01
Worksession Item

Office of the City Manager

WORKSESSION
April 4, 2017
(*Republished from February 28, 2017)*

To: Honorable Mayor and Members of the City Council

From: Dee Williams-Ridley, City Manager

Submitted by: Teresa Berkeley-Simmons, Budget Manager

Subject: Projections of Future Liabilities

INTRODUCTION

On May 29, 2012, the City Council adopted Resolution No. 65,748 N.S. "Requiring that the City Manager Develop and Publish a Biennial Report of Current City Liabilities and Projections of Future Liabilities.[1]" The purpose of this report is to provide a thorough overview of the City's long term expenditure obligations in a format that is easily understandable in a single report.

This report includes the following information set forth in that Resolution:

1. Employee and retiree benefit costs over a 10 year horizon

2. Costs for current active employees including:

    a. total payroll costs for active employees during the current year;

    b. projected payroll costs for the same number of employees for the next 10 year period with costs increases based on MOU's with bargaining units; and the same assumptions used for the independent CalPERS actuarial report.

3. A summary of all current City obligations including:

    a. general obligation bonds;

    b. certificates of participation;

    c. loans;

    d. all other current long term obligations.

[1] http://www.cityofberkeley.info/Clerk/City_Council/2012/05May/City_Council__05-29-2012_%e2%80%93_Regular_Meeting_Annotated_Agenda.aspx (Item #39)

4. Summary of all capital assets and infrastructure including:

    a. Public Buildings

        i. Appraisal of assets valued at $5 million or more;

        ii. Projected maintenance costs over the next 5 years;

        iii. Projected budget over the next 5 years.

    b. Condition of Streets and Roads using the “Street Saver” information projecting costs to bring streets and roads condition to an average Pavement Condition Index (PCI) of 75 within 5 years.

    c. Sewers: updated asset management plan for public sewers including projected costs for succeeding 5 years and projected revenue from sewer fees for the succeeding 5 years.

This report is required to be published every two years, in the second year of the biennial budget, in advance of the Council’s consideration of the upcoming biennial budget.

The projections in this report were developed by staff in the City Manager’s Budget Division and the Finance Department, with the assistance of several financial advisors including the City’s sales tax consultants and actuaries. Revenues are, of course, sensitive to normal business cycles as well as unanticipated economic volatility. Thus, it is important that the City continue its fiscally prudent planning to balance expenditures against projected revenues, while addressing employee compensation as well as historically underfunded infrastructure needs.

CURRENT SITUATION AND ITS EFFECTS

1. **Employee and Retiree Benefit costs over a 10 year horizon**

a. CalPERS Retirement Benefits

The City provides retirement benefits for employees through its participation in the California Public Employees' Retirement System (CalPERS). This is a defined benefit pension plan funded by a combination of employee contributions that are set by statute and employer contributions that fluctuate from year to year based on an annual actuarial valuation performed by CalPERS. The City contributes to three plans in the CalPERS system: Police Safety Plan, Fire Safety Plan, and Miscellaneous Employee Plan. Each plan has a different rate for the City's annual employer contribution which are generally based on the demographics of the plan participants and the value of investment returns of the City's assets in the CalPERS system. In addition, employees' contributions vary by plan based on negotiated Memorandum of Understandings (MOU).

In 2013, the CalPERS Board voted to change the actuarial model for the pension plans along with certain actuarial assumption upon which rates are based. First, the new model provides that the plans will be 100 percent funded in a fixed 30-year time period. Second, the time period to "smooth out" the impacts of CalPERS' investment losses due to the recession was reduced from 15 years to 5 years. Finally, the rates were structured in such a way that the first five years were considered to be a "ramp up" period to improve the plans funded percentage. That meant that FY 2016, 2017, 2018, 2019, and 2020 will be expected to have higher rates, and the years following were projected to plateau for some time before decreasing in the last five years of the 30 year funding period.

In February 2014, the CalPERS Board voted to retain its current long-term assumed rate of return of 7.5 percent, but adopted new mortality assumptions due to the fact that retirees are living longer. As a result of the new assumptions, the cost of employer contributions increased, again.

Most recently, in December 2016, the CalPERS Board of Administration took action to strengthen the fund by cutting the discount rate by a half percentage point over the next three years[2]. CalPERS is reducing the return rate from 7.5 percent to 7.375 percent immediately, to 7.25 percent in July 2018, and to 7.0 percent a year later. CalPERS lowered the discount rate because they determined that achieving a 7.5 percent rate of return was now far less likely. The impact of the lower return rate can be seen in the chart below as determined by the actuarial analysis performed by Bartel Associates, LLC. The result of this lowered discount rate is that liabilities will grow and that the City will have to increase pension contributions. CalPERS uses an amortization and smoothing policy that spreads rate increases or decreases over a 5-year period, and

[2] https://www.calpers.ca.gov/page/newsroom/for-the-record/2017/action-prudent-smart-decision?utm_source=newsroom&utm_medium=banner&utm_campaign=FTR-Discount-Rate

amortizes all experience gains and losses over a fixed 30-year period. For the next biennial budget, FY 2018 and FY 2019, the City is using the following rates for CalPERS. The rates continue to increase in FY 2020 and beyond.

	CalPERS Actuals FY 2017	CalPERS Actuals FY 2018	Actuary's Estimates for FY 2019 as a result of the lowered discount rate	Actuary's Estimates for FY 2020 as a result of the lowered discount rate
Police	52.7%	56.6%	61.3%	65.7%
Fire	37.9%	39.9%	44.3%	48.5%
Miscellaneous	25.7%	27.9%	31.0%	33.9%
The above rates do not include the City-paid Employee Rate of 8% for Miscellaneous (non-sworn) employees. However, effective January 1, 2018 all of the Miscellaneous employees, except for one, will be paying 8% towards the Employer's Contribution, which is also not shown in the above rates.				

The two tables below translate the rates into dollars. The following payments will be made by the City into the PERS system for the years indicated. The first chart demonstrates required contribution by Plan. The second chart presents projected contributions based on various scenarios tied to possible COLA increases in employees' salaries. With respect to future liabilities for the costs of these plans, the City has regularly retained an outside actuary to review the CalPERS estimates and provide independent actuary estimates that the City can use in budget planning. This report uses CalPERS' actual rates for FY 2017 and FY 2018. This report relies on the outside actuary's projections for FY 2019 through FY 2027, since CalPERS has not yet provided actual rates for those years. The rates below incorporate CalPERS' reduction in the discount rate.

Future Payments to California Public Employees Retirement System All Plans and All Funds Zero COLA By Plan
(dollars in millions)

	FY17 Adopted Budget	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27
Misc.	31.08	32.33	31.80	34.71	37.82	40.08	42.13	42.74	44.01	43.19	44.01
Police	12.17	13.22	14.35	15.41	16.28	17.05	17.69	18.04	18.46	18.70	18.88
Fire	6.08	6.67	7.44	8.13	8.63	9.18	9.61	9.82	10.09	10.27	10.42
Total	**49.33**	**52.23**	**53.59**	**58.25**	**62.73**	**66.31**	**69.42**	**70.60**	**72.56**	**72.15**	**73.31**

FY 2017 and FY 2018 are based on actual CalPERS' actual rates.
FY 2019 through FY 2027 are based on the actuary's projections.
Rates used reflect current MOU agreements.
Miscellaneous includes the 8% employee share paid by the City on behalf of the employees and negotiated employee contributions to the City's rate.

CalPERS rates are assessed as a percent of salary. Accordingly, as salary increases, pension contributions increase correspondingly. The chart below shows the increases in payments to CalPERS should employees' salaries be increased across the board 1% each year.

Future Payments to California Public Employees Retirement System All Funds Zero COLA vs 1% COLA
(dollars in millions)

	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27
PERS - No COLA	49.33	52.23	53.59	58.25	62.73	66.31	69.42	70.60	72.56	72.15	73.31
PERS - 1% COLA	---	52.69	54.09	59.42	64.63	69.00	72.96	74.95	77.72	78.06	80.09

FY 2017 and FY 2018 are based on actual CalPERS' rates
FY 2019 through FY 2027 are based on actuary's projections
Rates used reflect current MOU agreements
Miscellaneous includes the 8% employee share by the City on behalf of the employees

The changes made by CalPERS in the last few years are planned to achieve 100% funding for all plans within a 30-year time period. This means that there will be sufficient funds held in each plan to pay obligations for all inactive participants (including retirees) and benefits as a result of prior service for actives. CalPERS calculates the value of the City's plan assets based on the market value of assets (MVA). The market value of assets values the assets based on the current value of assets held by the plan at the end of a fiscal year and reflects the solvency of the plan at that point in time.

On January 1, 2013, the Public Employee Pension Reform Act (PEPRA) went into effect. This State law applies to employees hired after January 1, 2013 who are new to PERS. These employees are termed PEPRA members and employees that were enrolled in PERS (without significant separation) prior to January 1, 2013 are now referred to as classic members. PEPRA miscellaneous members will be enrolled in a 2% at 62 plan and PEPRA safety members (Fire and Police) will be enrolled in a 2.7% at 57 plan. PEPRA members will be required to pay half the normal cost of their plans.

The funded status of a pension plan is defined as the ratio of assets to a plans accrued liabilities. Based on the CalPERS' actuarial valuations as of June 30, 2015, the City's plans are currently funded as follows: Police Safety 60.75%; Fire Safety 71.58%; and Miscellaneous 71.08%.

b. Retiree Medical Plans

The City provides post-retirement health insurance benefits in accordance with the Memoranda Agreements between the City and the various collective bargaining units (and to unrepresented employees via Council adopted resolutions). The City has individual trusts for each bargaining unit that fund the medical plans, as well as a closed plan for Police that provides a cash benefit. In 2012 the City and the Berkeley Police Association agreed to a new Retiree Medical plan that provides health insurance premium payments, rather than the pre-existing cash payments, to retirees. The original plan is now a “closed” plan meaning that employees who retire after September 2012 will receive benefits from the new plan. However, the original plan must still make benefit payments to existing retirees and thus must continue to be funded until those payment obligations cease.

The City obtains actuarial reports for each of these plans about every two years and the City is responsible for investing the assets in these plans. The results of that investment activity are provided to the City Council in the regular Investment Report.

