



Preliminary Fiscal Outlook for 2018

Study/Budget Issues Workshop
February 16, 2018

Fiscal Outlook Agenda

Overview of the Economy

Major Revenue Overview

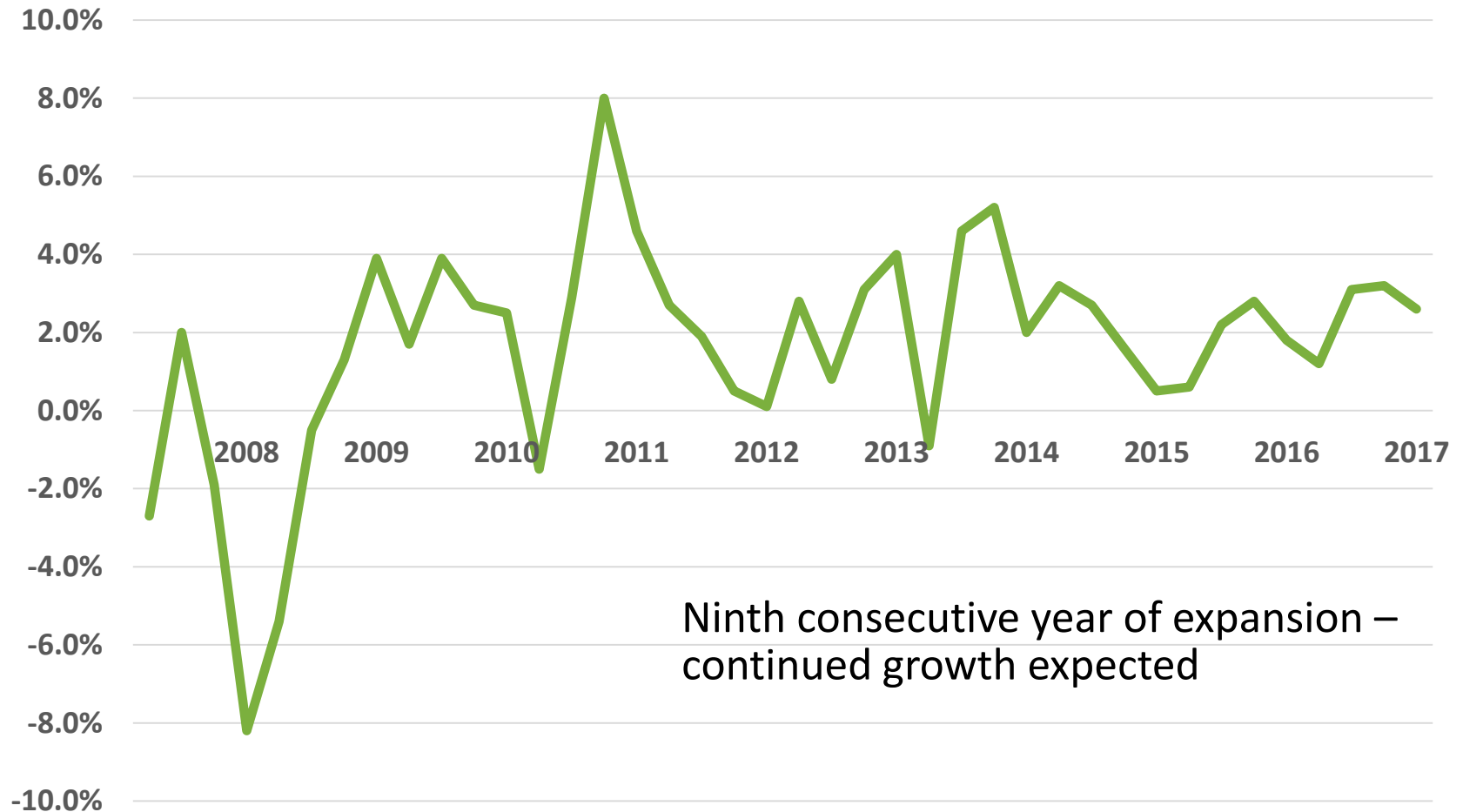
Expenditure Overview

Pension Update

Recommended Budget Approach

Conclusion

