



THE CITY OF
BENICIA
CALIFORNIA

General Fund Five Year Financial Forecast

Fiscal Years
2024/25 through 2028/2029

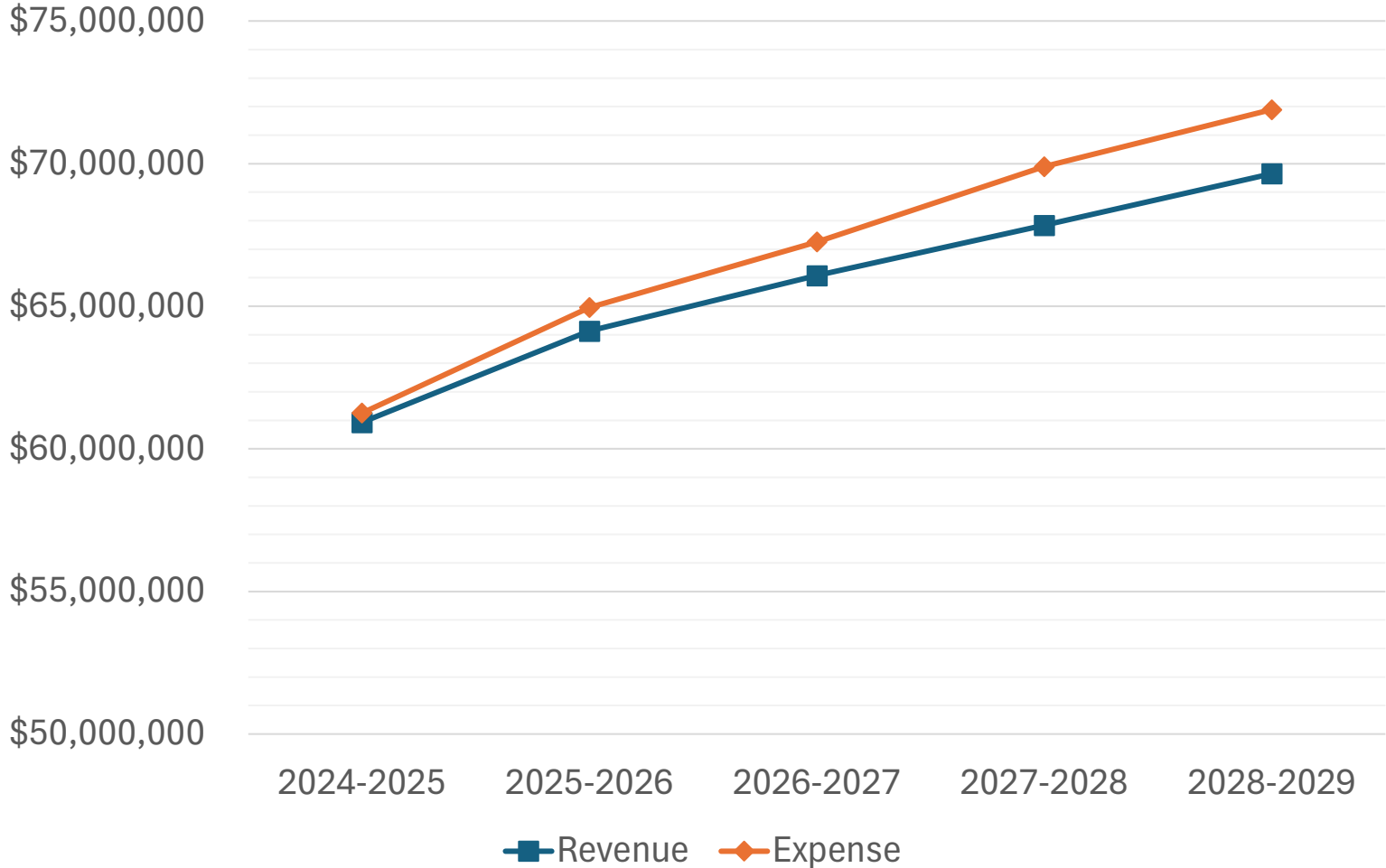
General Fund Financial Forecast

- Purpose
- Results and Methodology
- Key Assumptions
- Economic Environment
- Conclusion
- Questions