In some cases the City’s actual contribution to each plan on an annual basis is based on the actuarially established “Annual Required Contribution” or as a percent of payroll. However, some of the plans are funded on a “pay-as-you-go” basis. Funding on a pay-as-you-go basis is sufficient to cover the annual benefit payments made from the plan assets, but impacts the ability to achieve the long term funding targets. Each benefit plan is described in detail below.

Staff is working with the City’s actuary to identify realistic, cost effective options that would reduce the City’s unfunded liabilities tied to post-employee benefits to meet the long-term funding targets. Additional information on possible options Council might want to consider is included later in this report.

The following retiree medical plans are discussed:

- Police Retiree Income Benefit Plan (closed plan)
- Police Retiree Health Premium Assistance Plan
- Fire Employees Retiree Health Plan
- Retiree Health Premium Assistance Plan (Non-safety Members)

Police Retiree Income Benefit Plan (closed plan)

The City provides a Retiree Income Benefit Plan for prior Police retirees. To be eligible for benefits, Police employees must retire from the City on or after July 1, 1989 and before September 19, 2012, be vested in a CalPERS pension, have ten years of service with the Berkeley Police department, and retire from the City on or after age 50 or with a disability benefit. Benefits commence 10 years after retirement for retirements before

July 6, 1997, 5 years after retirement for retirements before July 1, 2007, and 2 years after retirement for retirements on or after July 1, 2007.

Benefits are payable for the retiree's lifetime and continue for the life of the surviving spouse. For employees retiring before September 19, 2012, the City pays a monthly income benefit equal to the City's Active 2-party Kaiser premium regardless of marital status. In 2016, the City's monthly payment per participant for this benefit ranged from $280 to $1,153, depending on the retirees' years of service at retirement. The monthly benefit is pro-rated based on years of service.

As of June 30, 2016, the most recent actuarial valuation date, the plan was 8.57% funded. The actuarial accrued liability for benefits in this plan was $76.4 million, and the actuarial value of assets was $6.5 million, resulting in an unfunded accrued liability of $69.9 million. Since the implementation of GASB 67 and 68 the Annual Required Contribution (ARC) is no longer provided. In addition, the Police Retiree Income benefit Plan is a closed plan and therefore no "Actuarially Determined Contribution" is provided due to no new members and no payroll information.

Police Retiree Health Premium Assistance Plan

Effective September 19, 2012, the City replaced the "Berkeley Police Retirement Income benefit Plan" with the "Retiree Health Premium Assistance Coverage Plan" for any police employees hired on or after that date, as well as any current employees who retire on or after such date. Under the newly established retiree health premium assistance plan, benefits will be the paid by the City directly to the provider who is providing retiree health coverage to the retiree or his or her surviving spouse. The maximum amount will be equal in value to the City sponsored health plan.

To be eligible for benefits, Police employees must retire from the City on or after September 19, 2012, be vested in a CalPERS pension, have ten years of service with the Berkeley Police department, and retire from the City on or after age 50. Benefits commence immediately upon retirement, but may also be deferred for a period during which the member is covered under another health insurance plan.

Benefits are payable for the retiree's lifetime. The City will pay for employees retiring on or after September 19, 2012, $679/month toward the cost of single party coverage and $1,358/month toward the cost of two party coverage for retirees under age 65 enrolled in the City's Retiree Health plan. For retirees over age 65 the City's share of single/two party coverage is $401/$803 per month and retirees must pay the difference of the actual premium cost. The City's share will increase by either the amount Kaiser increases the retiree medical premium for that year, or 6%, whichever is less. The monthly benefit is pro-rated based on years of service. The City pays this benefit plan on a pay-as-you-go basis.

As of July 1, 2016, the most recent actuarial valuation date, the Annual Required Contribution was $6.0 million and the plan was 3.2% funded. The actuarial accrued liability for benefits was $41.0 million, and the actuarial value of assets was $1.3 million, resulting in an unfunded accrued liability of $39.7 million

Fire Employees Retiree Health Plan

The City sponsors a retiree health benefit plan for its Fire employees. To be eligible for benefits, Fire employees must retire from the City on or after July 1, 1997, be vested in a CalPERS pension, and retire from the City on or after age 50. Retirees can select from among any of the health plans offered to active employees. Benefits commence immediately upon retirement, but may also be deferred for a period during which the member is covered under another health insurance plan.

Benefits are payable for the retiree's lifetime and continue for his or her covered spouse's/domestic partner's lifetime. The City makes a contribution toward the medical premium depending on whether the retiree has dependent coverage, and date of retirement. The City's contribution increases 4.5% per year regardless of the amount of increase in the underlying premium rate. The City's contribution is prorated based on years of service. In 2016, the City's monthly premium cost per participant for this benefit ranged from $376 to $1,015.

As of July 1, 2016, the most recent actuarial valuation date, the plan was 37.2% funded. The actuarial accrued liability for benefits was $25.3 million, and the actuarial value of assets was $9.4 million, resulting in an unfunded accrued liability of $15.9 million.

Retiree Health Premium Assistance Plan (Non-safety Members)

Effective June 28, 1998, the City adopted the City of Berkeley Retiree Health Premium Assistance Plan (for Non-Safety Members). Employees who retire from the City are eligible for retiree health benefits beginning on or after age 55 if they terminate employment with the City on or after age 50 with at least 8 years of service. Retirees can select a non-City sponsored health plans or enroll in any of the health plans offered to active employees. A retiree living outside the coverage area of the City's health plans can select an out-of-area health plan.

Benefits are payable for the retiree's lifetime and continue for his or her covered spouse's/domestic partner's lifetime. The City pays the monthly cost of the monthly premiums up to a Participant's applicable percentage of the Base Dollar Amount and subject to annual 4.5% increases as specified in the Retiree Health Premium Assistance Plan document. In 2016, the City's monthly premium cost per participant for this benefit ranged from $173 to $811. A Participant's applicable percentage is based on years of service with the City. The City funds the plan based on the MOU. Contribution amounts are negotiated and vary by bargaining unit.

As of July 1, 2016, the most recent actuarial valuation date, the plan was 37.8% funded. The actuarial accrued liability for benefits was $55.6 million, and the actuarial value of assets was $21.0 million, resulting in an unfunded accrued liability of $34.6 million.

Retiree Medical Plan Actuarial Data
(dollars in millions)

Plan	Valuation Date	Actuarial Estimated Liabilities	Plan Assets	Annual Required Contribution (ARC)	Actual Contribution	% Funded
Police Employee Retiree Income Benefit Plan (closed)	6/30/2016	$ 76.42	$ 6.50	$ *	$ 1.94	8.57%
Police Employees Retiree Health Premium Assistance Plan (new)	7/1/2016	$ 41.03	$ 1.35	$ 5.96	$ 0.542	3.20%
Fire Employees Retiree Health Plan	7/1/2016	$ 25.28	$ 9.41	$ 0.854	$ 0.84	37.20%
Retiree Health Premium Assistance Plans (Non-Safety Members)	7/1/2016	$ 55.63	$ 21.02	$ 3.61	$ 1.81	37.80%
TOTAL		**$ 198.36**	**$ 38.28**	**$ 17.39**	**$ 5.13**	**19.30%**

*Since the implementation of GASB 67 and 68 the Annual Required Contribution (ARC) is no longer provided. In additional, it is a closed plan and therefore no "Actuarially Determined Contribution" is provided due to no new members and no payroll information.

c. Workers' Compensation

The City is required by law to provide workers' compensation coverage for its employees. The City is self-insured for workers' compensation. The City began its self-insured worker's compensation program on March 1, 1975. In 2005 the City established a formula for assessing charges across all City departments and programs. Payments are made to the Worker's Compensation Self-Insurance Internal Service Fund by transfers from all City funds. Since that time, the Fund has been able to both pay claims and costs, as well as build up a balance. In FY 2016, the City transferred $9.2 million into the Fund. The total annual expenditure from the fund, including claims paid and administrative costs as of June 30, 2016 was $5.2 million. The available assets as of June 30, 2016 was $27.4 million.

The actuarial estimate for the program's liability for outstanding claims was $30.9 million as of June 30, 2016. This represents estimates of amounts to ultimately be paid for reported claims and upon past experience, recent claim settlement trends, and other information. It is the City's practice to obtain an actuarial study on an annual basis for this fund. The actuary recommends that the funding amount be sufficient to bring funding to the 75% to 85% confidence level. In the nine years since the City established the formula for assessing charges to departments, the Fund has achieved an 88.6% funding level, with the balance being increased each year. The funding for this program is a good example of how an underfunded liability can be successfully addressed over time.

Workers Compensation as of **June 30, 2016**

Estimated Liability	**Plan Assets**	**Annual Required Contribution**	**Actual Contribution**	**Funding Target**	**Unfunded Liability**	**% Funded**
$ 30.9	$ 27.4	$7.1 – 9.8	$ 9.2	between 75% and 85% confidence level	$ 3.4	88.6%

Even though the plan is 88.6% funded, the City has to fund the plan to at least 111.7% to 130.2% to have a confidence level between 75% and 85%[3]. At the 88.6% funded level the probability that the City will meet the liability is just 30%. That means there is a 70% possibility that the City may not be able to meet the total liability. If the City funds 100%, which amounts to an additional $1.002 million annually, the City will have a probability of meeting the liability with a 55% confidence level, and not meeting the liability with 44% confidence level. The probability or confidence level should be around 75% to 85%. The City has to increase the funded level to at least 111.7% to 120.2%. Thus, the confidence level is currently below the target.

d. Safety Members Pension Fund (closed plan)

The City also maintains the Safety Members Pension Fund (SMPF). This plan is a single-employer defined benefit pension plan for fire and police officers that retired before March 1973. In March 1973 all active fire and police officers were transferred from SMPF to CalPERS. Service and disability retirement benefits from the SMPF are based on a percentage of salary at retirement, multiplied by years of service. Benefits are adjusted annually by either:

[3] Confidence Level - An estimated probability that a given level of funding will be adequate to pay actual claims costs. For example, the 85% confidence level refers to an estimate for which there is an 85% chance that the amount will be sufficient to pay loss costs.

