

ATTACHMENT 1: FY 2015 - 2019 FIVE-YEAR FINANCIAL OUTLOOK

(\$ in millions)

GENERAL FUND REVENUES		Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019
Property Taxes		\$ 424.1	\$ 439.2	\$ 452.7	\$ 466.5	\$ 480.7
Sales Taxes ¹		255.6	265.3	274.7	283.8	293.2
Transient Occupancy Taxes ¹		92.4	97.0	108.5	113.6	118.9
Franchise Fees		70.3	72.3	74.2	76.2	78.2
Property Transfer Tax		8.8	9.8	10.7	11.8	12.9
Licenses and Permits		32.6	33.4	34.3	35.1	36.0
Fines, Forfeitures and Penalties		28.7	28.8	29.0	29.1	29.3
Revenue from Money and Property		50.9	55.2	56.2	57.3	58.4
Revenue from Federal and Other Agencies		4.1	4.1	4.1	4.1	4.1
Charges for Services		171.3	178.0	187.9	195.6	203.6
Other Revenue		9.0	9.0	9.0	9.0	9.0
Transfers In		68.3	70.0	72.8	74.4	76.1
BASELINE GENERAL FUND REVENUES		\$ 1,216.2	\$ 1,262.1	\$ 1,314.0	\$ 1,356.6	\$ 1,400.4
GENERAL FUND EXPENDITURES		Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019
Salaries & Wages		\$ 515.5	\$ 515.6	\$ 515.4	\$ 516.2	\$ 515.7
Five-Year Employee Organization Agreements ²		7.3	16.7	18.5	20.2	20.2
Retirement Annual Retirement Contribution (ARC) ³		208.0	211.9	215.4	218.6	221.7
Flexible Benefits		53.1	53.1	53.1	53.1	53.1
Other Post Employment Benefits (OPEB)/Retiree Healthcare		41.1	42.1	43.2	44.3	45.4
Workers' Compensation		27.3	28.1	29.0	29.9	30.8
Supplemental Pension Savings Plan (SPSP)		11.6	11.6	11.6	11.6	11.6
Employee Offset Savings (EOS)		9.5	9.5	9.5	9.5	9.5
Other Fringe Benefits		17.5	17.5	16.6	16.6	16.6
Personnel Expenditures		\$ 890.9	\$ 906.2	\$ 912.3	\$ 920.0	\$ 924.7
Supplies		\$ 22.9	\$ 23.5	\$ 24.3	\$ 25.0	\$ 25.7
Contracts		147.3	151.0	156.4	161.5	167.0
Information Technology		26.6	26.3	25.8	25.0	24.1
Energy and Utilities		40.4	42.4	44.6	46.8	49.1
Other Expenditures		107.3	99.5	103.5	105.3	105.8
Non-Personnel Expenditures		\$ 344.4	\$ 342.8	\$ 354.6	\$ 363.5	\$ 371.8
BASELINE GENERAL FUND EXPENDITURES		\$ 1,235.3	\$ 1,249.0	\$ 1,266.9	\$ 1,283.6	\$ 1,296.5
SURPLUS / (DEFICIT)		\$ (19.1)	\$ 13.1	\$ 47.2	\$ 73.0	\$ 104.0
MANDATED REVENUE/EXPENDITURE ADJUSTMENTS		Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019
FEDERAL MANDATES						
Expenditure						
Comprehensive Load Reduction Plan (CLRP)		\$ 6.8	\$ 7.5	\$ 6.5	\$ 7.4	\$ 7.3
Flood Risk Management		0.2	3.2	0.3	3.5	5.9
Natural Resource Management Plans		0.1	0.1	0.1	0.1	0.1
Federal Mandates Expenditure Subtotal		\$ 7.0	\$ 10.8	\$ 7.0	\$ 11.0	\$ 13.2
STATE MANDATES						
Revenue						
Enterprise Zone Dissolution Revenue Reduction		\$ (0.4)	\$ (0.7)	\$ (0.7)	\$ (0.7)	\$ (0.7)
State Mandates Revenue Subtotal		\$ (0.4)	\$ (0.7)	\$ (0.7)	\$ (0.7)	\$ (0.7)
Expenditure						
Mobile Home Park Code Enforcement		\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1
State Mandates Expenditure Subtotal		\$ 0.1				
CITY MANDATES						
Revenue						
Improvement of Government Operations Plan		\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.5
Neighborhood Parking Protection Ordinance		2.8	2.8	2.8	2.8	2.8
Penny for the Arts Blueprint - Reduction to TOT 4 Cent General Fund Revenue		(5.5)	(6.9)	(9.1)	(10.2)	(11.9)
Property Value Protection Ordinance		0.1	0.1	0.1	0.1	0.1
City Mandates Revenue Subtotal		\$ (2.1)	\$ (3.5)	\$ (5.6)	\$ (6.7)	\$ (8.5)
Expenditure						
Brush Management Contractual Services		\$ 0.9	\$ 0.9	\$ 0.9	\$ 0.9	\$ 0.9
Deferred Capital - Debt Service ⁴		4.4	13.9	19.5	25.1	25.1
Deferred Capital - Maintenance and Repair/Capital Expenditures		5.9	9.9	22.9	24.5	26.1
Fire-Rescue Department - New Stations (Citygate) ⁵		3.6	3.5	3.5	3.5	5.2
Improvement of Government Operations Plan		1.2	1.2	1.2	1.2	1.2
Library Department - Branch Libraries ⁶		-	-	0.3	0.5	0.5
Neighborhood Parking Protection Ordinance		1.5	1.3	1.3	1.3	1.3
Police Department Five-Year Plan		14.3	20.7	22.4	28.1	28.1
Prevailing Wage Program		0.6	0.6	0.6	0.6	0.6
Property Value Protection Ordinance		0.1	0.1	0.1	0.1	0.1
Tipping and AB939 Fee Increase		1.0	1.7	2.0	2.0	2.4
City Mandates Expenditure Subtotal		\$ 33.4	\$ 53.7	\$ 74.7	\$ 87.8	\$ 91.5
MANDATED REVENUE ADJUSTMENTS TOTAL		\$ (2.5)	\$ (4.3)	\$ (6.4)	\$ (7.5)	\$ (9.3)
MANDATED EXPENDITURE ADJUSTMENTS TOTAL		\$ 40.5	\$ 64.6	\$ 81.8	\$ 99.0	\$ 104.9
NET IMPACT OF MANDATES (REVENUE & EXPENDITURE)		\$ 43.0	\$ 68.9	\$ 88.1	\$ 106.4	\$ 114.1
SURPLUS / (DEFICIT)		\$ (62.1)	\$ (55.8)	\$ (41.0)	\$ (33.4)	\$ (10.1)
CRITICAL OPERATIONAL NEEDS		Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019
Revenue						
City Attorney		\$ (0.3)	\$ (0.3)	\$ (0.3)	\$ (0.3)	\$ (0.3)
City Clerk ⁷		0.0	0.0	0.0	0.0	0.0
City Treasurer		0.3	0.3	0.3	0.3	0.3
Library		-	-	-	-	(2.0)
Critical Operational Needs Revenue Subtotal		\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ (2.0)
Expenditure						
City Clerk		\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2
Department of Information Technology		0.2	(0.3)	(1.9)	(2.4)	(2.6)
Environmental Services Department		0.1	0.1	0.1	0.1	0.1
Fire-Rescue		4.7	3.2	3.6	3.0	1.7
Human Resources ⁸		0.0	-	-	-	-
Library		1.7	1.7	1.7	1.7	1.7
Lifeguard Services		1.9	1.6	2.0	3.3	2.0
Park and Recreation		1.3	0.7	0.7	0.7	0.7
Police		2.0	2.0	2.1	2.2	1.9
Public Works - General Services		1.9	1.9	1.9	1.9	1.4
Transportation and Storm Water		1.8	0.0	0.0	0.0	0.0
Critical Operational Needs Expenditure Subtotal		\$ 15.8	\$ 11.0	\$ 10.4	\$ 10.7	\$ 7.0
CRITICAL OPERATIONAL NEEDS REVENUE ADJUSTMENTS TOTAL		\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ (2.0)
CRITICAL OPERATIONAL NEEDS EXPENDITURE ADJUSTMENTS TOTAL		\$ 15.8	\$ 11.0	\$ 10.4	\$ 10.7	\$ 7.0
NET IMPACT OF CRITICAL OPERATIONAL NEEDS (REVENUE & EXPENDITURE)		\$ 15.8	\$ 11.0	\$ 10.4	\$ 10.7	\$ 9.0
SURPLUS / (DEFICIT)		\$ (78.0)	\$ (66.8)	\$ (51.4)	\$ (44.1)	\$ (19.1)

