

# Multi-Year Revenue and Expenditure Forecast Scenarios

# Forecast Scenarios

## Multi-Year Revenue and Expenditure Projections

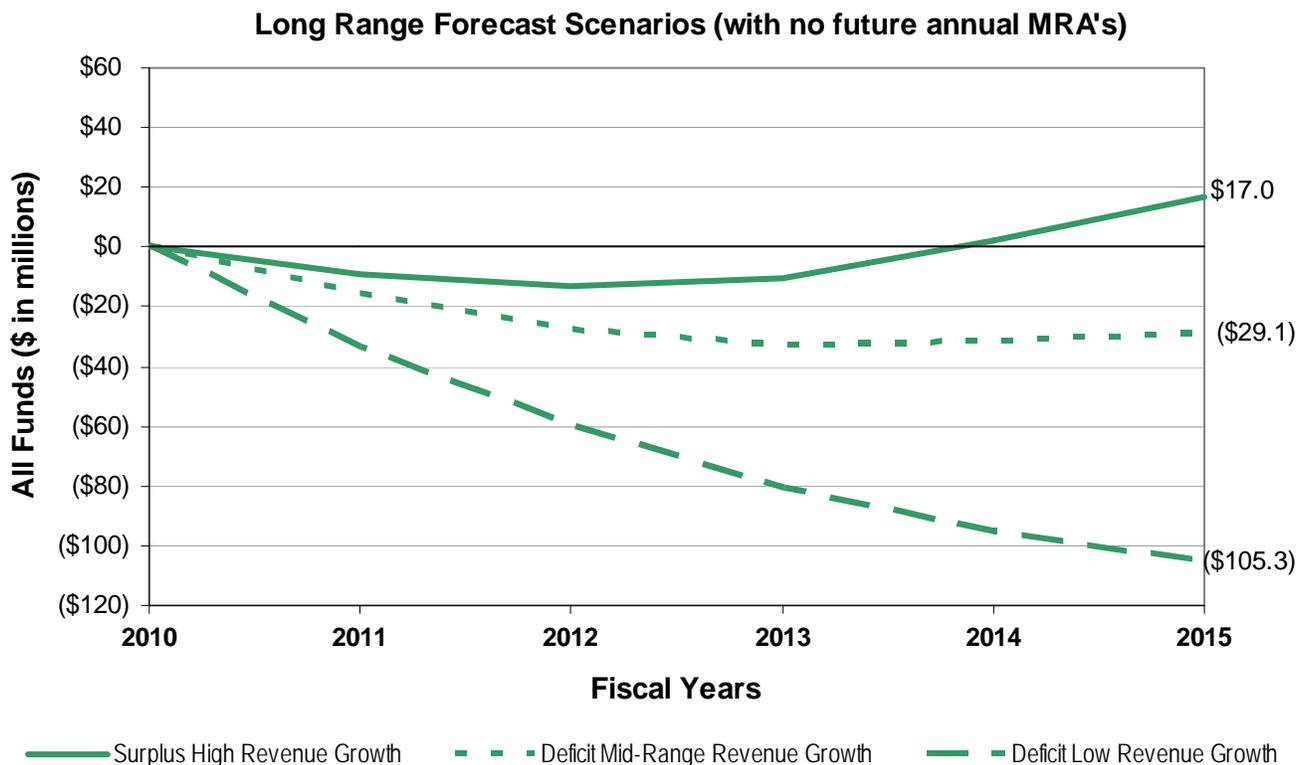
Multi-year revenue and expenditure projections have been developed as estimates of future City surpluses and shortfalls in order to examine how decisions made in the current budget could affect the City's future financial situation in a variety of potential revenue scenarios.

The tables on the following pages show the budget surpluses or shortfalls that would occur over the next six fiscal years as a result of low, medium and high revenue growth scenarios relative to projected expenditures.

The projected surplus or shortfall for the final year of the forecast, FY 2015, ranges from a \$105.3 million shortfall in the low growth scenario to over a \$17.0 million surplus in the high growth scenario. This represents over a 16% band in comparison to the total FY 2015 expenditure budget estimate of \$752 million. The mid range scenario shows a \$29.1 million shortfall in FY 2015. As a result, the conclusion one can reach is that the City's budget, based upon current services and policies, tax rates, tax structure, and planned CIP funding, is in long-term structural balance only in the high revenue growth scenario. This situation will require careful financial management and sound financial policy decision making. Also, alternatives to promote sustainable economic development will be critical to keeping the City's finances sound over the long term.