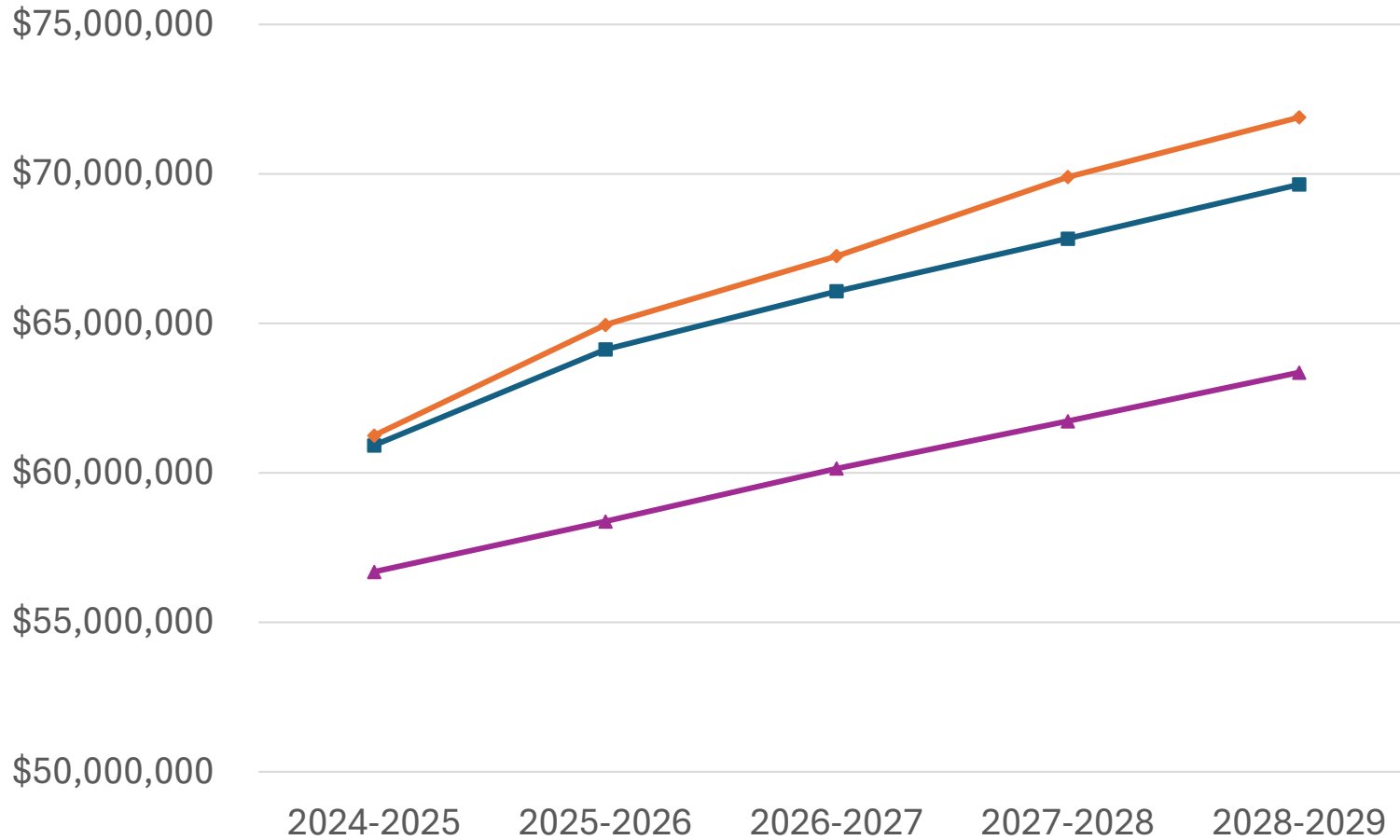
Forecast Purpose

- Identify financial trends
 - External trends impacting City revenue and expenses
 - Internal trends of budget practices and expenditures
- Proactively plan and strategize use of financial resources
- Foundation of budget development