Gross Domestic Product Growth 2008 – 2017⁽¹⁾



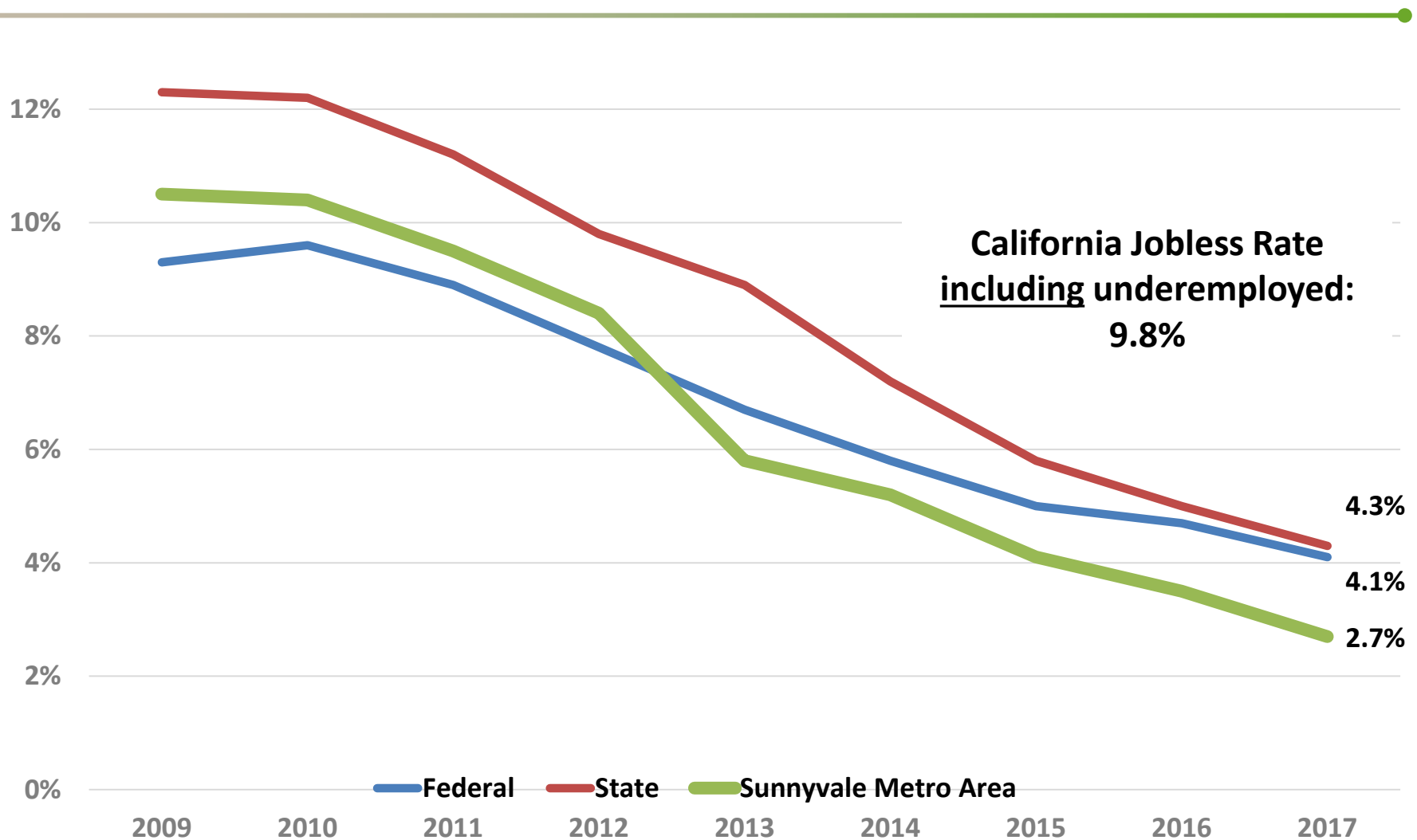
(1) U.S. Department of Commerce

S&P 500 2013 – 2018⁽¹⁾



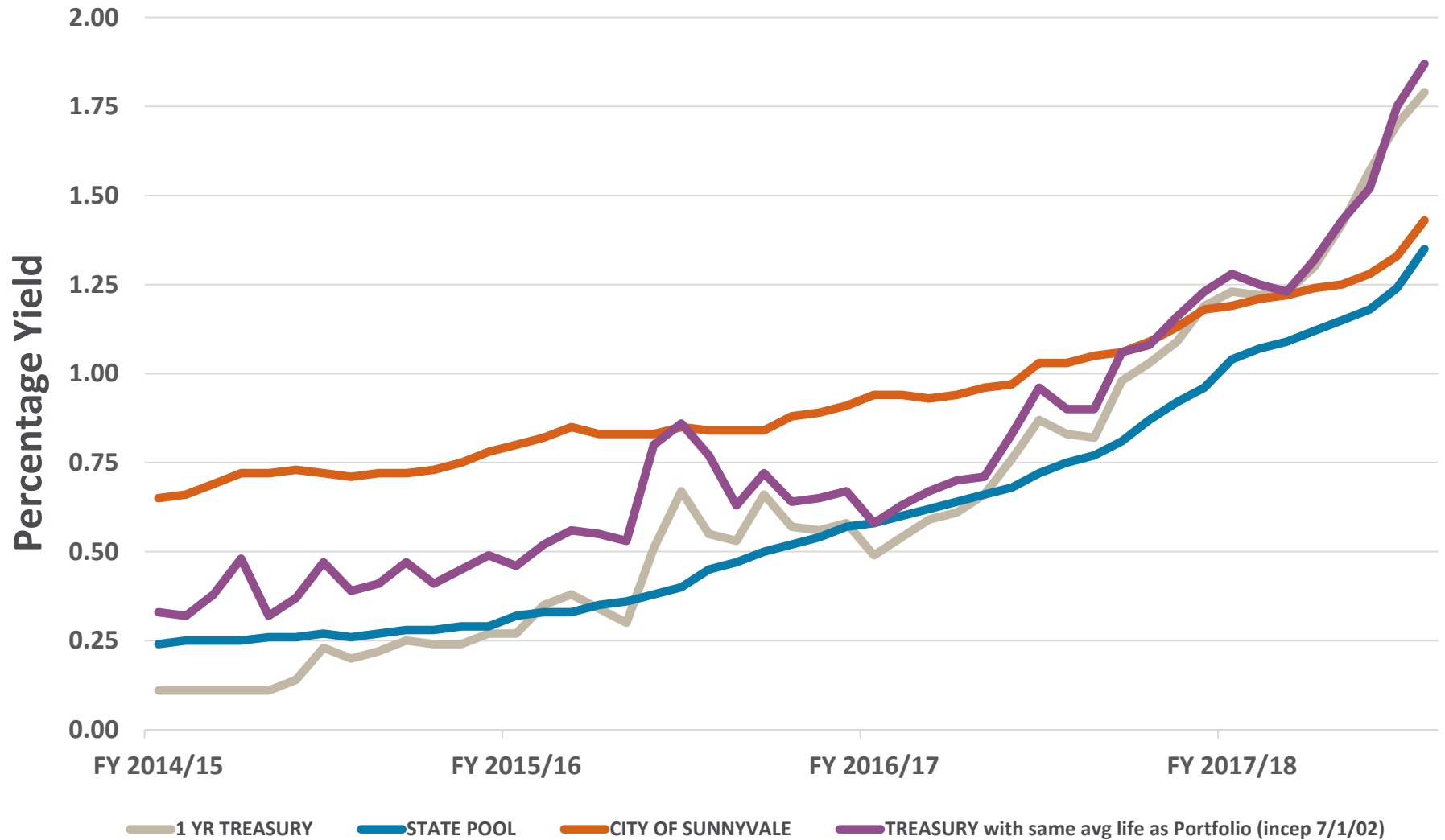
(1) Source: Standard and Poors

Unemployment Rate – Through December 2017⁽¹⁾



(1) U.S. Department of Commerce

City's Investments vs. Benchmarks



Economic Impact of Tax Cut and Jobs Act

- Lowers corporate tax rate from 35% to 21%
- Expected to boost corporate profits
- Repatriation of assets (one time repatriation tax)
- Good for earnings/capital markets