It should be noted that the City is required to adopt a balanced budget annually, and that none of the shortfalls projected for the out-years would actually occur. The shortfalls will be eliminated through expenditure reductions, revenue increases (through increased taxes or fees), or a combination of the two. The same is true for any future surplus, in which case taxes would be reduced, the surplus would be budgeted to fund increased services, or both.

The following chart illustrates the estimated surpluses or shortfalls in each of the two scenarios and three revenue change scenarios.



# Forecast Scenarios

## Revenue Growth Scenarios

Three different scenarios of revenue growth have been developed for the period of FY 2010 through FY 2015 based on varying assumptions about the rate of increase for each of the revenue categories listed below. Each scenario is based on FY 2010 tax and fee rates. All projected increases over the next six years are generated by economic growth or the impact of inflation on goods or services that are taxed. In the low growth scenario, steeper declines are assumed in the real estate market and it is assumed to recover very slowly; in the high growth scenario, the real estate downturn is shallower and real estate is expected to recover more quickly.

General Fund Revenue Category	Low Growth	Medium Growth	High Growth
<b>Total Weighted Growth Rate</b>	<b>-0.2%</b>	<b>2.6%</b>	<b>4.1%</b>
Real Estate Property	*	*	*
Personal Property	0.7%	1.4%	3.4%
Penalties & Interest	0%	1%	2%
Local Sales	1%	3%	4%
Utility	2%	3%	4%
Communications Sales & Use	1%	3%	5%
Business License	2%	4%	6%
Motor Vehicle License	1%	2%	3%
Recordation*	1%	3%	6%
Tobacco	1%	2%	3%
Transient Lodging	2%	3%	5%
Restaurant Food	3%	4%	5%
Other Miscellaneous Taxes	1%	2%	3%
Licenses, Permits and Fees	3%	4%	5%
Fines and Forfeitures	0%	1%	2%
Use of Money and Property	0%	1%	2%
Charges for Services	3%	4%	5%
Intergovernmental	0%	3%	5%
Miscellaneous Non-Tax	0%	1%	2%

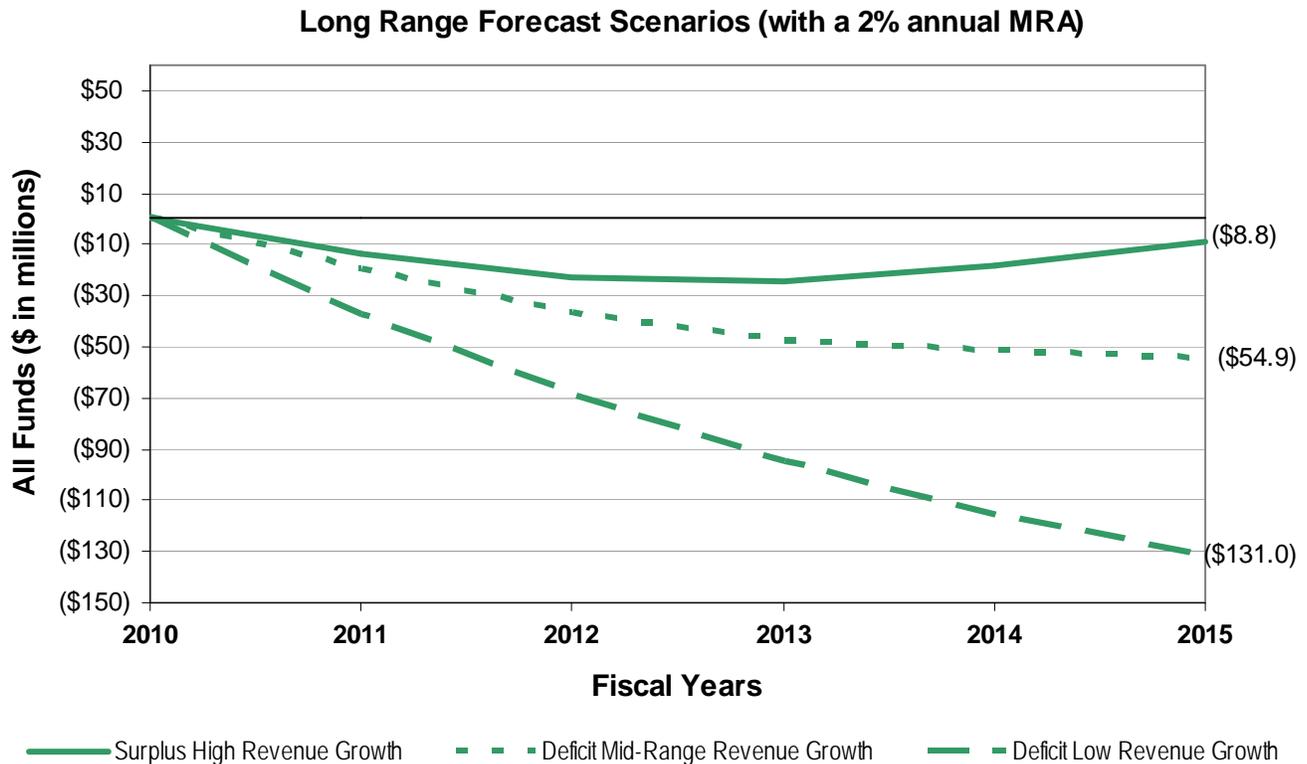
*Real Estate Property tax growth by fiscal year	Low Growth	Medium Growth	High Growth
FY 2011	-7.50%	-2.75%	-1.25%
FY 2012	-3.75%	0.00%	1.25%
FY 2013	-1.25%	3.00%	4.25%
FY 2014	1.25%	5.25%	7.00%
FY 2015	4.25%	6.00%	8.00%

