	FY 20	FY 21	FY 22	Total
Deputy Chief	-	1.0	-	-	1.0
Fire Captain	-	4.0	4.0	-	8.0
Firefighter/Paramedic	-	4.0	4.0	-	8.0
Firefighter	12.0	3.0	3.0	-	18.0
Public Education Specialist	-	1.0	-	-	1.0
Total Fire Personnel	**12.0**	**13.0**	**11.0**	**0.0**	**36.0**

Police Department Phase I
Implementation By Fiscal Year

Positions	FY 19	FY 20	FY 21	FY 22	Total
Peace Officers	4.0	3.0	5.0	4.0	16.0
Police Agents	1.0	2.0	3.0	2.0	8.0
Police Sergeants	-	2.0	2.0	1.0	5.0
Total Sworn	5.0	7.0	10.0	7.0	29.0
Civlian Background Investigator	2.0	-	-	-	2.0
Community Services Officer	-	-	1.0	1.0	2.0
Detention Facilities Manager	-	-	-	1.0	1.0
Police Comm. Systems Manager	-	-	-	1.0	1.0
Police Dispatcher	2.0	3.0	2.0	-	7.0
Sr. Police Technology Specialist	1.0	-	-	-	1.0
Total non-Sworn	5.0	3.0	3.0	3.0	14.0
Total Police FTE Positions	**10.0**	**10.0**	**13.0**	**10.0**	**43.0**

The Plan is intended to guide City expenditures consistent with the Measure A Ordinance. It does not, however, constitute a binding legal commitment on the City Council to approve any of the expenditures proposed within it. Provided that all proposed expenditures continue to be for public safety critical needs including support staff and equipment needs as outlined in the spending plan, the Plan may be updated or amended from time to time by City staff, or by action of the City Council, in order to address changed priorities, standards and/or funding availability. The Plan does not modify the terms of the sales tax measure. To the extent of any conflict between the terms of the Plan and the sales tax measure, the terms of the sales tax measure shall govern.

Based on the projected costs and implementation timeline presented in Phase I of the Plan, staff has developed a cash flow model to account for the revenues and expenditure of Measure A funds. The following table illustrates the anticipated revenues and expenditures from FY 2019 to FY 2029. The cash flows include the following assumptions:

- Revenues generated in FY 2019 represent collection of revenues for two quarters of the fiscal year. Based on the initiation of the sales tax on October 1, 2018, the revenues will actually be in place for three quarters of FY 2019. A budgetary adjustment to the projected revenues and expenses will be made upon review by the COC for FY 2019.

- Sales tax revenue projections include a two percent escalator each year beginning in FY 2021. Based on information provided by the City's sales tax consultant, the City's Long-Term Financial Plan incorporates a one percent escalator each year for sale tax revenues beginning in FY 2020. Upon review by the COC, an adjustment to the projected sales tax revenues will be considered.
- The Personnel Expenditures category includes all costs related to staff including salary, retirement benefits, and health insurance costs.
- The Other Expenditures category includes expenses items such as supplies, computers, vehicles, funding for a temporary training facility, and City staff reimbursements.
- Reimbursements for support staff include a five percent escalator each year beginning in FY 2020.
- Actual timing of hiring/filling of positions will vary depending upon recruitments.

Intended Public Safety Spending Plan (Estimated Costs)
Est. One-half cent Sales Tax Revenues