General Fund Forecast

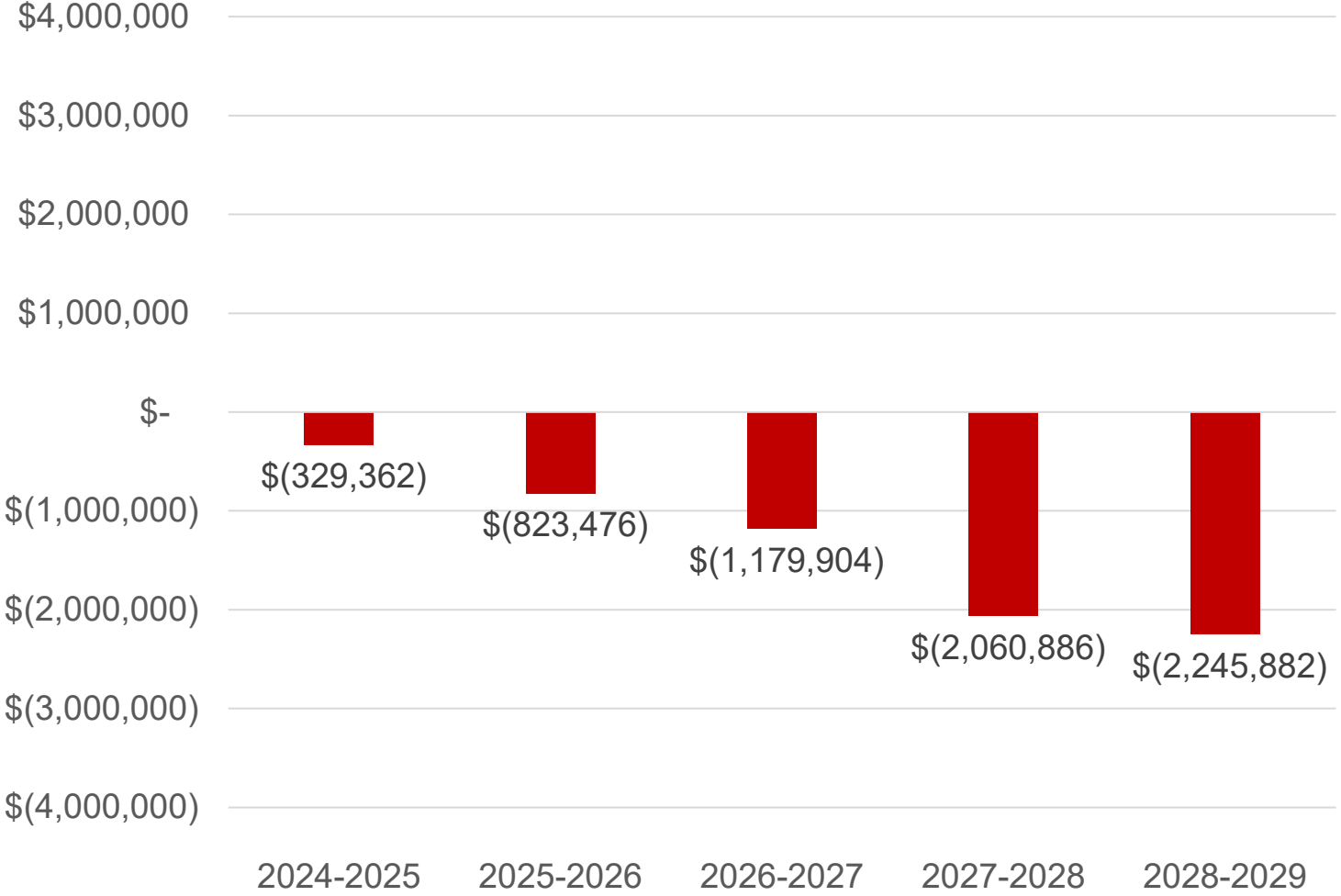


Impact of Measures A & B



—▲— Revenue without A & B —■— Revenue with A & B —◆— Expense

General Fund Surplus / Deficit



Forecast Results

- Projected Deficit of \$0.3 million to \$2.2 million
 - Within estimating accuracy and within bounds of reserve support
 - Additional revenue enhancement, expense reduction and facilitation of development required
- Revenue does not create ability to save for unfunded needs:
 - Employee median wage comparisons
 - Deferred maintenance
 - Capital building and facility improvements
 - Contributions to road maintenance
 - Enforcement actions and unfunded state mandates

Forecast Results

	FY25	FY26	FY27	FY28	FY29
Personnel	38,178,854	40,088,749	41,821,856	43,886,319	45,299,057
Operating	23,076,234	24,866,345	25,436,906	26,013,256	26,596,937
Personnel	62.3%	61.7%	62.2%	62.8%	63.0%
Operating	37.7%	38.3%	37.8%	37.2%	37.0%

Forecast Methodology

- Use of Technology (GovInvest)
 - Consistency in modeling from year to year
 - Strengthen data integrity
 - Validate base year with chart of accounts
 - Professional consultation of assumptions
- Base year: FY24 Revised Budget
- Assumptions developed from data:
 - Market updates from financial consultants
 - Historic trends of actual revenue and expenses
 - Local economic conditions

Key Assumptions

- Does not include
 - Personnel expense reductions from unfilled positions
 - Contributions to facility improvements or roads projects
 - Potential future revenue enhancements (transfer tax, etc.)

- Does include
 - Restoration of Internal Service Fund contributions
 - Workers Compensation: \$0.5 million
 - Equipment & Vehicle Replacement: \$0.8 million