- Current active salary increases (based on the same rank at retirement) or
- The income in the California Consumer Price Index (with a 1% minimum and a 3% cap). SMPF also provides surviving spouse benefits.

The City pays SMPF benefits on a pay-as-you-go basis. In February 1989, the Berkeley Civic Improvement Corporation purchased, on behalf of the City, a Guaranteed Income Contract (GIC) from Mass Mutual. This contract provides annual payments through 2018 and an annual guaranteed 9.68% rate of return (net of expenses).

The City currently pays the difference between the total SMPF benefits and the amount received from the Massachusetts Mutual Guaranteed Income Contract (GIC). The City will receive declining amounts from the GIC through FY 2019. At June 30, 2016, the City recognized a pension expense of $696,400, with an actuarial accrued liability of $3.8 million. There are 13 participants remaining in the plan, with ages ranging from 85 to 102, with an average of 93 years.

e. Supplemental Retirement Income Plan (SRIP) I (closed plan)

On January 1, 1983, Ordinance No. 5450-N.S., which was codified in the Berkeley Municipal Code under Chapter 4.36.101 et seq., established SRIP I. The SRIP I plan consists of two components: 1) a defined contribution money purchase pension plan adopted in accordance with Sections 401(a) and 501(a) of the internal revenue Code, and 2) an employer paid disability benefit.

The City's administrators of the money purchase pension plan are Hartford Life Insurance and Prudential Retirement Services. The plan is a defined contribution plan whereby the City contributed 5.7% of salary up to a salary of $32,400 into a tax deferred and self-directed investment account and 1% of salary up to a salary of $32,400 into a disability reserve account for each permanent City employee. The total assets of SRIP I available for benefits at June 30, 2016 was $7,930,890, which was comprised of participant accounts. These assets are the property of the individual account holders and not the property of the City. These assets cannot be used to pay disability benefits.

The disability benefit is for employees hired after January 1, 1983 but prior to July 22, 1988, who became disabled and are entitled to receive a disability income benefit equal to 60% of their highest compensation, reduced by any disability payments they receive from Social Security, State Disability Insurance, or Worker's Compensation. Employees hired after July 21, 1988 are not eligible for benefits under this plan which was closed to new enrollees.

Benefits are payable for the disabled participant's lifetime or until recovery from disability. The third party administrator is Cigna. Currently, the City pays the cost of the monthly disability benefits on a pay-as-you-go basis. As of June 30, 2016, there were a total of 98 closed group participants, 25 active employees and 73 disabled participants receiving benefits. The unfunded liability for SRIP I at July 1, 2014, the date of the last actuarial study, was $13,244,000. For FY 2015, the City paid total SRIP I disability payments of $1,628,734.

2. Current Costs for Active Employees

As of June 30, 2016, the City budgeted for 1490.04 full time equivalents (FTE). At any given time, the number of employees on the payroll is generally less than the budgeted number of FTE due to retirements and employment separations for other reasons. For purposes of this report, the analysis of the payroll costs for the next 10 years is based on the number of budgeted FTE as of June 30, 2016. That number was then projected based on negotiated cost of living adjustments established in collective bargaining agreements. Other increases were also assumed for medical costs, dental costs, cash in lieu, shoes and tools allowance, commuter checks, and other benefits. Based on these assumptions, payroll costs would grow from $241.8 million in FY 2017 to $330.9 million in FY 2027. With Zero COLAs applied, that entire increase is due to the increase in the costs of benefits.

Citywide Total Personnel Costs and Fringe Rate Over Time with Zero COLAS

Zero COLA	**FY17**	**FY18**	**FY19**	**FY20**	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**	**FY27**
Total Payroll	$ 142.8	$ 154.0	$ 155.4	$ 155.4	$ 155.4	$ 155.4	$ 155.4	$ 155.4	$ 155.4	$ 155.4	$ 155.4
Total Benefits	$ 99.0	$ 105.0	$ 109.4	$ 118.6	$ 127.4	$ 135.8	$ 144.2	$ 151.3	$ 159.7	$ 166.4	$ 175.4
Fringe Rate	**69%**	**68%**	**70%**	**76%**	**82%**	**87%**	**93%**	**97%**	**103%**	**107%**	**113%**
Total Personnel Costs	$ 241.8	$ 259.0	$ 264.9	$ 274.0	$ 282.9	$ 291.3	$ 299.7	$ 306.7	$ 315.1	$ 321.8	$ 330.9

One example of the increase in benefit costs is the projected increase in health care premiums for active employees (meaning exclusive of retiree medical contributions). The cost of premiums for medical alone is estimated to grow from $19 million in FY 2017 to almost $60 million in FY 2027. Heath care rates increased 16.2% between January 2016 and January 2017 alone. In addition, the benefit costs tied to the

CalPERS rates swell from $49.3 million in FY 2017 to a projected $73.3 million in FY 2027.

A summary of employee and retiree benefits and unfunded liabilities can be found in Attachment 1.

3. Summary of all current City Obligations (GO bonds, COPs, etc.)

The City's debt includes General Obligation Bonds, Certificates of Participation and Revenue Bonds. Attachment 2 includes the detailed debt service payment schedules for each of these debt issuances.

The City currently has four outstanding general obligation (GO) bond authorizations (each with multiple series of bonds) related to public safety, libraries, senior centers, animal shelter, and street and integrated watershed improvements. The oldest of these authorizations dates back to 1992.

The City has an aggregate bond tax rate for FY 2016 of 0.0445% (which represents $44.5 for each $100,000 in assessed value ("A.V.")). This rate has dropped from a historical peak of approximately $95 (per $100,000 in A.V.). Based on projected annual increases in A.V. and decreasing aggregate annual debt service over time, the tax rate will drop with the final tax collected in FY 2045 (Measure M is the latest bond authorization).

Bond Authorization	Authorization Year	Authorization Amount	Outstanding Amount	Final Maturity	FY 2016 Bond Tax Rate
Measure I	2006	$7,200,000	$6,290,000	2027	0.0000%
Measure FF	2008	$26,000,000	$23,580,000	2040	0.0090%
Measure M	2015	$30,000,000	$14,575,000	2044	0.0105%
2015 GO Refunding Bonds (Refunding Measure G, S, I)	2015	$36,680,000	$36,680,000	2038	0.0250%
TOTAL		**$99,880,000**	**$81,125,000**		**0.0445%**

It has been the City's debt policy to issue each series of bonds with level amortization and terms of either 25 or 30 years. Many of the series have been refinanced for lower interest rates over time. Given the fixed term for each bond series, the aggregate annual debt service for all outstanding bonds decreases over time as each bond reaches its final maturity. Further information about the City's current and future debt capacity is included in a later section of this report discussing options to address long term costs.

The above information does not include the $100 million T1 infrastructure bond that was approved by Berkeley voters in November 2016 because the City will not incur debt until the bonds are issued. T1 is discussed in the next section of this report.

4. Summary of All Capital Assets and Infrastructure

The City has an extensive portfolio of capital assets and infrastructure, which includes 95 public buildings, 254 miles of public sanitary sewer mains and 130 miles of public sewer laterals, 52 parks, 2 pools, 3 camps, and 42 different facilities served by the City's IT systems. Maintaining these assets is a costly and time consuming enterprise that requires significant resources and constant attention. Additionally, Berkeley is an aging city and thus its infrastructure faces challenges that other younger cities do not.

Several recent actions by the voters have provided an important boost to the resources available for meeting these challenges:

- In November 2016, Berkeley voters passed Measure T1, authorizing the City to sell $100 million of General Obligation Bonds to repair, renovate, replace, or reconstruct the City's aging infrastructure and facilities, including sidewalks, storm drains, parks, streets, senior and recreation centers, and other important City facilities and buildings. Staff have proposed preliminary allocations[4] for these bond funds, and are now engaged in a community process to seek input.

- The November 2014 voter approval of Measure F (a countywide vehicle registration fee) provided an additional $750,000 per year to Berkeley for major maintenance projects, raising annual funding for parks capital and major maintenance projects from the prior $250,000 to $1 million.

- In November 2012, Berkeley voters approved Measure M (a general obligation bond), to provide an additional $30 million towards improving the condition of city

[4] See http://www.cityofberkeley.info/uploadedFiles/Clerk/Level_3_-_General/Measure%20TI%20GO%20Bonds%20Recommendations%20122216.pdf For additional information on Measure T1, see http://www.ci.berkeley.ca.us/MeasureT1/.

streets and where appropriate, install Green Infrastructure projects as defined in the Watershed Master Plan.

- In November 2014, Alameda County voters approved Measure BB (a property tax assessment), increasing funding for local transportation enhancements. Berkeley's allocation is approximately $2.6 million annually and is applied to improving the pavement condition and specific street/transportation improvement projects.

Despite these measures, City facilities and infrastructure needs continue to exceed available funds, as discussed most recently at the October 18, 2016 Council Worksession[5]. Current estimates of the minimum unfunded needs in parks, waterfront, pools and camps exceed $96 million, and may be significantly higher, for example, depending on the costs of the Berkeley Pier, Marina dock replacement, and the rebuild of Berkeley Tuolumne Camp. The amount of recurring funding to address these needs has been bolstered by the passage of Measure F, but is still only $1.65 million per year. The unfunded needs in streets, storm drain/watershed, transportation and buildings/facilities exceeds $365 million. The amount of recurring funding to address these needs is $7.4 million.

These costs will continue to increase through typical wear and tear on our City infrastructure in the coming years, plus the pressures of long-deferred maintenance. As needed improvements continue to be deferred, operating and maintenance costs rise and rehabilitation and replacement costs increase substantially.

a. Parks, Waterfront, Pools, and Camps

The Parks, Recreation & Waterfront Department (PRW) operates, maintains and manages 52 parks, 4 community centers, 1 clubhouse, 2 pools, 3 resident camps, 15 sports fields, 49 sports courts, 63 play areas, 36 picnic areas, 35,000 street trees and park trees, 152 landscaped street medians and triangles, 263 street irrigation systems, and 29 restrooms and out-buildings. In addition, PRW operates and maintains the Berkeley Waterfront and its related facilities, including the docks, parking lots, trails and other infrastructure, Adventure Playground, and 1,000 boat and berth rentals.