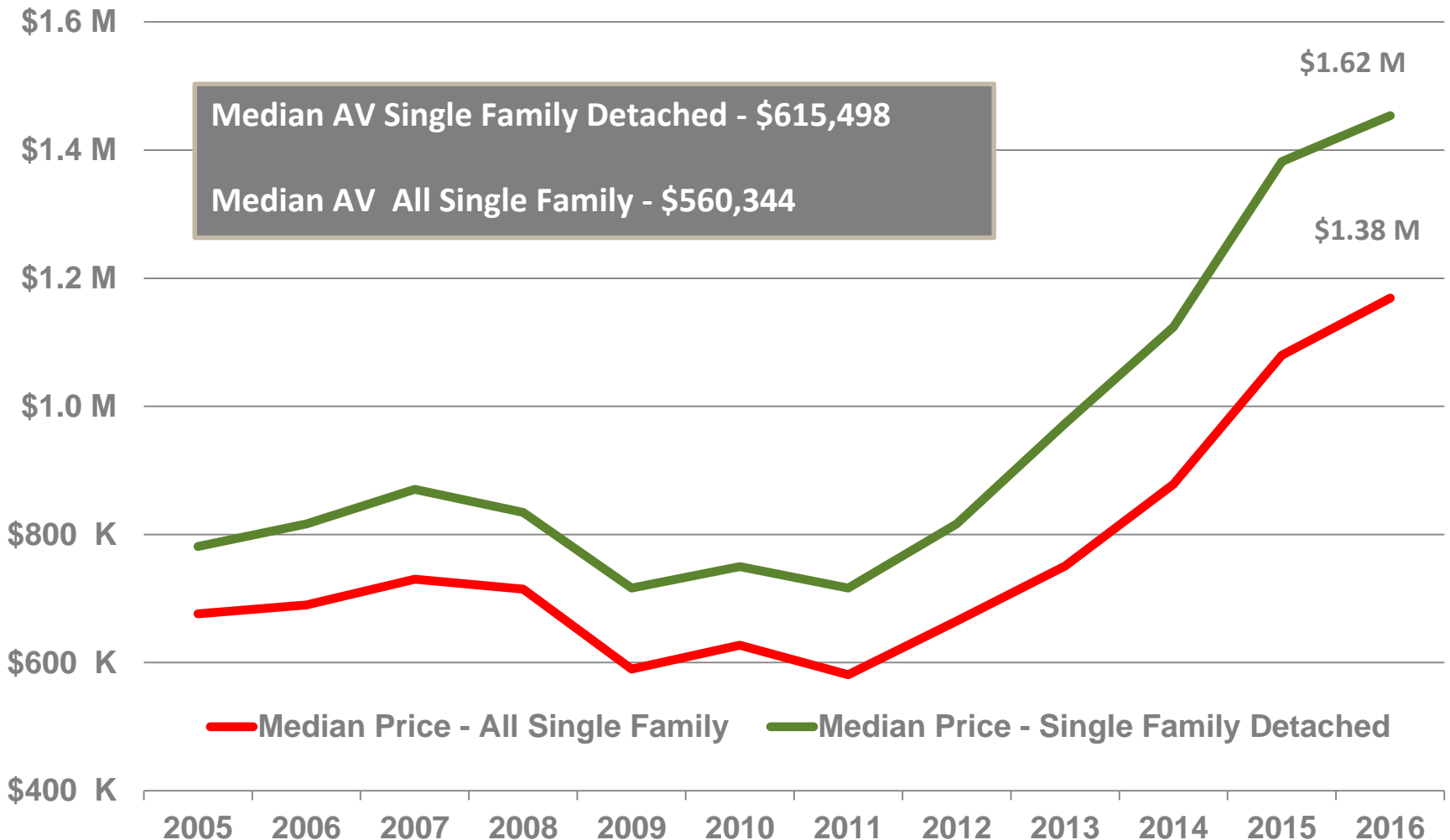


Economic Impact of Tax Cut and Jobs Act

- Imposes \$10,000 limit on State and Local Deductions
 - ◆ Hurts residents of high tax states
 - ◆ Pressures housing market
 - ◆ Makes new taxes more difficult to pass
- Creates borrowing demand for increased Federal deficit, driving up cost of borrowing for cities