# Forecast Scenarios

## Expenditure Growth Scenarios

The graph on page 2 assumed future expenditures remain constant in each of the three revenue scenarios and assumes that City personnel expenditures will increase by 2.0% annually including no market rate adjustment. School personnel expenditures will increase by 3.0% including no market rate adjustment, non-personnel expenditures will be flat through FY 2010 then will increase annually for both the City and Schools at 3%, and transit subsidy expenditures will increase by 8.0% annually. Cash capital and debt service to fund the Capital Improvements Program (CIP) reflect the amounts planned in the CIP funding summary for all years. Using these assumptions, the overall rate of growth in expenditures is 3.4%.

The graph below is similar to the graph on page 2 in every way except that a 2% annual market rate adjustment is included. Under this scenario, the budget out of long-term balance in all growth forecasts. The average rate of growth if market rate adjustments are included is 4.1%.



# Forecast Scenarios

## Low Growth Scenario

	FY 2010 Proposed	FY 2011 Forecast	FY 2012 Forecast	FY 2013 Forecast	FY 2014 Forecast	FY 2015 Forecast
<b>General Fund</b>						
General property tax revenue						
Real property tax	290,997,724	269,173,000	259,079,000	255,840,000	259,038,000	270,048,000
Personal property tax	31,100,000	31,318,000	31,537,000	31,758,000	31,980,000	32,204,000
Penalties and interest	1,870,000	1,870,000	1,870,000	1,870,000	1,870,000	1,870,000
<b>Total general property tax revenue</b>	<b>323,967,724</b>	<b>302,361,000</b>	<b>292,486,000</b>	<b>289,468,000</b>	<b>292,888,000</b>	<b>304,122,000</b>
Other Local Tax Revenue	116,430,000	118,407,000	120,453,000	122,540,000	124,669,000	126,840,000
Other Non-Tax Revenue	81,287,413	81,838,000	82,406,000	82,991,000	83,593,000	84,213,000
<b>Total General Fund Revenues</b>	<b>521,685,137</b>	<b>502,606,000</b>	<b>495,345,000</b>	<b>494,999,000</b>	<b>501,150,000</b>	<b>515,175,000</b>
<b>Other Financing Sources (Uses)</b>						
Appropriation from Fund Balance for Op. Budget	2,586,907	2,587,000	2,587,000	2,587,000	2,587,000	2,587,000
<b>Total General Fund Revenue &amp; Other Sources</b>	<b>524,272,044</b>	<b>505,193,000</b>	<b>497,932,000</b>	<b>497,586,000</b>	<b>503,737,000</b>	<b>517,762,000</b>
<b>Special Revenues &amp; Other Funds</b>						