Recurring funding available for capital and major maintenance of these facilities is $1.65M, (see Table 1). This amount does not include T1 bond funds, which have not yet been allocated by Council.

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[5] See http://www.cityofberkeley.info/Clerk/City_Council/2016/10_Oct/Documents/2016-10-18_WS_Item_01_Update_on_Capital_Improvements.aspx.

Annual Funding for Parks, Waterfront, Pools & Camps Capital & Major Maintenance Needs

Funding Source	**Annual Funding**
Parks Tax Fund	$1,000,000
Capital Improvement Fund	$400,000
Marina Fund	$250,000
Camps Fund[6]	$0
Total Funding Available	**$1,650,000**

Unfunded needs in these facilities are summarized in Table 2, and available in detail at http://www.cityofberkeley.info/Parks_Rec_Waterfront/Home/Unfunded_Capital_Projects_List.aspx.

Unfunded Needs in Parks, Waterfront, Pools & Camps Facilities and Infrastructure

Needed Improvements	**Low-End Estimate**	**High-End Estimate**
Resident Camps	$5,900,000	$10,950,000
Waterfront	$27,190,000	$45,140,000
Pools	$4,600,000	$4,650,000
Park Buildings/Facilities	$7,510,000	$7,595,000
Parks (General)	$9,480,000	$11,480,000
Parks (Specific)	$32,202,000	$35,547,000
Park Restrooms	$9,700,000	$9,700,000
Total	**$96,582,000**	**$125,062,000**

Two projects drive the majority of the variance between the low-end estimate and the high-end estimate. First, the rebuild of Berkeley Tuolumne Camp (BTC), which was destroyed in the 2013 Rim Fire, is estimated to cost more than $54 million. Insurance and a public assistance grant from the Federal Emergency Management Agency (FEMA) are expected to cover more than 90% of these expenses. Further discussion of the BTC rebuild, along with recovery work at the City's other resident camps, was held at the November 29, 2016 Council worksession.[7] Second, the City is commissioning a structural condition assessment and feasibility study to evaluate alternatives for restoring the currently-closed Berkeley Pier.[8] The cost of these alternatives, tentatively estimated between $10 million and $20 million, will depend on the type of restoration performed.

[6] Due to the loss of Berkeley Tuolumne Camp, the Camps Fund does not have sufficient funds at this time to cover any annual investment in capital or major maintenance.

[7] See http://www.cityofberkeley.info/Clerk/City_Council/2016/11_Nov/Documents/2016-11-29_WS_Item_02_Berkeley_Resident_Camps_Update.aspx

[8] See http://www.ci.berkeley.ca.us/parks/pier/ for more information on the Berkeley Pier.

b. Public Buildings

The following is a preliminary cost estimate of capital improvements and major maintenance for City facilities over the next 5 years. The City is responsible for maintenance of 95 facilities, not including Library facilities and facilities leased to other entities, which were not part of this analysis. These 95 facilities include: 39 facilities in the Parks Recreation and Waterfront inventory and 56 facilities in the Public Works inventory.

In 2013, staff retained the professional services of Kitchell Consulting to perform new assessments and provide updated condition reports and cost estimates for the City's facility inventory. All projects included in these assessments are considered either major maintenance or capital projects. Major maintenance projects typically involve improvements to a facility at a cost of up to $50,000 that are over and above the industry norm for routine maintenance services. Capital projects involve the construction of new or restored facilities or improvements to existing facilities at a cost of $50,000 or more. Routine maintenance projects are defined as projects involving repairs to minor components at existing facilities including plumbing, electrical, HVAC, painting etc., and are not included in this report.

Despite support from a variety of City funds, the cost for routine maintenance, major maintenance, and capital improvements far exceeds currently existing sources of funds. The current estimated cost for city facility needs the within the 5-Year Facility Capital Improvement Program is estimated at approximately $21 million, while the current budget allocation for this work is $4 million; which results in an estimated unfunded liability of $17 million. As noted earlier, the facility maintenance program budgeted amount does not include future T1 bond funds.

The City has implemented a strategy towards self-sustainability of capital facility needs within Fund 850, which governs the facility costs and maintenance for the 1947 Center Street building. In updating the rates charged to internal and external tenants of the facility, staff re-set the methodology to include the gradual building of a capital reserve within the rate structure. Overtime, the reserve budget will be applied to major capital replacement needs within that facility. Where appropriate, the City may look to implement this approach with other facilities and funding sources.

c. Streets & Roads

On November 15, 2011, the City Auditor presented Council with an Audit on the condition of the City's 216 centerline miles of improved streets. A principle recommendation of the audit was the adoption of a Pavement Condition Index (PCI) ratings goal. On May 29, 2012, Council included a goal of a PCI of 75 in five years in its request for a report on long-term obligations.

Using the StreetSaver system software and the current projections for future funding, it is now estimated that the City would need to allocate an additional $100 million to achieve a PCI of 75 within five years. An additional $24.5 million could be added to the $100 million need strictly for paving to represent the full cost of improving city streets to comply with the City's Complete Streets policy, prescribes that capital transportation projects accommodate the needs of all roadway users. This funding would go towards improvements adjacent to the main paving project, including sidewalks, storm drains, curb ramps, and green infrastructure. The total $124.5 million gap in funding exists in addition to the $30 million received from Measure M, approved by Berkeley voters in 2012 to improve the condition of City streets and install Green Infrastructure projects. Utilizing Measure M funding and other baseline local sources of funding, including Measure BB and Vehicle Registration Fees (VRF), the projected PCI within 5 years is projected to be 65, far short of the original target of 75. In the FY 18-22 Capital Paving Plan, the use of T1 funds is anticipated, and will help towards short term PCI gains, but will be partially offset by the loss of Measure M when those funds are exhausted after 2019. In order to merely maintain the City's PCI after one-time bond funds are expended, it will be necessary to identify additional annual funding to the pavement management program.

d. Sewers

In 2014, the City (along with EBMUD and all agencies conveying flows to EBMUD) concluded negotiations with the Environmental Protection Agency and the Department of Justice for violation of the Clean Water Act and agreed to a stipulated settlement known on the final Consent Decree[9]. To comply with the Consent Decree, the City is required to rehabilitate an average of 4.2 miles of sewer pipeline annually based on a three-year rolling average. Effectively, this mandated significant additional maintenance activities and capital improvements which increases the costs of managing the City's existing sewer system. After a sewer rate study was completed, a series of rate adjustments were adopted[10] beginning in FY 2016 to support the added financial load of the Consent Decree requirements.

While the City is currently on track to meet rehabilitation mileage targets with revenues generated from sanitary sewer fees, the costs per mile for sewer construction have increased since the rate study was completed. These costs will have to be closely monitored going forward over the duration of the Consent Decree, in case funding supplementation from additional sources or future rate adjustments are needed to fund the cost of the required capital improvements.

[9] See http://www.cityofberkeley.info/Clerk/City_Council/2014/09_Sep/Documents/2014-09-09_Item_62_EPA_Litigation.aspx for EPA litigation settlement report
[10] See http://www.cityofberkeley.info/Clerk/City_Council/2015/06_Jun/Documents/2015-06-30_Item_21_Setting_New_Sustainable.aspx for Sanitary Sewer Rate increases and Proposition 218 information.

e. Storm Drains – Clean Stormwater Program

The City's engineered storm drain system consists of approximately 78 miles of underground pipes, manholes, catch basins and cross-drains. The stormwater infrastructure is over 80 years old and needs substantial rehabilitation. The backlog of projects includes include: rehabilitation of piping reaches; elimination of rising groundwater flooding issues; replacement of deteriorated drain inlets and piping; major cleaning of the primary storm collectors in the lower Berkeley drainage watersheds; and replacement of street cross drains.

In 2012, City Council adopted the City's Watershed Management Plan (WMP)[11]. The WMP establishes an integrated and sustainable strategy for managing urban water resources that addresses water quality, flooding, and the preservation of local creek habitats and the San Francisco Bay using multi-objective approaches where possible. Through modeling and analysis, the WMP also identifies capital improvement projects and projected revenue needs for all City watersheds. According to the Watershed Management Plan, the total unfunded need of the stormwater system is approximately $204 million, and $37 million over the next five years. This includes $5 million in unfunded maintenance needs and $32 million for projected capital improvement projects.

The City currently allocates approximately $200,000 in annual capital funding to the storm drain system. This revenue is generated by Clean Stormwater fees assessed to owners of real property that contribute to stormwater runoff and use the City's storm drain system for collection and conveyance. The Clean Stormwater fees have not been increased since they were established in the early 1990's. This funding only provides for minor capital and maintenance work and some emergency storm drain response efforts. In addition, the City also receives $269,000 annually from the University of California as part of a Long Range Development Plan agreement. Annual projected expenditures to maintain the system, including capital replacements to the aging storm drains, storm support and maintenance of the new Green Infrastructure projects currently being installed, exceed the available revenues. The Program has in the past relied on General Fund support, $700,000 annually, to address shortfalls in capital expenditures and application of established Best Management Practices in the Public Works Operations Division. This General Fund contribution ended in FY 2013. In the FY18-22 Capital Plan, Measure M funding is being considered to supplement the Clean Stormwater fee funding for eligible green infrastructure projects that will reduce flooding and improve water quality measures.

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[11] See http://www.cityofberkeley.info/Clerk/City_Council/2012/10Oct/Documents/2012-10-30_Item_20_Watershed_Management_Plan.aspx

f. Traffic Signals

The City currently has 139 traffic signals which are maintained by Public Works Department. Due to underfunding, a backlog of capital improvement work has grown, preventing the signals from being kept up to date. As a result there are deficiencies at many intersections throughout the city, including lack of detection devices, lack of pedestrian push buttons, and lack of battery backup for signal controllers in case of power outage. Since 2014, an annual budget of $50,000 has been allocated for improvement of the traffic signals, and the City has begun to address the deficiencies.