Median Home Values and Prices



Recent Market Volatility



- Some volatility to be expected, overall growth projected to continue through 2018
- Fundamentals of the economy still strong
- Actively manage portfolio through our consultant

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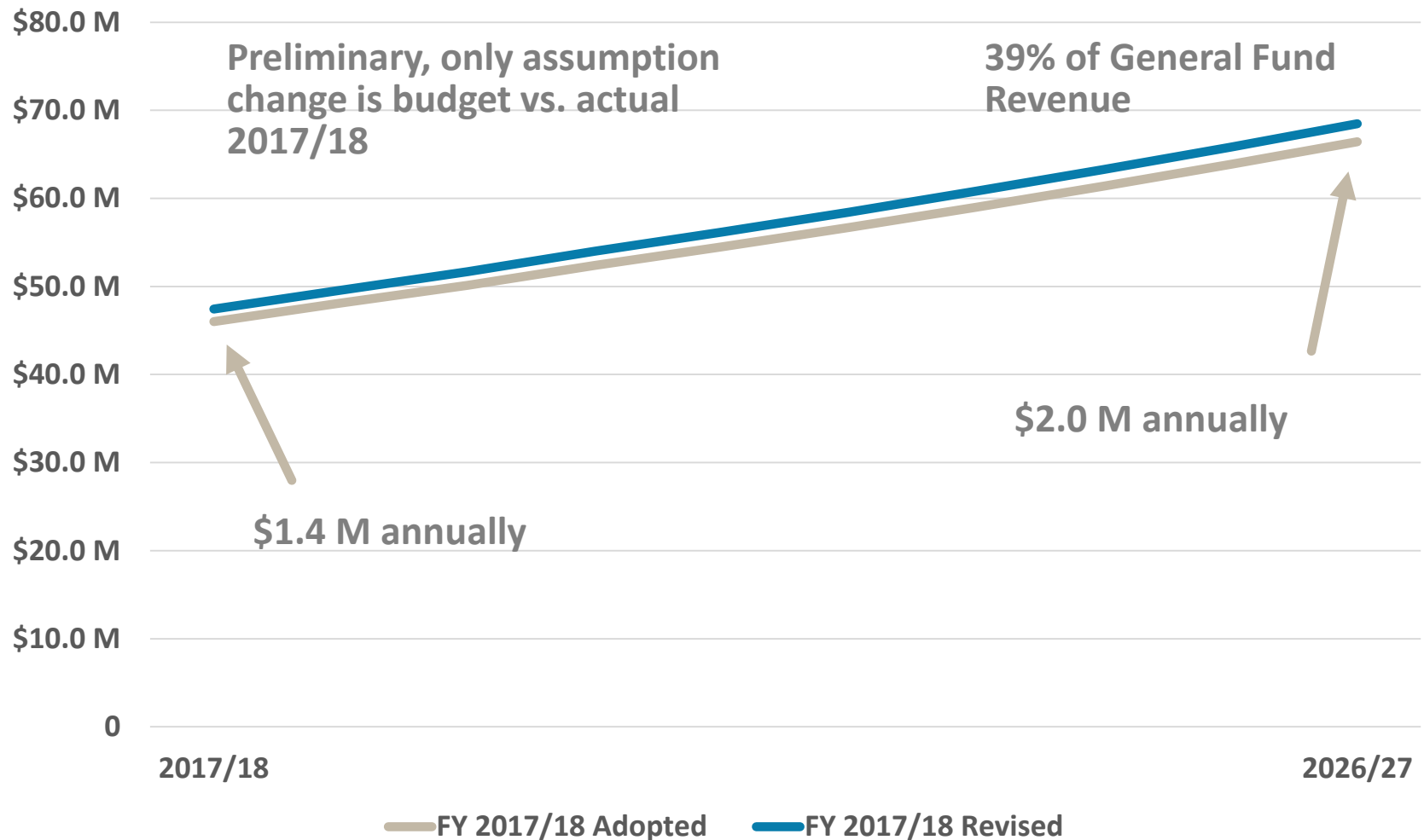
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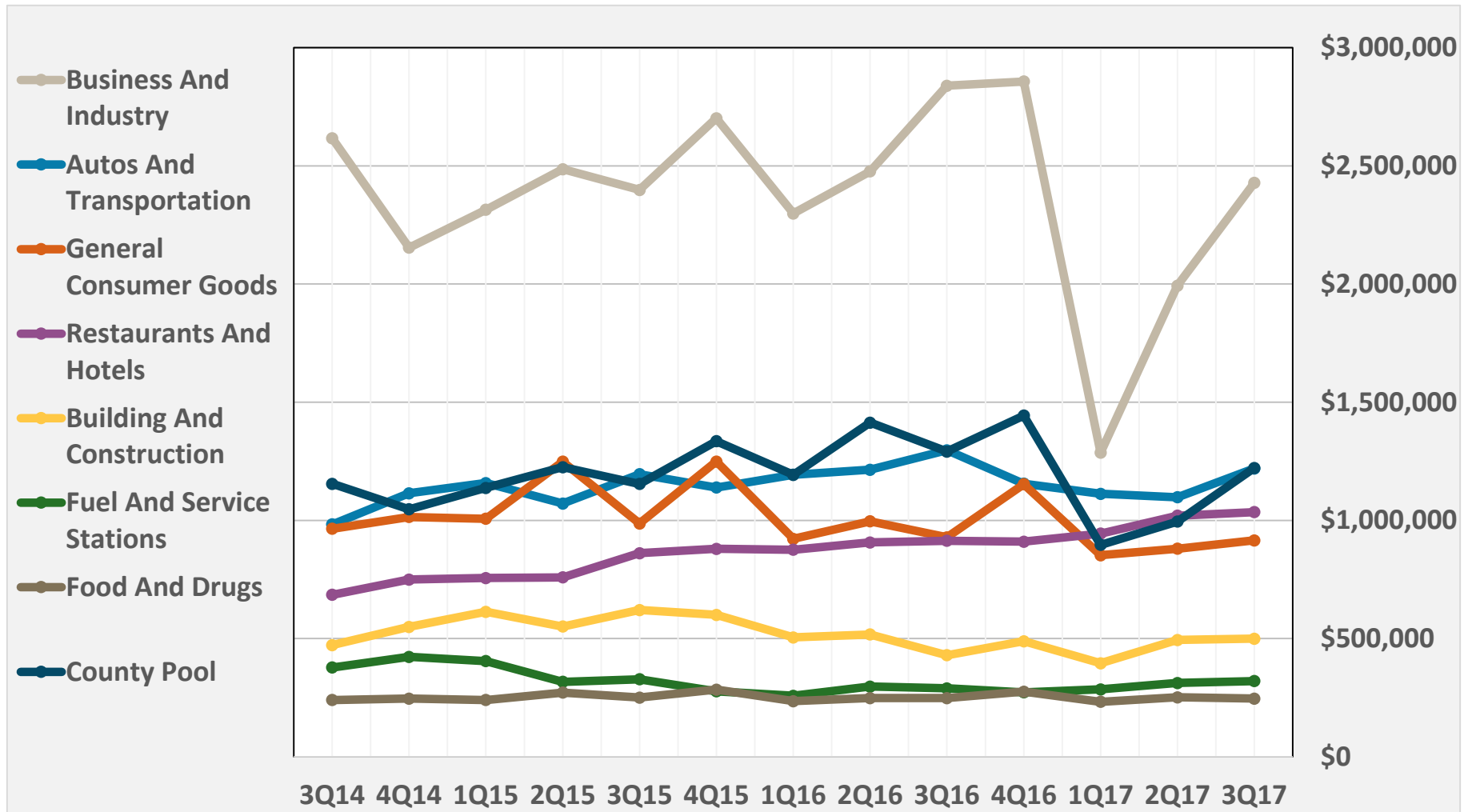
Major General Fund Revenues