Appropriation from Schools Fund Balance	4,355,938	4,356,000	4,356,000	4,356,000	4,356,000	4,356,000
Other Special Revenue (donations/charges)	95,315,037	98,174,000	101,120,000	104,153,000	107,278,000	110,496,000
Sanitary Sewer Fund	7,654,514	7,884,000	8,121,000	8,364,000	8,615,000	8,874,000
Equipment Replacement Fund	4,916,340	5,064,000	5,216,000	5,372,000	5,533,000	5,699,000
<b>Total Special Revenue &amp; Other Funds</b>	<b>112,241,829</b>	<b>115,478,000</b>	<b>118,813,000</b>	<b>122,245,000</b>	<b>125,782,000</b>	<b>129,425,000</b>
<b>Total Revenues, All Funds</b>	<b>636,513,873</b>	<b>620,671,000</b>	<b>616,745,000</b>	<b>619,831,000</b>	<b>629,519,000</b>	<b>647,187,000</b>
<b>Expenditures &amp; Other Uses</b>						
City Personnel						
Salaries	178,208,648	178,209,000	182,678,000	187,237,000	191,886,000	196,629,000
Step Increase (includes effects on fringes)	0	4,469,000	4,559,000	4,650,000	4,743,000	4,838,000
MRA (includes effects on fringes)	0	0	0	0	0	0
Social Security (excludes Step and MRA)	12,759,140	12,759,000	12,759,000	12,759,000	12,759,000	12,759,000
Health Care	19,326,181	20,872,000	22,542,000	24,345,000	26,293,000	28,397,000
Retirement (excludes Step and MRA)	31,436,926	31,437,000	31,437,000	31,437,000	31,437,000	31,437,000
LT Disability & Life Ins. (excludes Step & MRA)	1,057,729	1,058,000	1,058,000	1,058,000	1,058,000	1,058,000
Other Fringe Benefits	649,340	669,000	689,000	710,000	731,000	753,000
<b>Total City Personnel</b>	<b>243,437,964</b>	<b>249,473,000</b>	<b>255,722,000</b>	<b>262,196,000</b>	<b>268,907,000</b>	<b>275,871,000</b>
City Non-personnel	143,670,706	144,562,000	149,501,000	154,636,000	159,977,000	165,535,000
Debt service	37,252,967	38,524,000	43,084,000	47,096,000	48,772,000	54,372,000
Cash capital	700,000	4,700,000	4,700,000	6,700,000	10,700,000	12,700,000
Schools Personnel	176,843,133	182,148,000	187,613,000	193,241,000	199,039,000	205,010,000
Schools Non-personnel	34,609,103	34,609,000	35,647,000	36,717,000	37,818,000	38,953,000
<b>Total Expenditures</b>	<b>636,513,873</b>	<b>654,016,000</b>	<b>676,267,000</b>	<b>700,586,000</b>	<b>725,213,000</b>	<b>752,441,000</b>
<b>Excess/(Shortfall) of Revenues and Other Sources over Expenditures and Other Uses</b>	<b>-</b>	<b>(33,345,000)</b>	<b>(59,522,000)</b>	<b>(80,755,000)</b>	<b>(95,694,000)</b>	<b>(105,254,000)</b>

Note: In reality, the projected deficits would not occur. Actions would be taken to reduce expenditures or increase revenues.