Attachment **3** contains the budget and projected funding needs for the City's facilities and assets described above.

a. **Information Technology Infrastructure**

Technology infrastructure presents unique challenges with respect to forecasting long term requirements because technology evolves quickly compared to other types of infrastructure. The City's needs in terms of network bandwidth, data storage, and wireless devices may be dramatically different in the future than they are today. Additionally, unlike traditional infrastructure replacement projects which can be done incrementally and some technology tools require a large upfront investment to implement but cost significantly less to upgrade as the technology becomes more common. City staff currently use and maintain a vast technology infrastructure to provide services to the community each day. The current information technology infrastructure will expand as the City uses more technology tools to gain efficiencies.

Currently, the City's PC inventory comprises 1,215 desktops, 238 laptops, 93 tablets, and 87 Public Safety MDTs (Mobile Data Terminals). In FY 2003, the City's server infrastructure comprised 93 Physical servers (13 for email), with each server supporting a single software application. Currently, the City runs 35 Physical servers (4 virtual for email), 183 virtual servers as a result of Virtualization and thus reducing carbon footprint and resulted in energy efficiencies. Further, since 2000, the City has operated a fiber optic network in several downtown locations. City Network Infrastructure runs over 190 routers, switches, and access points that connect the City's 42 service locations.

In FY 2008, the City centralized personal computer (PC) purchasing and instituted a capital replacement program requiring departments to set aside money every year for desktop PCs, enterprise desktop software, and for servers. Because a capital replacement fund was established, the City's PC inventory is a funded liability and the server inventory is an underfunded liability (See Attachment 4). In FY 2015 the City established a replacement fund for our core enterprise financial system, FUND$, based on the timing and replacement costs reported in the FUND$ Status Report[12]

In FY 2016, the City released an RFP to identify a vendor and product to replace FUND$. In FY 2017, the City assembled a team of subject matter experts from across the organization to lead the implementation process of the new software with a focus on change management and process improvement. The team completed the evaluation process and selected a vendor to propose to Council. The team is also charged with replacing additional modules utilized in FUND$ that are not core financial or HR/Payroll. This will occur in subsequent years and are detailed in a council presentation.

In FY 2016, the City established a replacement fund for the citywide telephone system, estimating a ten year replacement cycle. Staff is planning to replace the handsets at the five year mark, as the current handsets are already one generation behind. Annual maintenance cost for the VOIP system has increased to $65,000 (See Attachment 4). These replacement funds serve as a useful comparison to other technology infrastructure categories.

In FY 2017, the City upgraded its Microsoft Office software licenses to enable video conferencing and Office 365 capabilities. Implementation will occur in early 2017, and will improve access to data and files from any location thus increasing employee efficiencies. These upgraded licenses also provided more reliable security, and will help enhance the disaster recovery process, which is designed to allow email to be accessible on mobile devices should City Hall be impacted in a disaster. Investment decisions will prioritize initiatives that achieve the best performance outcomes and greatest benefit so funding and other resources currently dedicated to operations and maintenance efforts can be recapitalized and invested in modernization efforts

The table in Attachment 4 is the current 5 year projection of the funded and underfunded status of the City's information technology infrastructure. While some infrastructure components have been funded via annual contributions through replacement funds, others have not. Of the five categories listed, network equipment remains underfunded and without a replacement fund to support this liability.

[12] http://www.ci.berkeley.ca.us/uploadedFiles/Clerk/Level_3_-_City_Council/2010/06Jun/2010-06-01_Item_54_FUND__Status_Report.pdf

Options to Address Long Term Retirement and Infrastructure Costs

The City continues to consider how to prioritize expenditures to address some of its long term obligations in order to maintain a healthy future. In addition to increasing revenue, some expenditures, such as the Safety Members Pension Fund subsidy, are projected to decrease in the future. Council has adopted several fiscal policies to begin to address the City's unfunded liabilities.

- Transfer Tax in excess of $10.5 million will be treated as one-time revenue to be used for the City's capital infrastructure needs.

- As the General Fund subsidy to the Safety members Pension Fund declines over the next several years, the amount of the annual decrease will be used to help fund the new Police Employee Retiree health Plan.

In addition, Berkeley voters passed several bond measures to improve the City's infrastructure, including Measure F for parks, Measure M for streets, and most recently Measure T1 which authorized the City to sell $100 million of General Obligation Bonds to repair, renovate, replace or reconstruct the City's aging infrastructure and facilities.

Staff is also working with the City's actuary, Bartell Associates, LLC, to identify other cost effective methods to reduce our unfunded liabilities, including making longer term investments to generate a higher rate of return, increasing the annual other post-employment benefits (OPEB) contribution, and establishing a dedicated trust for pension benefits. We plan to invite the actuary to present additional information to Council as part of the FY 2018 and FY 2019 biennial budget process.

General Fund Revenue Projections

As noted in the introduction, when this report was originally presented in 2013, members of the City Council requested that staff include long-term revenue projections in the next biennial report, in addition to the expenditure projections identified in Council Resolution No. 65,748-N.S. The intent was to present a more complete and informative forecast, and provide a better long-term perspective on Berkeley's ability to achieve financial stability through future economic cycles. Staff has developed a model for revenue projections, assisted by consultants who are familiar with the City's historical revenue growth and economic conditions that have impacted that growth. The projections presented in this report are limited to the General Fund as those funds are the most discretionary in terms of allocation, and also highly subject to economic conditions. The General Fund typically comprises about one-half of the City's total budget; the remainder of the budget consists of various Special Funds which are restricted in purpose (e.g. Zero Waste, Permit Center, Sewer, Public Health, and Mental Health).

The chart below provides a summary of total General Fund Revenues projected through FY 2025. Fifty-eight percent (58%) of the City's General Fund revenue is derived from property, transfer, utility and sales taxes. Each major contributing revenue stream is described in more detail below. Additional detail on General Fund Revenue Projections can be found in Attachment 5.

General Fund Revenue Projections											
	FY17 Adopted Budget	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27
Total General Fund Revenues	163.7	170.90	173.5	176.2	179.7	183.2	186.9	190.6	194.3	198.2	202.2

Property Tax

Real Property Taxes are applied to all taxable real and personal property and are set at 1% of the assessed value. Proposition 13 limited the amount that this tax can be increased to no more than 2% each year. The Alameda County Assessor maintains property tax assessment rolls that account for all property. The City's Property Tax is collected by Alameda County. The City receives approximately 32.57% of the real property tax dollar generated within the City limits. (Berkeley receives a comparatively higher share of the property tax dollar than other cities in Alameda County, many of whom receive about 15% of the tax dollar due to the way that Proposition 13 was implemented in 1978.) The projections above assumed a 5.1% increase in property tax in FY 2017, an increase of 4% in FY 2018 and an annual increase averaging about 2% through 2025 based on historical trends. For comparison, Berkeley was one of the only cities in Alameda County to survive the recession without a decrease in real property taxes. During the recession, while Berkeley's property tax growth was smaller than in prior years, it continued to grow (where other cities experienced a decrease).

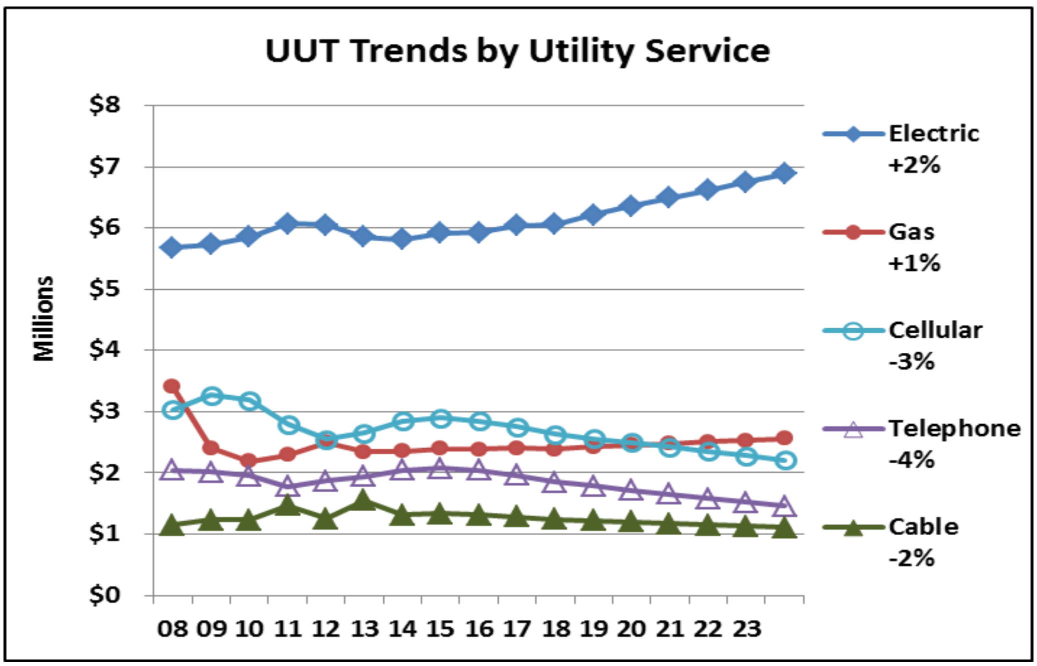
Property Transfer Tax

The Property Transfer Tax rate set by the City of Berkeley is 1.5% of the value of consideration paid for the documented sale of real property or any transfer of interest in real property. The tax is due when the documents of transfer are recorded with the County. Title companies collect the tax as part of the sales closing process, and remit the funds to Alameda County when sales or transfers are finalized. Alameda County remits the amounts due monthly, and the amounts are credited to the General Fund.

Because Property Transfer Tax is tied directly to real property sales, it is a volatile revenue source, and difficult to predict more than one year at a time. Understanding the volatility of this General Fund revenue stream, Council adopted a policy that Transfer Tax in excess of $10.5 million is treated as one-time revenue to be transferred to the Capital Improvement Fund for capital infrastructure needs. Therefore, the amount of Property Transfer Tax included in the chart above is set at the baseline level of $10.5 million annually since any remainder transfers into the Capital Fund.

Utility Users Tax

Utility Users Tax (UUT) is charged at the rate of 7.5% to all users of a given utility (gas, electricity, telephone, cable, and cellular). UUT is Berkeley's 4th largest source of General Fund revenue. Factors that affect the revenue generated by UUT include consumption, PUC rate changes, regulatory actions, evolution of technology and market forces.