Police Department Spending Plan	**Phase I - Critical Needs Funding**										
	Fiscal Year 2019 (2 Qtrs Only)	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029
Beginning Police Department Funds Available	$ -	$ 1,778,073	$ 5,980,069	$ 7,388,597	$ 6,818,276	$ 6,278,744	$ 5,529,139	$ 4,531,274	$ 3,444,878	$ 2,122,363	$ 570,947
Estimated 1/2 cent Sales Tax Revenues	$4,000,000	$ 8,500,000	$ 8,670,000	$ 8,843,400	$ 9,020,268	$ 9,200,673	$ 9,384,687	$ 9,572,381	$ 9,763,828	$ 9,959,105	$ 10,158,287
Estimated Funds Available - Police Department	$4,000,000	$ 10,278,073	$ 14,650,069	$ 16,231,997	$ 15,838,544	$ 15,479,417	$ 14,913,826	$ 14,103,655	$ 13,208,706	$ 12,081,468	$ 10,729,234
Proposed Expenditures											
PERSONNEL COSTS	1,407,567	3,517,414	6,250,577	8,652,752	9,045,149	9,417,393	9,830,523	10,186,646	10,593,107	10,995,122	11,374,296
OTHER EXPENDITURES	814,360	780,590	1,010,894	760,969	514,652	532,884	552,029	472,130	493,237	515,398	538,668
Total Police Department Proposed Expenditures	$2,221,927	$ 4,298,004	$ 7,261,472	$ 9,413,721	$ 9,559,800	$ 9,950,278	$ 10,382,552	$ 10,658,777	$ 11,086,344	$ 11,510,520	$ 11,912,964
Ending Police Department Available Funds	$1,778,073	$ 5,980,069	$ 7,388,597	$ 6,818,276	$ 6,278,744	$ 5,529,139	$ 4,531,274	$ 3,444,878	$ 2,122,363	$ 570,947	$ (1,183,730)

Fire Department Spending Plan	**Phase I - Critical Needs Funding**										
	Fiscal Year 2019 (2 Qtrs Only)	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029
Beginning Fire Department Funds Available	$ -	$ 745,141	$ 3,267,048	$ 3,991,644	$ 3,217,152	$ 3,548,231	$ 3,704,245	$ 3,752,309	$ 3,624,683	$ 3,289,518	$ 2,749,933
Estimated 1/2 cent Sales Tax Revenues	$4,000,000	$ 8,500,000	$ 8,670,000	$ 8,843,400	$ 9,020,268	$ 9,200,673	$ 9,384,687	$ 9,572,381	$ 9,763,828	$ 9,959,105	$ 10,158,287
Estimated Funds Available for Fire Department	$4,000,000	$ 9,245,141	$ 11,937,048	$ 12,835,044	$ 12,237,420	$ 12,748,905	$ 13,088,932	$ 13,324,690	$ 13,388,511	$ 13,248,623	$ 12,908,220
Proposed Expenditures											
PERSONNEL COSTS	2,009,627	4,738,706	7,297,798	7,652,411	8,004,980	8,340,827	8,712,227	9,054,062	9,430,466	9,806,495	10,142,164
OTHER EXPENDITURES	1,245,232	1,239,387	647,606	1,965,481	684,209	703,833	624,396	645,945	668,527	692,195	717,001
Total Fire Department Proposed Expenditures	$3,254,859	$ 5,978,093	$ 7,945,404	$ 9,617,892	$ 8,689,189	$ 9,044,660	$ 9,336,623	$ 9,700,006	$ 10,098,993	$ 10,498,690	$ 10,859,165
Ending Fire Department Available Funds	$ 745,141	$ 3,267,048	$ 3,991,644	$ 3,217,152	$ 3,548,231	$ 3,704,245	$ 3,752,309	$ 3,624,683	$ 3,289,518	$ 2,749,933	$ 2,049,055

Combined Police and Fire	**Total Phase I - Critical Needs Funding**										
Beginning Available Funds	$ -	$ 745,141	$ 3,267,048	$ 3,991,644	$ 3,217,152	$ 3,548,231	$ 3,704,245	$ 3,752,309	$ 3,624,683	$ 3,289,518	$ 2,749,933
Total Combined Revenues	$8,000,000	$ 17,000,000	$ 17,340,000	$ 17,686,800	$ 18,040,536	$ 18,401,347	$ 18,769,374	$ 19,144,761	$ 19,527,656	$ 19,918,209	$ 20,316,574
Total Combined Expenditures	$5,476,786	$ 10,276,098	$ 15,206,876	$ 19,031,613	$ 18,248,989	$ 18,994,938	$ 19,719,174	$ 20,358,783	$ 21,185,337	$ 22,009,210	$ 22,772,129
Ending Available Funds	$2,523,214	$ 9,247,117	$ 11,380,241	$ 10,035,428	$ 9,826,975	$ 9,233,384	$ 8,283,583	$ 7,069,561	$ 5,411,881	$ 3,320,880	$ 865,324

Phase II of the Plan could move forward as the City's economic base improves and major transformational projects begin moving forward such as the Bayfront and University development projects. Other funding options may also be considered in the future as part of the annual budget process.