# Forecast Scenarios

## Medium Growth Scenario

	FY 2010 Proposed	FY 2011 Forecast	FY 2012 Forecast	FY 2013 Forecast	FY 2014 Forecast	FY 2015 Forecast
<b>General Fund</b>						
General property tax revenue						
Real property tax	290,997,724	282,995,000	282,995,000	291,485,000	306,788,000	325,195,000
Personal property tax	31,100,000	31,846,000	32,611,000	33,393,000	34,195,000	35,015,000
Penalties and interest	1,870,000	1,889,000	1,908,000	1,927,000	1,946,000	1,965,000
<b>Total general property tax revenue</b>	<b>323,967,724</b>	<b>316,730,000</b>	<b>317,514,000</b>	<b>326,805,000</b>	<b>342,929,000</b>	<b>362,175,000</b>
Other Local Tax Revenue	116,430,000	120,236,000	124,172,000	128,242,000	132,451,000	136,803,000
Other Non-Tax Revenue	81,287,413	83,704,000	86,198,000	88,773,000	91,431,000	94,175,000
<b>Total General Fund Revenues</b>	<b>521,685,137</b>	<b>520,670,000</b>	<b>527,884,000</b>	<b>543,820,000</b>	<b>566,811,000</b>	<b>593,153,000</b>
<b>Other Financing Sources (Uses)</b>						
Appropriation from Fund Balance for Op. Budget	2,586,907	2,587,000	2,587,000	2,587,000	2,587,000	2,587,000
<b>Total General Fund Revenue &amp; Other Sources</b>	<b>524,272,044</b>	<b>523,257,000</b>	<b>530,471,000</b>	<b>546,407,000</b>	<b>569,398,000</b>	<b>595,740,000</b>
<b>Special Revenues &amp; Other Funds</b>						
Appropriation from Schools Fund Balance	4,355,938	4,356,000	4,356,000	4,356,000	4,356,000	4,356,000
Other Special Revenue (donations/charges)	95,315,037	98,063,000	100,894,000	103,809,000	106,812,000	109,905,000
Sanitary Sewer Fund	7,654,514	7,655,000	7,655,000	7,655,000	7,655,000	7,655,000
Equipment Replacement Fund	4,916,340	5,064,000	5,216,000	5,372,000	5,533,000	5,699,000
<b>Total Special Revenue &amp; Other Funds</b>	<b>112,241,829</b>	<b>115,138,000</b>	<b>118,121,000</b>	<b>121,192,000</b>	<b>124,356,000</b>	<b>127,615,000</b>
<b>Total Revenues, All Funds</b>	<b>636,513,873</b>	<b>638,395,000</b>	<b>648,592,000</b>	<b>667,599,000</b>	<b>693,754,000</b>	<b>723,355,000</b>
<b>Expenditures &amp; Other Uses</b>						
City Personnel						
Salaries	178,208,648	178,209,000	182,678,000	187,237,000	191,886,000	196,629,000
Step Increase (includes effects on fringes)	0	4,469,000	4,559,000	4,650,000	4,743,000	4,838,000
MRA (includes effects on fringes)	0	0	0	0	0	0
Social Security (excludes Step and MRA)	12,759,140	12,759,000	12,759,000	12,759,000	12,759,000	12,759,000
Health Care	19,326,181	20,872,000	22,542,000	24,345,000	26,293,000	28,397,000
Retirement (excludes Step and MRA)	31,436,926	31,437,000	31,437,000	31,437,000	31,437,000	31,437,000
LT Disability & Life Ins. (excludes Step & MRA)	1,057,729	1,058,000	1,058,000	1,058,000	1,058,000	1,058,000
Other Fringe Benefits	649,340	669,000	689,000	710,000	731,000	753,000
<b>Total City Personnel</b>	<b>243,437,964</b>	<b>249,473,000</b>	<b>255,722,000</b>	<b>262,196,000</b>	<b>268,907,000</b>	<b>275,871,000</b>
City Non-personnel	143,670,706	144,562,000	149,501,000	154,636,000	159,977,000	165,535,000
Debt service	37,252,967	38,524,000	43,084,000	47,096,000	48,772,000	54,372,000
Cash capital	700,000	4,700,000	4,700,000	6,700,000	10,700,000	12,700,000
Schools Personnel	176,843,133	182,148,000	187,613,000	193,241,000	199,039,000	205,010,000
Schools Non-personnel	34,609,103	34,609,000	35,647,000	36,717,000	37,818,000	38,953,000
<b>Total Expenditures</b>	<b>636,513,873</b>	<b>654,016,000</b>	<b>676,267,000</b>	<b>700,586,000</b>	<b>725,213,000</b>	<b>752,441,000</b>
<b>Excess/(Shortfall) of Revenues and Other Sources over Expenditures and Other Uses</b>	<b>-</b>	<b>(15,621,000)</b>	<b>(27,675,000)</b>	<b>(32,987,000)</b>	<b>(31,459,000)</b>	<b>(29,086,000)</b>

Note: In reality, the projected deficits would not occur. Actions would be taken to reduce expenditures or increase revenues.

<b>PERFORMANCE AGAINST SELECTED DEBT POLICY GUIDELINES</b>						
Debt as a % of Real Property Assessed Value	1.08%	1.14%	1.29%	1.27%	1.26%	1.19%
Debt as a % of Total Personal Income	3.41%	3.38%	3.60%	3.43%	3.38%	3.18%