SalesTax

Sales Tax is an excise tax imposed on retailers. The proceeds of sales and use taxes imposed within the boundaries of Berkeley are distributed by the State to various agencies, with the City of Berkeley receiving 1% of the amount collected. City staff review sales tax revenues regularly and compares Berkeley's performance with other cities in Alameda County, as well as statewide trends. While sales tax is a relatively stable revenue source for Berkeley, with the exception of FY 2012 when the City saw a

$2 million decline, Berkeley is somewhat unique in that 23.1% of its sales tax is from restaurants compared to 13.2% statewide (SF Bay Area is 14.2%). Berkeley otherwise has a generally well diversified sales tax base that is projected to continue to modestly improve over time, although this revenue source is likely to be affected by an economic contraction anticipated in the next couple of years.

General Fund Expenditures versus General Fund Revenues

One value of producing long term General Fund revenue projections is to compare them against General Fund expenditure projections. Since 77% of the General Fund expenditures are personnel costs, any change in those costs has an impact on the balance between revenues and expenditures. The chart below reflects all currently negotiated impacts to salaries and benefits. The projections in the "Zero Cola" row assume no additional COLA's (Zero COLA) beyond what is currently in negotiated, and compares it with projections based on an assumed COLA of 1%. Labor negotiation begin this fiscal year and future costs are dependent on the outcomes of those discussions. The chart below is offered as a demonstration only and is not a proposal or budget plan.

	General Fund Revenues v.s. Expenditures - Demonstrative Comparison										
	FY17 Adopted Budget	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27
GF Revenues (Baseline)	$ 163.70	$ 170.90	$ 173.50	$ 176.20	$ 179.70	$ 183.20	$ 186.90	$ 190.60	$ 194.30	$ 198.20	$ 202.20
GF Expenditures - Zero COLA	$ 165.12	$ 173.86	$ 176.74	$ 183.00	$ 188.62	$ 194.15	$ 199.64	$ 204.50	$ 210.60	$ 215.35	$ 221.28
GF Expenditures - 1% COLA	$ -	$ 176.81	$ 179.81	$ 186.37	$ 193.22	$ 200.03	$ 206.82	$ 212.97	$ 220.39	$ 226.58	$ 233.70

Not included in the chart above is the almost $1.5 million additional General Fund reserves appropriated by Council as part of the FY 2017 Budget Adoption[13].

As we prepare the FY 2018 and FY 2019 Biennial Budget we are facing a General Fund shortfall even with zero projected COLAs. Staff is working to resolve this shortfall while also minimizing impacts to services. Included in the projections is a proposed change to the Property Transfer Tax operating baseline from $10.5 million to $12.5 million beginning in FY 2018. Even with this increase reflected in the chart above the City faces a $3.0 million shortfall in FY 2018 and a $3.2 million shortfall in FY 2019. Council again will have to make some tough decisions to ensure the fiscal stability of the organization. Not included in the chart above are new revenues from Rental Unit Business License Tax (U1) or corresponding expenditures. Additional information on U1 revenue projections can be found in Attachment 5.

[13] http://records.cityofberkeley.info/Agenda/Meetings/ViewMeeting?id=190&doctype=1 (Items #52a, 52b, and 53)

Controlling expenditures has been, and will continue to be, a necessity in managing the City's budget, and labor costs are a critical factor in that approach. Achieving a sustainable balance of both personnel and non-personnel expenditures against reasonable revenue projections will continue to require close attention to ensure the fiscal stability into the future.

Attachment 5 details the projected General Fund revenues.

CONCLUSION

One of the terms that is often used with respect to the long term obligations that are described above is "unfunded liabilities." Unfunded liabilities are defined as identifiable obligations of an organization for which the organization does not have 100% of the funding (cash or other assets) set aside to cover the cost should all obligations become immediately due. Generally, an organization manages a balance between funding a portion of the entire obligation and the associated risk that the obligation will be due at the same time. This balance is considered the practical and responsible approach since payment demands of these obligations rarely, if ever, occur simultaneously. The alternative would be to 100% fund the obligations causing a great portion of cash to be reserved and not available for providing services or meeting other immediate obligations, needs, or desires of the community. Maintaining a careful balance between cash on hand to fund daily operations and liquidity to cover unfunded liabilities is a key challenge for all governments. With that said, the City's unfunded liabilities tied to benefits and infrastructure total $994 million.

POSSIBLE FUTURE ACTION

The information contained in this report will be referenced throughout the budget planning meetings in advance of the FY 2018 and FY 2019 biennial budget adoption.

FISCAL IMPACTS OF POSSIBLE FUTURE ACTION

See information described above.

ENVIRONMENTAL SUSTAINABILITY

Actions included in the budget will be developed and implemented in a manner that is consistent with the City's environmental sustainability goals and requirements.

CONTACT PERSON

Teresa Berkeley-Simmons, Budget Manager, 981-7000

Attachments:

1. Employee and Retiree Benefits and Unfunded Liabilities
2. City's Debt Obligations
    Exhibit A: General Obligation bonds

Exhibit B: Certificates of Participation
Exhibit C: Revenue Bonds

3. Capital Assets
   Exhibit A: Infrastructure
   Exhibit B: Appraisal of Buildings Valued at $5 million or More
4. Information Technology Infrastructure
5. General Fund Revenues

Attachment 1

Employee and Retiree Benefits and Unfunded Liabilities

(Dollars in Millions)

Fund	Fund Name	Valuation Date	Actuarial Source	Estimated Liability	Plan Assets	Annual Required Contribution	Actual Contribution	Funding Target	Unfunded Liability	% Funded
950	Police Retiree Income Plan (closed)	6/30/2016	Bartel	$ 76.4	$ 6.5	*	$ 1.9	2	$ 69.9	8.6%
903	Police Employee Retiree Health Plan (new)	7/1/2016	Bartel	$ 41.0	$ 1.4	$ 6.0	$ 0.5	2	$ 39.7	3.2%
949	Fire Employees Retiree Health Plan	7/1/2016	Bartel	$ 25.3	$ 9.4	$ 0.9	$ 0.8	1	$ 15.9	37.2%
941-947	Retiree Health Premium Assistance Plan (Non-Safety Members)	7/1/2016	Bartel	$ 55.6	$ 21.0	$ 3.6	$ 1.8	1	$ 34.6	37.8%
875	Worker's Compensation	6/30/2016	Bickmore	$ 30.9	$ 27.4	$ 9.8	$ 9.2	between 75% and 85% confidence level	$ 3.4	88.6%
930	CalPERS - Miscellaneous	6/30/2016	CalPERS	$ 902.2	$ 641.3	**	$ 30.4	1	$ 260.9	71.1%
930	CalPERS - Police	6/30/2016	CalPERS	$ 372.2	$ 226.1	**	$ 14.0	1	$ 146.1	60.8%
930	CalPERS - Fire	6/30/2016	CalPERS	$ 246.7	$ 176.6	**	$ 8.4	1	$ 70.10	71.6%
	TOTAL			**$ 1,750.4**	**$ 1,109.7**	------	**$ 67.2**	------	**$ 640.55**	63.4%

*Since the implementation of GASB67 and 68 the Annual Required Contribution (ARC) is no longer provided. In additional, it is a closed plan and therefore no “Actuarially Determined Contribution” is provided due to no new members and no payroll information.

**Since the implementation of GASB67 and 68 the Annual Required Contribution (ARC) is no longer provided.

Funding Target:

1 - percentage of payroll

2 - pay as you go

Attachment 2 Exhibit A

General Obligation Bonds

	2008 GO- Measure I		2009 Measure FF, Series A		2010 Measure FF, Series B		2014 Measure M (2014 Street and Integrated Watershed)		2015 GO Refunding Bonds (Refunding Measure G, S, I)		Total			
FY	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Annual Total P & I	End of FY GO Bonds Balance
2017	$ 6,290,000	$ 135,388	$ 195,000	$ 469,462.50	$ 365,000	$ 583,506.26	$ 280,000	$ 620,850.00	$ 2,530,000	$ 1,594,837.50	$ 9,660,000	$ 3,404,043.76	$ 13,064,043.76	$ 71,465,000
2018			205,000	463,206.25	380,000	568,606.26	290,000	608,000.00	2,885,000	1,445,925.00	3,760,000	3,085,737.51	6,845,737.51	67,705,000
2019			215,000	455,843.75	395,000	551,131.26	305,000	593,125.00	2,590,000	1,301,837.50	3,505,000	2,901,937.51	6,406,937.51	64,200,000
2020			225,000	447,875.00	415,000	530,881.26	320,000	577,500.00	2,715,000	1,169,212.50	3,675,000	2,725,468.76	6,400,468.76	60,525,000
2021			240,000	436,137.50	435,000	509,631.26	335,000	561,125.00	2,850,000	1,022,962.50	3,860,000	2,529,856.26	6,389,856.26	56,665,000
2022			250,000	420,212.50	460,000	491,856.26	350,000	544,000.00	2,160,000	890,587.50	3,220,000	2,346,656.26	5,566,656.26	53,445,000
2023			265,000	403,475.00	470,000	477,906.26	370,000	526,000.00	2,270,000	779,837.50	3,375,000	2,187,218.76	5,562,218.76	50,070,000
2024			280,000	385,762.50	485,000	462,975.01	385,000	507,125.00	2,380,000	663,587.50	3,530,000	2,019,450.01	5,549,450.01	46,540,000
2025			295,000	367,075.00	500,000	445,093.76	405,000	491,425.00	2,495,000	541,712.50	3,695,000	1,845,306.26	5,540,306.26	42,845,000
2026			310,000	350,512.50	520,000	424,693.76	420,000	478,787.50	2,625,000	413,712.50	3,875,000	1,667,706.26	5,542,706.26	38,970,000
2027			330,000	335,906.25	545,000	403,393.76	430,000	465,237.50	2,760,000	306,687.50	4,065,000	1,511,225.01	5,576,225.01	34,905,000
2028			350,000	320,050.00	565,000	381,193.76	445,000	449,350.00	2,840,000	222,687.50	4,200,000	1,373,281.26	5,573,281.26	30,705,000
2029			365,000	303,156.25	585,000	358,193.76	465,000	431,150.00	1,960,000	150,687.50	3,375,000	1,243,187.51	4,618,187.51	27,330,000
2030			385,000	283,900.00	610,000	334,293.76	480,000	412,250.00	880,000	108,087.50	2,355,000	1,138,531.26	3,493,531.26	24,975,000
2031			410,000	262,037.50	635,000	308,996.88	500,000	392,650.00	305,000	89,931.25	1,850,000	1,053,615.63	2,903,615.63	23,125,000
2032			430,000	238,937.50	660,000	282,287.50	520,000	372,250.00	315,000	79,856.25	1,925,000	973,331.25	2,898,331.25	21,200,000
2033			455,000	215,737.50	690,000	254,443.75	540,000	350,712.50	325,000	69,253.13	2,010,000	890,146.88	2,900,146.88	19,190,000
2034			480,000	192,362.50	715,000	225,465.63	565,000	327,921.88	335,000	57,906.26	2,095,000	803,656.27	2,898,656.27	17,095,000
2035			505,000	167,737.50	745,000	195,353.13	590,000	304,100.01	345,000	46,006.26	2,185,000	713,196.90	2,898,196.90	14,910,000
2036			535,000	141,737.50	780,000	163,412.50	610,000	278,587.51	360,000	33,668.76	2,285,000	617,406.27	2,902,406.27	12,625,000
2037			565,000	113,531.25	810,000	129,625.00	640,000	251,243.76	370,000	20,662.51	2,385,000	515,062.52	2,900,062.52	10,240,000
2038			595,000	83,081.25	845,000	94,456.25	665,000	222,696.88	385,000	6,978.13	2,490,000	407,212.51	2,897,212.51	7,750,000
2039			625,000	51,056.25	880,000	57,800.00	695,000	192,946.88			2,200,000	301,803.13	2,501,803.13	5,550,000
2040			660,000	17,325.00	920,000	19,550.00	725,000	161,884.38			2,305,000	198,759.38	2,503,759.38	3,245,000
2041							760,000	128,925.00			760,000	128,925.00	888,925.00	2,485,000
2042							790,000	94,050.00			790,000	94,050.00	884,050.00	1,695,000
2043							830,000	57,600.00			830,000	57,600.00	887,600.00	865,000
2044							865,000	19,462.50			865,000	19,462.50	884,462.50	-
Grant Total	$ 6,290,000	$ 135,388	$ 9,170,000	$ 6,926,118.75	$ 14,410,000	$ 8,254,747.03	$ 14,575,000	$ 10,420,956.30	$ 36,680,000	$ 11,016,625.05	$ 81,125,000	$ 36,753,834.63	$ 117,878,834.63	

