

Preliminary Budget

April 19, 2017

City of Palm Springs

Budget Overview

- General Fund (\$109.5 M) – General Purpose
- All Other Funds (\$132.2 M) – Restricted
 - Enterprise Funds (Airport, Wastewater, Golf)
 - Internal Service Funds (Motor Vehicles, Facilities, Employee Retirement & Health, Energy, Risk Management)
 - Debt Service, Special Revenues, Capital and Measure J
 - Successor to Redevelopment / Housing

2017-2018 Preliminary Budget

	<u>Adopted 2016-2017</u>	<u>Projected 2016-2017</u>	<u>Preliminary 2017-2018</u>
Revenues	\$102,635,425	\$106,102,742	\$109,191,435
Expenditures	(104,836,956)	(105,268,912)	(108,717,510)
Surplus / (Deficit)	<u>(\$2,201,531)</u>	<u>\$833,830</u>	<u>\$473,925</u>
16-17 Unrestricted Beginning Balance	\$16,538,226	\$18,545,978	
Projected Unrestricted Ending Balance	<u>\$14,336,695</u>	<u>\$19,379,808</u>	<u>\$19,853,733</u>
Reserve as a %	<u>15.68%</u>	<u>21.10%</u>	<u>20.83%</u>
• Personnel Additions			(\$821,370)
Adjusted Surplus / (Deficit)			<u>(\$347,445)</u>
Adjusted Unrestricted Ending Balance	<u>\$14,336,695</u>	<u>\$19,379,808</u>	<u>\$19,032,363</u>
Reserve as a %	<u>15.68%</u>	<u>21.10%</u>	<u>19.80%</u>

Reserves for Economic Uncertainties

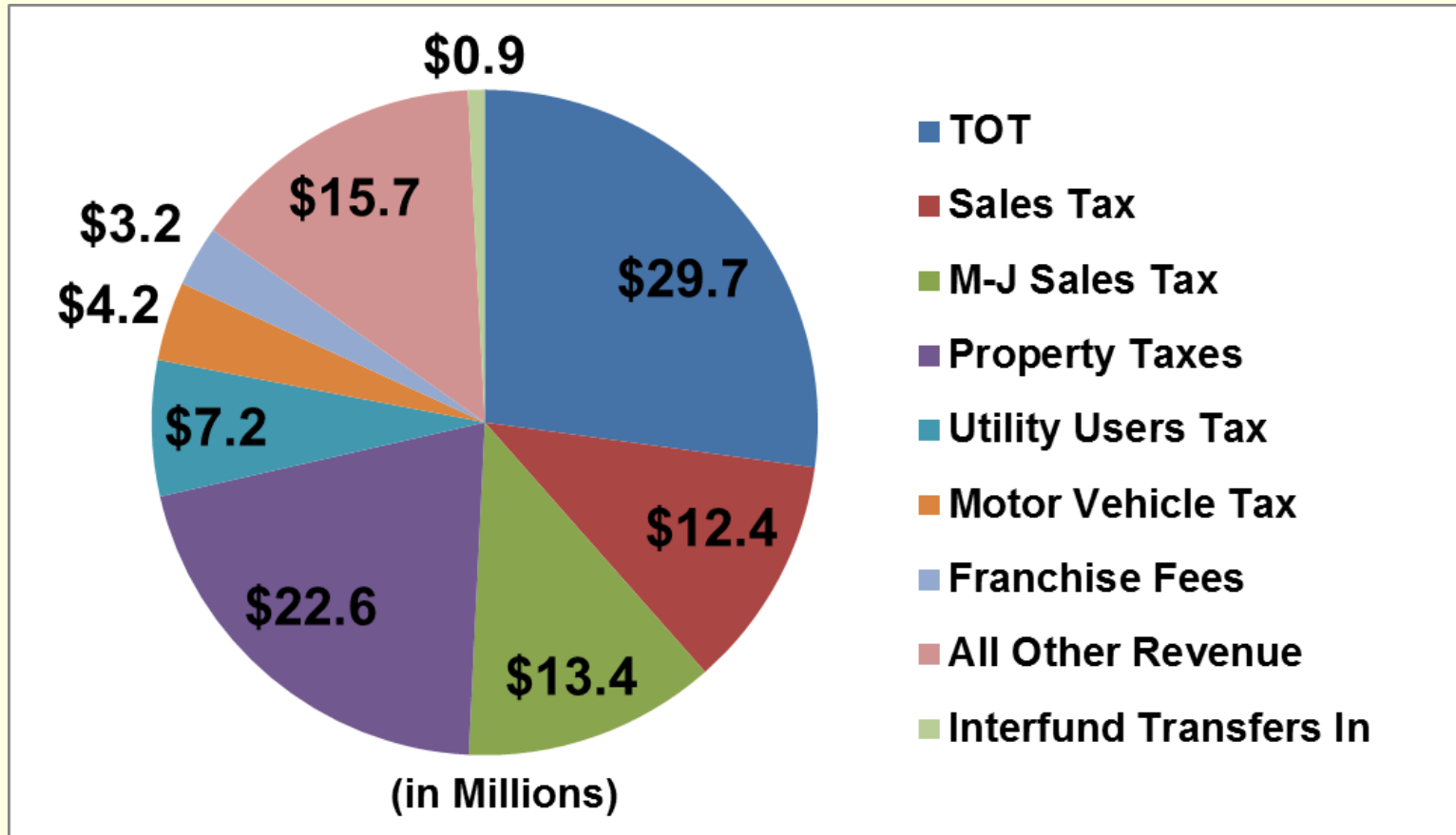
- Goal: Maintain 10% to 20% cash reserve