 - Annual Contribution to Pension Trust: \$0.5 million

Key Revenue Assumptions

	FY25	FY26	FY27	FY28	FY29
Property Tax	4%	3.5%	3.5%	2.5%	2.5%
Sales Tax	2.2%	2.8%	3.0%	3.0%	3.0%
Utility User Tax	2%	2%	2%	2%	2%
Business License Tax	2%	2%	2%	2%	2%

Key Expense Assumptions

	FY25	FY26	FY27	FY28	FY29
Salaries	-	3%	3%	3%	3%
PERS UAL	22%	13%	12%	15%	7%
Services Contract / Professional	5%	4%	3%	3%	3%
Liability Insurance	10%	5%	5%	3%	3%
Property Insurance	15%	8%	5%	5%	3%
Fuel	5%	5%	5%	5%	5%

Economic Environment

- Continuing to normalize with emergence from COVID impacts
- Volatility within more narrow bands
 - Inflation
 - Federal Interest Rates
 - Sales Tax: consumer spending
 - Property Tax
- Cautious optimism: no recession forecasted but economic data remains mixed
 - Slower growth rather than receding movements

Conclusion

- Deficits reduced due to community support of Measures A & B
- Continued imbalance between growth of revenue and expenses
- Budget Control Policy is effective tool in managing expenses
- Sustainable future requires revenue enhancements, expense reductions, and facilitation of development
- Risks remain for years outside of forecast parameters
 - Unfunded UAL
 - Building reserves to provide budget flexibility

Questions





Reserves

Reserve Category	Funding Level
Reserve for Fiscal Uncertainty	20% of General Fund Expenses
Commitment for Capital Maintenance	75% of Unassigned Balance
Commitment for Pension	10% of Unassigned Balance
Commitment for Recruitment Retention	5% of Unassigned Balance
Commitment for Sustainability/Community Based Projects	5% of Unassigned Balance
Commitment for Development/General Plan	5% of Unassigned Balance