# Forecast Scenarios

## High Growth Scenario

	FY 2010 Proposed	FY 2011 Forecast	FY 2012 Forecast	FY 2013 Forecast	FY 2014 Forecast	FY 2015 Forecast
<b>General Fund</b>						
General property tax revenue						
Real property tax	290,997,724	285,905,000	289,479,000	301,782,000	322,907,000	348,739,000
Personal property tax	31,100,000	32,500,000	33,962,000	35,490,000	37,087,000	38,756,000
Penalties and interest	1,870,000	1,907,000	1,946,000	1,984,000	2,024,000	2,065,000
<b>Total general property tax revenue</b>	<b>323,967,724</b>	<b>320,312,000</b>	<b>325,387,000</b>	<b>339,256,000</b>	<b>362,018,000</b>	<b>389,560,000</b>
Other Local Tax Revenue	116,430,000	122,079,000	128,012,000	134,245,000	140,792,000	147,671,000
Other Non-Tax Revenue	81,287,413	85,043,000	88,981,000	93,109,000	97,437,000	101,975,000
<b>Total General Fund Revenues</b>	<b>521,685,137</b>	<b>527,434,000</b>	<b>542,380,000</b>	<b>566,610,000</b>	<b>600,247,000</b>	<b>639,206,000</b>
<b>Other Financing Sources (Uses)</b>						
Appropriation from Fund Balance for Op. Budget	2,586,907	2,587,000	2,587,000	2,587,000	2,587,000	2,587,000
<b>Total General Fund Revenue &amp; Other Sources</b>	<b>524,272,044</b>	<b>530,021,000</b>	<b>544,967,000</b>	<b>569,197,000</b>	<b>602,834,000</b>	<b>641,793,000</b>
<b>Special Revenues &amp; Other Funds</b>						
Appropriation from Schools Fund Balance	4,355,938	4,356,000	4,356,000	4,356,000	4,356,000	4,356,000
Other Special Revenue (donations/charges)	95,315,037	98,063,000	100,894,000	103,809,000	106,812,000	109,905,000
Sanitary Sewer Fund	7,654,514	7,655,000	7,655,000	7,655,000	7,655,000	7,655,000
Equipment Replacement Fund	4,916,340	5,064,000	5,216,000	5,372,000	5,533,000	5,699,000
<b>Total Special Revenue &amp; Other Funds</b>	<b>112,241,829</b>	<b>115,138,000</b>	<b>118,121,000</b>	<b>121,192,000</b>	<b>124,356,000</b>	<b>127,615,000</b>
<b>Total Revenues, All Funds</b>	<b>636,513,873</b>	<b>645,159,000</b>	<b>663,088,000</b>	<b>690,389,000</b>	<b>727,190,000</b>	<b>769,408,000</b>
<b>Expenditures &amp; Other Uses</b>						
City Personnel						
Salaries	178,208,648	178,209,000	182,678,000	187,237,000	191,886,000	196,629,000
Step Increase (includes effects on fringes)	0	4,469,000	4,559,000	4,650,000	4,743,000	4,838,000
MRA (includes effects on fringes)	0	0	0	0	0	0
Social Security (excludes Step and MRA)	12,759,140	12,759,000	12,759,000	12,759,000	12,759,000	12,759,000
Health Care	19,326,181	20,872,000	22,542,000	24,345,000	26,293,000	28,397,000
Retirement (excludes Step and MRA)	31,436,926	31,437,000	31,437,000	31,437,000	31,437,000	31,437,000
LT Disability & Life Ins. (excludes Step & MRA)	1,057,729	1,058,000	1,058,000	1,058,000	1,058,000	1,058,000
Other Fringe Benefits	649,340	669,000	689,000	710,000	731,000	753,000
<b>Total City Personnel</b>	<b>243,437,964</b>	<b>249,473,000</b>	<b>255,722,000</b>	<b>262,196,000</b>	<b>268,907,000</b>	<b>275,871,000</b>
City Non-personnel	143,670,706	144,562,000	149,501,000	154,636,000	159,977,000	165,535,000
Debt service	37,252,967	38,524,000	43,084,000	47,096,000	48,772,000	54,372,000
Cash capital	700,000	4,700,000	4,700,000	6,700,000	10,700,000	12,700,000
Schools Personnel	176,843,133	182,148,000	187,613,000	193,241,000	199,039,000	205,010,000
Schools Non-personnel	34,609,103	34,609,000	35,647,000	36,717,000	37,818,000	38,953,000
<b>Total Expenditures</b>	<b>636,513,873</b>	<b>654,016,000</b>	<b>676,267,000</b>	<b>700,586,000</b>	<b>725,213,000</b>	<b>752,441,000</b>
<b>Excess/(Shortfall) of Revenues and Other Sources over Expenditures and Other Uses</b>	<b>-</b>	<b>(8,857,000)</b>	<b>(13,179,000)</b>	<b>(10,197,000)</b>	<b>1,977,000</b>	<b>16,967,000</b>

Note: In reality, the projected deficits would not occur. Actions would be taken to reduce expenditures or increase revenues.

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