<u>Fiscal Year</u>	<u>Cash Reserve</u>	<u>Reserve %</u>
FY 17-18	\$19,032,363	19.80% *
FY 16-17	\$19,379,808	21.10% **
FY 15-16	\$18,545,978	20.01%
FY 14-15	\$14,985,652	18.08%
FY 13-14	\$13,199,370	16.31%
FY 12-13	\$12,803,298	18.19%
FY 11-12	\$13,041,689	19.11%
FY 10-11	\$11,779,373	18.87%
FY 09-10	\$7,417,274	10.04%
FY 08-09	\$7,217,966	9.11%
FY 07-08	\$11,499,714	15.66%
FY 06-07	\$11,121,250	15.87%

* FY 17-18 reflects Preliminary Budget

** FY 16-17 based upon current projections

Major Revenue Categories

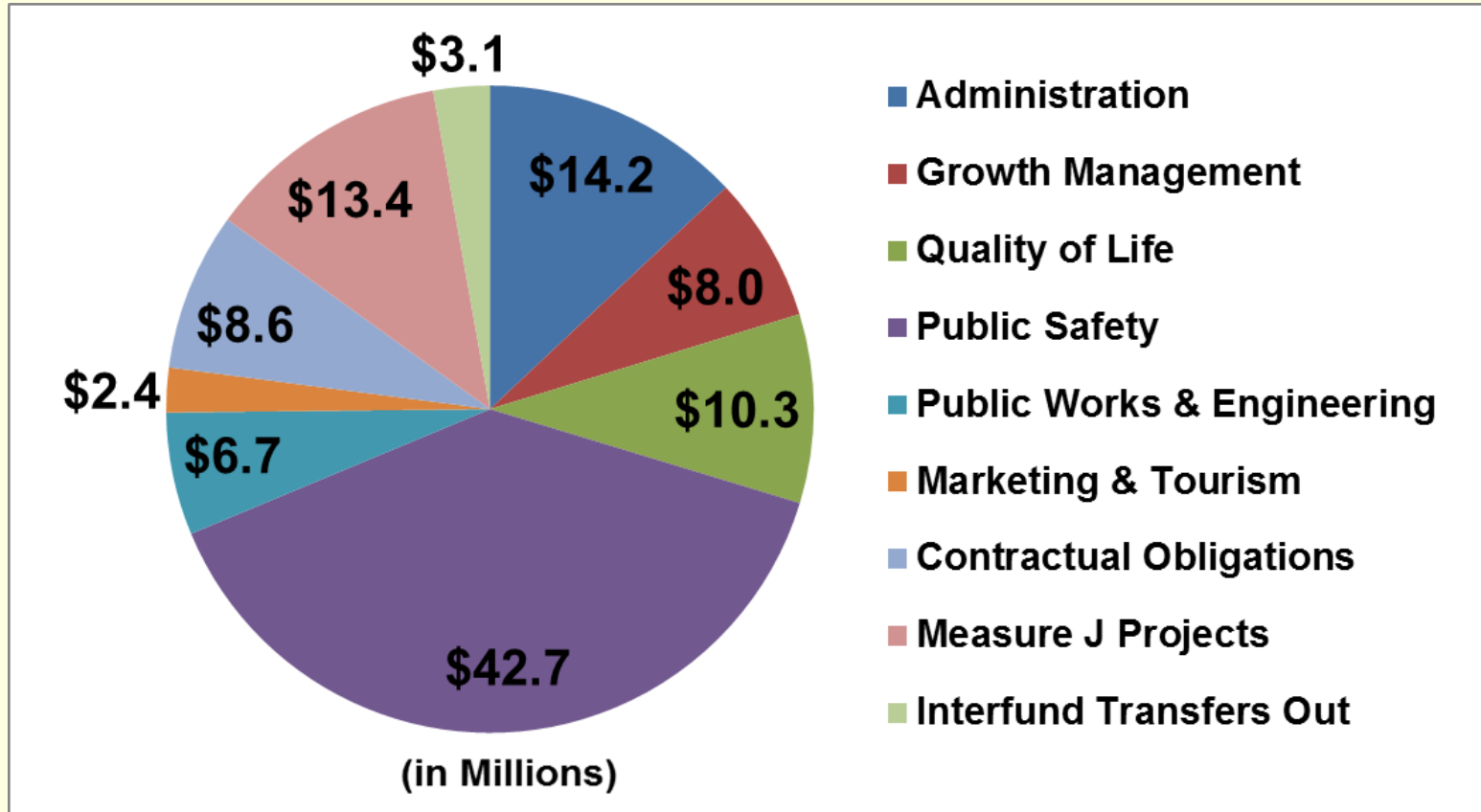


Revenue Increases for FY 17-18

Revenue Increases:

- **TOT / Hotel Tax** **\$1,640,000**
- **Sales Tax (excludes Measure J)** **334,831**
- **Property Taxes** **840,000**

Major Expenditure Activities



Employee Related Expense Increases for FY 17-18

Employee Related Expense Increases:

- **Salary Increase for COLA** (\$840,099)
- **Recommended Position Additions** (821,370)
- **CalPERS Rate Increases (Safety +4.728%, Misc +1.628%)** (821,168)
- **Employee Health Benefits** (255,776)
- **Retiree Health Benefits** (197,929)
- **Workers' Comp (+5% est)** (150,000)

Non-Employee Related Expense Increases for FY 17-18

Other Significant Expense Increases:

• Animal Shelter Contract COLA	(\$20,134)
• Hotel Incentive Plan	(240,000)
• Electricity and Water Rate Increases	(400,000)