1. Includes additional revenues in FY 2017 through FY 2019 as a result of the Convention Center Expansion.

2. Outlook includes non-pensionable compensation adjustments for FY 2015 through FY 2018 based on five-year employee organization agreements. The increase in non-pensionable compensation included in FY 2018 is projected to remain constant for FY 2019.

3. Based on June 30, 2012 actuarial valuation and information provided during the City Council Pension Funding Policy training on October 21, 2013, the Citywide FY 2015 Annual Required Contribution (ARC) is projected to be \$269.3 million, of which \$208.0 million is the General Fund contribution.

4. Deferred Capital - Debt service amounts for the following issuance schedule: FY14 DC3 - \$120M (Two Phase Issuance), FY15 DC4 - \$90M, FY16 DC5 - \$84.16M, FY17 DC6 - \$84.16M.

5. Operating expenses related to Fire Stations included in Deferred Capital Bond issuances. Funding for capital equipment, personnel and related non-personnel expenses for the Eastside Mission Valley Fire Station, Home Avenue Fire Station and Skyline Hills Fire Station as recommended in the Citygate Report.

6. Operating expenses related to Branch Library expansions included in Deferred Capital Bond issuances. Personnel, supplies, energy and utilities, and contracts necessary to serve patrons as a result of the expansion of the Skyline Branch Library and Mission Hills Branch Library.

7. Critical Operational Needs revenue for City Clerk is anticipated to be received from the Passport Acceptance Facility and election filing fees.

8. Critical Operational Needs for Human Resources is an addition of \$40,000 for an increase in Sexual Harassment Prevention Training licenses.

* Numbers may not add to exact figures due to rounding.