Attachment 2 Exhibit B

Certificates of Participation

FY	2010 COP Animal Shelter Principal	2010 COP Animal Shelter Interest	Total Annual P & I	End of FY COPs Balance
2017	$ 110,000	$ 297,637.50	$ 407,637.50	$ 5,235,000
2018	110,000	292,962.50	402,962.50	5,125,000
2019	115,000	287,912.50	402,912.50	5,010,000
2020	120,000	282,612.50	402,612.50	4,890,000
2021	125,000	276,800.00	401,800.00	4,765,000
2022	135,000	270,106.25	405,106.25	4,630,000
2023	140,000	262,200.00	402,200.00	4,490,000
2024	150,000	253,862.50	403,862.50	4,340,000
2025	155,000	245,093.75	400,093.75	4,185,000
2026	165,000	235,893.75	400,893.75	4,020,000
2027	175,000	226,118.75	401,118.75	3,845,000
2028	185,000	215,768.75	400,768.75	3,660,000
2029	195,000	204,843.75	399,843.75	3,465,000
2030	210,000	193,200.00	403,200.00	3,255,000
2031	220,000	180,837.50	400,837.50	3,035,000
2032	235,000	167,756.25	402,756.25	2,800,000
2033	245,000	153,956.25	398,956.25	2,555,000
2034	260,000	139,437.50	399,437.50	2,295,000
2035	275,000	124,056.25	399,056.25	2,020,000
2036	290,000	107,812.50	397,812.50	1,730,000
2037	310,000	90,562.50	400,562.50	1,420,000
2038	325,000	72,306.25	397,306.25	1,095,000
2039	345,000	53,043.75	398,043.75	750,000
2040	365,000	32,631.25	397,631.25	385,000
2041	385,000	11,068.75	396,068.75	-
Grand Total	$ 5,345,000	$ 4,678,481.25	$ 10,023,481.25	

Attachment 2 Exhibit C

Revenue Bonds

	1998 Pension Bonds		2012 Refunding Lease Revenue Bonds		Total			
FY	Principal	Interest	Principal	Interest	Principal	Interest	Annual Total P & I	End of FY Rev Bonds Balance
2017	$ 270,000	$ 26,000	$ 1,160,000	$ 971,912.50	$ 1,430,000	$ 997,912.50	$ 2,427,912.50	$ 23,280,000
2018	250,000	12,500	1,210,000	924,512.50	1,460,000	937,012.50	2,397,012.50	21,820,000
2019			1,255,000	875,212.50	1,255,000	875,212.50	2,130,212.50	20,565,000
2020			1,310,000	823,912.50	1,310,000	823,912.50	2,133,912.50	19,255,000
2021			1,370,000	763,462.50	1,370,000	763,462.50	2,133,462.50	17,885,000
2022			1,440,000	693,212.50	1,440,000	693,212.50	2,133,212.50	16,445,000
2023			1,505,000	627,112.50	1,505,000	627,112.50	2,132,112.50	14,940,000
2024			1,565,000	557,887.49	1,565,000	557,887.49	2,122,887.49	13,375,000
2025			1,650,000	477,512.50	1,650,000	477,512.50	2,127,512.50	11,725,000
2026			1,730,000	393,012.50	1,730,000	393,012.50	2,123,012.50	9,995,000
2027			1,825,000	304,137.50	1,825,000	304,137.50	2,129,137.50	8,170,000
2028			1,890,000	230,162.50	1,890,000	230,162.50	2,120,162.50	6,280,000
2029			1,960,000	171,187.50	1,960,000	171,187.50	2,131,187.50	4,320,000
2030			1,370,000	119,156.25	1,370,000	119,156.25	1,489,156.25	2,950,000
2031			1,450,000	74,187.50	1,450,000	74,187.50	1,524,187.50	1,500,000
2032			1,500,000	25,312.50	1,500,000	25,312.50	1,525,312.50	0
Grand Total	$ 520,000	$ 38,500	$ 24,190,000	$ 8,031,893.74	$ 24,710,000	8,070,393.74	88,737,778.67	

Capital Asset Infrastructure

Attachment 3

		FY 2018 Year 1	FY 2019 Year 2	FY 2020 Year 3	FY 2021 Year 4	FY 2022 Year 5	Total Year 1- 5
Parks, Park Buildings, Pools, Waterfront, and Camps							
Available Funding[1]		$1,650,000	$1,650,000	$1,650,000	$1,650,000	$1,650,000	$8,250,000
Expenditures		$1,650,000	$1,650,000	$1,650,000	$1,650,000	$1,650,000	$8,250,000
Capital & Maint. Need [2]	$96,582,000						
Unfunded Liability		($96,830,640)	($97,084,253)	($97,342,938)	($97,606,797)	($97,875,933)	($97,875,933)
Public Buildings							
Available Funding		$800,000	$800,000	$800,000	$800,000	$800,000	$4,000,000
Expenditures		$800,000	$800,000	$800,000	$800,000	$800,000	$4,000,000
Capital & Maint. Need	$33,581,000						
Unfunded Liability		($33,436,620)	($33,289,352)	($33,139,139)	($32,985,922)	($32,829,641)	($32,829,641)
Streets & Roads [3]							
Available Funding		$11,915,000	$7,102,000	$4,580,000	$4,580,000	$4,580,000	$32,757,000
Expenditures		$11,915,000	$7,102,000	$4,580,000	$4,580,000	$4,580,000	$32,757,000
Capital & Maint. Need	$124,500,000						
Unfunded Liability		($114,836,700)	($109,889,394)	($107,415,582)	($104,892,294)	($102,318,539)	($102,318,539)
Sewers							
Available Funding		$11,475,445	$12,834,394	$13,339,489	$15,741,291	$14,610,475	$68,001,094
Expenditures		$11,475,445	$12,834,394	$13,339,489	$15,741,291	$14,610,475	$68,001,094
Capital & Maint. Need	$100,000,000						
Unfunded Liability		($90,295,046)	($79,009,865)	($66,983,784)	($52,267,343)	($38,410,005)	($38,410,005)
Storm Drains							
Available Funding		$1,200,000	$200,000	$200,000	$200,000	$200,000	$2,000,000
UC LRDP Payment (CIP ONLY)		$276,847	$285,152	$293,707	$302,518	$311,594	$1,469,818
Expenditures		$1,476,847	$485,152	$493,707	$502,518	$511,594	$3,469,818
Capital & Maint. Need	$104,000,000						
Unfunded Liability		($104,573,616)	($106,170,233)	($107,790,056)	($109,433,289)	($111,100,129)	($111,100,129)
Traffic Signals							
Available Funding		$50,000	$50,000	$50,000	$50,000	$50,000	$250,000
Expenditures		$50,000	$50,000	$50,000	$50,000	$50,000	$250,000
Capital & Maint. Need	$7,444,000						
Unfunded Liability		($7,541,880)	($7,641,718)	($7,743,552)	($7,847,423)	($7,953,371)	($7,953,371)
TOTAL							
Available Funding		$27,090,445	$22,636,394	$20,619,489	$23,021,291	$21,890,475	$115,258,094
Expenditures		$27,367,292	$22,921,546	$20,913,196	$23,323,809	$22,202,069	$116,727,912
T1 Funding: $100M Infrastructure Bond[4]		$8,330,000	$8,330,000	$8,330,000	$8,330,000	$8,330,000	$41,650,000
Capital & Maint. Need	$466,107,000						
Unfunded Liability		($439,017,902)	($416,546,714)	($395,634,452)	($371,893,332)	($348,799,130)	($348,799,130)

(1) Unless otherwise noted, available funding includes recurring sources of capital and major maintenance funding.