• Facilities & Fleet (w/o vehicle repl't)	(146,170)
• Interfund Transfers to Other Funds (Debt Service)	(38,045)
• Council Changes Approved Mid-Year	(457,086)
• Departmental Increases	(210,512)

Priority Personnel Positions Increases for FY 17-18

	<u>FTE</u>	<u>Salary / Benefits</u>
Police - Jail Transportation Officers *	3.00	\$233,744
Police Services Officers	2.00	148,800
City Attorney - Paralegal **	1.00	109,585
Facilities - Street Maintenance Worker	1.00	74,324
Deputy Fire Chief	1.00	254,917
	<u>8.00</u>	<u>\$821,370</u>

* Offset by a reduction of temporary employees budget in Jail Operations Department.

** Offset by a reduction of legal expense budget in City Attorney Department.

Looking Ahead: Future CalPERS & OPEB Costs

	<u>16-17</u>	<u>17-18</u>	<u>18-19</u>	<u>19-20</u>	<u>20-21</u>	<u>21-22</u>	<u>22-23</u>
Total PERS Costs BEFORE Change							
Discount Rate @ 7.5%	\$13.2	\$14.4	\$16.2	\$18.2	\$19.5	\$20.8	\$21.9
Total PERS Costs AFTER Change	\$13.2	\$14.4	\$16.7	\$19.2	\$21.9	\$24.1	\$26.0
New Discount Rate			7.375%	7.25%	7.0%	7.0%	7.0%

Retiree Health Insurance (OPEB)	\$2.6	\$2.8	\$3.0	\$3.2	\$3.4	\$3.5	\$3.7
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Most Recent Actuarial / Financial Reports:

Unfunded PERS Liability \$132.5

Unfunded OPEB Liability \$38.1

(Note: All costs in Millions)