(2) Capital & Maint. Needs are current estimates of unfunded needs. Needs are estimated to increase at a rate of 2% per year.

(3) Available funding in FY 2018 includes anticipated use of Measure M

(4) The $100 million in bond expenditures are estimated to be equally distributed over 12 years, ($8.33 million/year). This chart shows the first five years of bond funding.

Appraisal of Buildings Valued at $5 million or More			
Address	**Sq. Feet**	**Year Built**	**Total Value**
1125 UNIVERSITY AVENUE	9,300	2013	7,158,319
1170 THE ALAMEDA	9,555	1936	6,469,813
1326 ALLSTON WAY	4,100	1945	478,700
1326 ALLSTON WAY	11,277	1965	1,718,259
1326 ALLSTON WAY	2,939	2006	525,504
1326 ALLSTON WAY	2,405	1970	483,410
1326 ALLSTON WAY	8,126	2010	4,737,434
1326 ALLSTON WAY	4,000	1940	578,186
1326 ALLSTON WAY	774	1940	102,718
1326 ALLSTON WAY	4,320	1980	947,773
1326 ALLSTON WAY	2,900	1988	478,396
1326 ALLSTON WAY	72	1975	13,333
1326 ALLSTON WAY	864	1955	189,525
1326 ALLSTON WAY	240	1975	70,703
1326 ALLSTON WAY	864	1975	71,998
1901 HEARST AVENUE	20,880	1977	5,552,932
1901 RUSSELL STREET	8,700	2013	6,387,881
1931 CENTER STREET	33,254	1923	6,077,272
1947 CENTER STREET	112,798	1947	44,399,320
2025 ADDISON STREET	24,893	2000	6,195,409
2025 AND 2033 CENTER STREET	140,720	1955	9,046,835
2090 KITTREDGE STREET (FRONT)	102,000	1931	60,266,755
2100 MARTIN LUTHER KING JR WAY	60,108	2000	24,819,176
2180 MILVIA STREET	89,075	1940	34,334,706
2438 DURANT AVENUE/CHANNING AVENUE	186,890	1990	13,909,976
2940 BENVENUE AVENUE	8,110	1924	5,133,030
1 BOLIVAR DRIVE	11,700	2013	9,632,473
2165 KITTREDGE STREET	42,128	2009	6,269,102
1011 FOLGER AVENUE	8,021	2011	11,335,542
VARIOUS LOCATIONS	0		27,953,056
2134 MARTIN LUTHER KING JR. WAY	38,400	1908	16,084,328
		TOTAL	$311,421,864

Unfundedilities Liabilities for IT Infrastructure FY17-FY21 **Attachment 4**

	Year 1 2017	Year 2 2018	Year 3 2019	Year 4 2020	Year 5 2021	Total
1. Desktop Computers - Average Annual Costs for Replacement Cycle 5 Years						
Available Funding	*$145,000*	*$145,000*	*$145,000*	*$145,000*	*$145,000*	***$725,000***
Infrastructure Need	$145,800	$145,800	$145,800	$145,800	$145,800	**$729,000**
Unfunded Liability	($800)	($800)	($800)	($800)	($800)	**($4,000)**
2.Telephones - Average Annual Costs for Replacement Cycle 10 Years						
Available Funding[1]	*$153,000*	*$153,000*	*$153,000*	*$153,000*	*$153,000*	***$765,000***
Infrastructure Need	$75,000	$75,000	$75,000	$75,000	$75,000	**$375,000**
Handset Replacement[2]	$23,000	$23,000	$23,000	$23,000	$23,000	**$115,000**
Maintenance	$65,000	$65,000	$65,000	$65,000	$65,000	**$325,000**
Unfunded Liability	($10,000)	($10,000)	($10,000)	($10,000)	($10,000)	**($50,000)**
3. Servers - Average Annual Costs for Replacement Cycle 5 Years						
Available Funding	*$121,400*	*$121,400*	*$121,400*	*$121,400*	*$121,400*	***$607,000***
Infrastructure Need	$121,400	$121,400	$121,400	$121,400	$121,400	**$607,000**
Unfunded Liability	$0	$0	$0	$0	$0	**$0**
4. Network - Average Annual Costs for Replacement Cycle 7 Years						
Available Funding	*$65,000*	*$175,522*	*$175,522*	*$175,522*	*$175,522*	***$767,088***
Infrastructure Need	$65,000	$175,522	$175,522	$175,522	$175,522	**$767,088**
Unfunded Liability	$0	$0	$0	$0	$0	$0
5. Software Annual Costs						
Available Funding	*$138,000*	*$138,000*	*$138,000*	*$138,000*	*$138,000*	***$690,000***
Desktop Computers[4]	$416,000	$416,000	$416,000	$416,000	$416,000	**$2,080,000**
Servers	$122,500	$122,500	$204,620	$204,620	$204,620	**$858,860**
Infrastructure[5]	$472,600	$472,600	$472,600	$472,600	$472,600	**$2,363,000**
Unfunded Liability	($873,100)	($873,100)	($955,220)	($955,220)	($955,220)	**($4,611,860)**
Total:	**($883,900)**	**($883,900)**	**($966,020)**	**($966,020)**	**($966,020)**	**($4,665,860)**

[1] established a ten year replacement fund in FY17 for VOIP to be replaced in FY2026

[2] estimating handset replacement after five years

[3] maintenance changed from $55,000 to $65,000

[4] Microsoft Enterprise Agreement (EA) for Office, Visio, Project which will be renegotiated for FY2020

[5] Operational backend infrastructure software maintenance

Attachment 5

General Fund Revenues

10 YEARS General Fund Revenue Projections											
FY 2017 Through FY 2027											
	ADOPTED FY 2017	**PROJECTED FY 2018**	**PROJECTED FY 2019**	**PROJECTED FY 2020**	**PROJECTED FY 2021**	**PROJECTED FY2022**	**PROJECTED FY2023**	**PROJECTED FY2024**	**PROJECTED FY2025**	**PROJECTED FY2026**	**PROJECTED FY2027**
Secured Property Taxes	$48,715,854	$49,968,636	$50,718,165	$51,478,938	$52,508,516	$53,558,687	$54,629,860	$55,722,458	$56,836,907	$57,973,645	$59,133,118
Unsecured Property Taxes	$2,936,296	$2,767,684	$2,809,200	$2,851,338	$2,908,364	$2,966,532	$3,025,862	$3,086,380	$3,148,107	$3,211,069	$3,275,291
Supplemental Taxes	$843,422	$1,100,000	$1,116,500	$1,133,248	$1,155,912	$1,179,031	$1,202,611	$1,226,664	$1,251,197	$1,276,221	$1,301,745
Property Transfer Taxes	$10,500,000	$12,500,000	$12,500,000	$12,500,000	$12,500,000	$12,500,000	$12,500,000	$12,500,000	$12,500,000	$12,500,000	$12,500,000
Sales Taxes	$17,801,700	$18,000,000	$18,522,000	$19,059,138	$19,611,853	$20,180,597	$20,765,834	$21,368,043	$21,987,716	$22,625,360	$23,281,496
Utility Users Taxes	$14,291,500	$14,282,375	$14,496,610	$14,714,059	$15,008,341	$15,308,507	$15,614,678	$15,926,971	$16,245,510	$16,570,421	$16,901,829
Transient Occupancy Taxes	$7,152,440	$7,969,633	$8,089,178	$8,210,515	$8,374,726	$8,542,220	$8,713,065	$8,887,326	$9,065,073	$9,246,374	$9,431,301
Business License Taxes	$16,483,200	$18,451,191	$18,727,959	$19,008,878	$19,389,056	$19,776,837	$20,172,374	$20,575,821	$20,987,338	$21,407,084	$21,835,226
Vehicle In Lieu Taxes	$10,269,057	$10,320,402	$10,475,208	$10,632,336	$10,844,983	$11,061,883	$11,283,120	$11,508,783	$11,738,959	$11,973,738	$12,213,212
Soda Tax	$1,600,000	$1,721,456	$1,747,278	$1,773,487	$1,808,957	$1,845,136	$1,882,039	$1,919,680	$1,958,073	$1,997,235	$2,037,180
Parking Fines-rRegula	$6,817,500	$6,299,322	$6,393,811	$6,489,719	$6,619,513	$6,751,903	$6,886,941	$7,024,680	$7,165,174	$7,308,477	$7,454,647
Parking Fines-Booting	$200,000	$204,000	$207,060	$210,166	$214,369	$218,657	$223,030	$227,490	$232,040	$236,681	$241,415
Moving Violations	$235,069	$239,770	$243,367	$247,017	$251,958	$256,997	$262,137	$267,380	$272,727	$278,182	$283,745
Interest Income	$2,200,000	$2,211,000	$2,244,165	$2,277,827	$2,323,384	$2,369,852	$2,417,249	$2,465,594	$2,514,906	$2,565,204	$2,616,508
Ambulance Fees	$4,386,000	$4,473,720	$4,563,194	$4,654,458	$4,747,547	$4,842,498	$4,939,348	$5,038,135	$5,138,898	$5,241,676	$5,346,510
Short Term Rentals	$0	$800,000	$840,000	$882,000	$926,100	$972,405	$1,021,025	$1,072,077	$1,125,680	$1,181,964	$1,241,063
Franchise Fees	$1,826,892	$1,955,315	$1,984,644	$2,014,414	$2,054,702	$2,095,796	$2,137,712	$2,180,466	$2,224,076	$2,268,557	$2,313,928
Other Revenues	$9,217,761	$9,402,116	$9,543,148	$9,686,295	$9,880,021	$10,077,622	$10,279,174	$10,484,757	$10,694,453	$10,908,342	$11,126,508
Transfers	$8,179,523	$8,220,421	$8,261,523	$8,385,446	$8,553,154	$8,724,218	$8,898,702	$9,076,676	$9,258,209	$9,443,374	$9,632,241
Total Revenues and Transfers	$163,656,214	$170,887,041	$173,483,011	$176,209,280	$179,681,458	$183,229,377	$186,854,762	$190,559,380	$194,345,043	$198,213,603	$202,166,963

Attachment 5

General Fund Revenues