	Stable	Trend	City Controlled	Percent of General Fund ¹
Property Tax				39%
Sales Tax				18%
TOT				10%
UUT				4%
View as a group, not individually			Total	71%

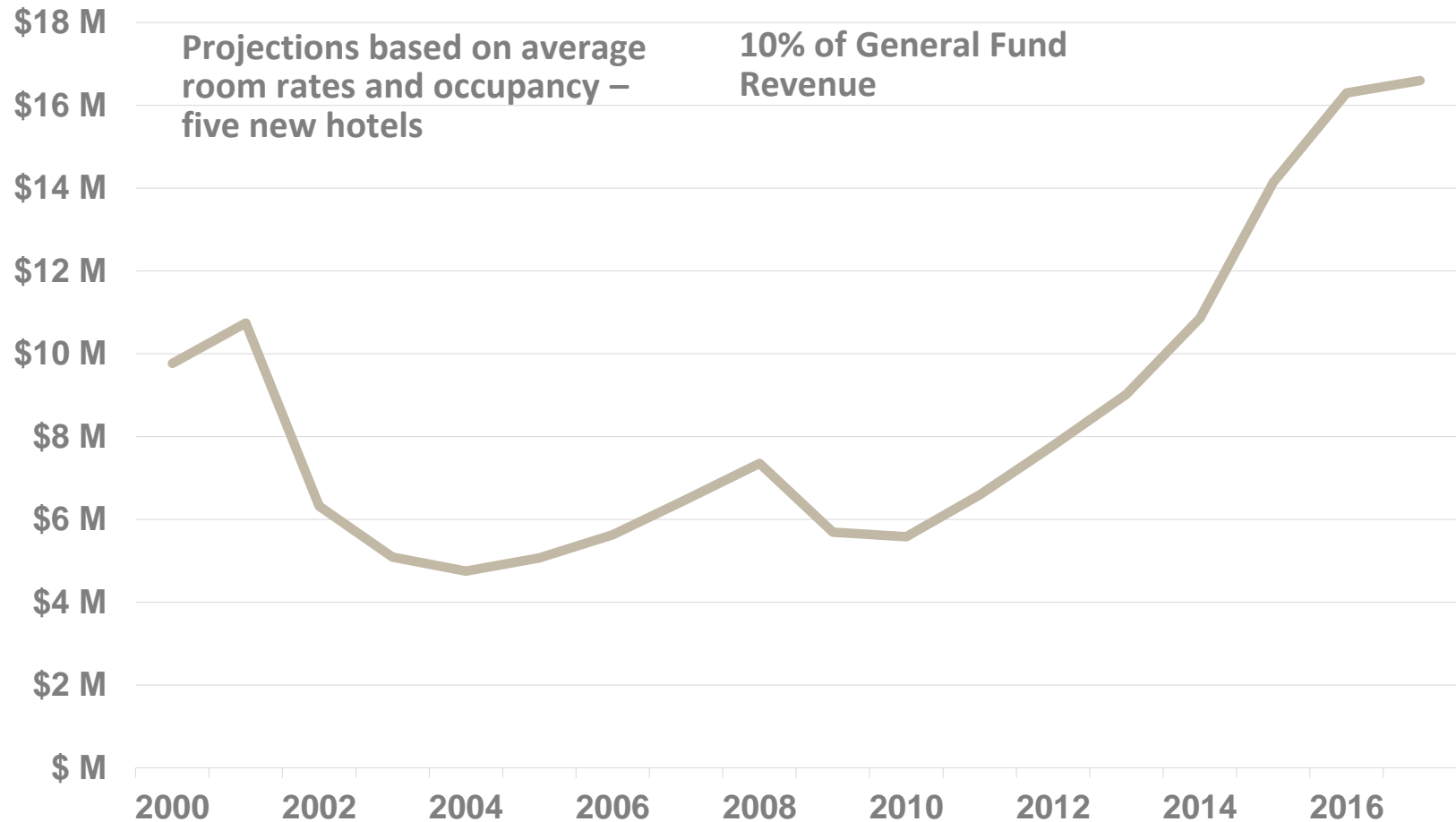
Property Tax Revenue – Projected vs. Actual



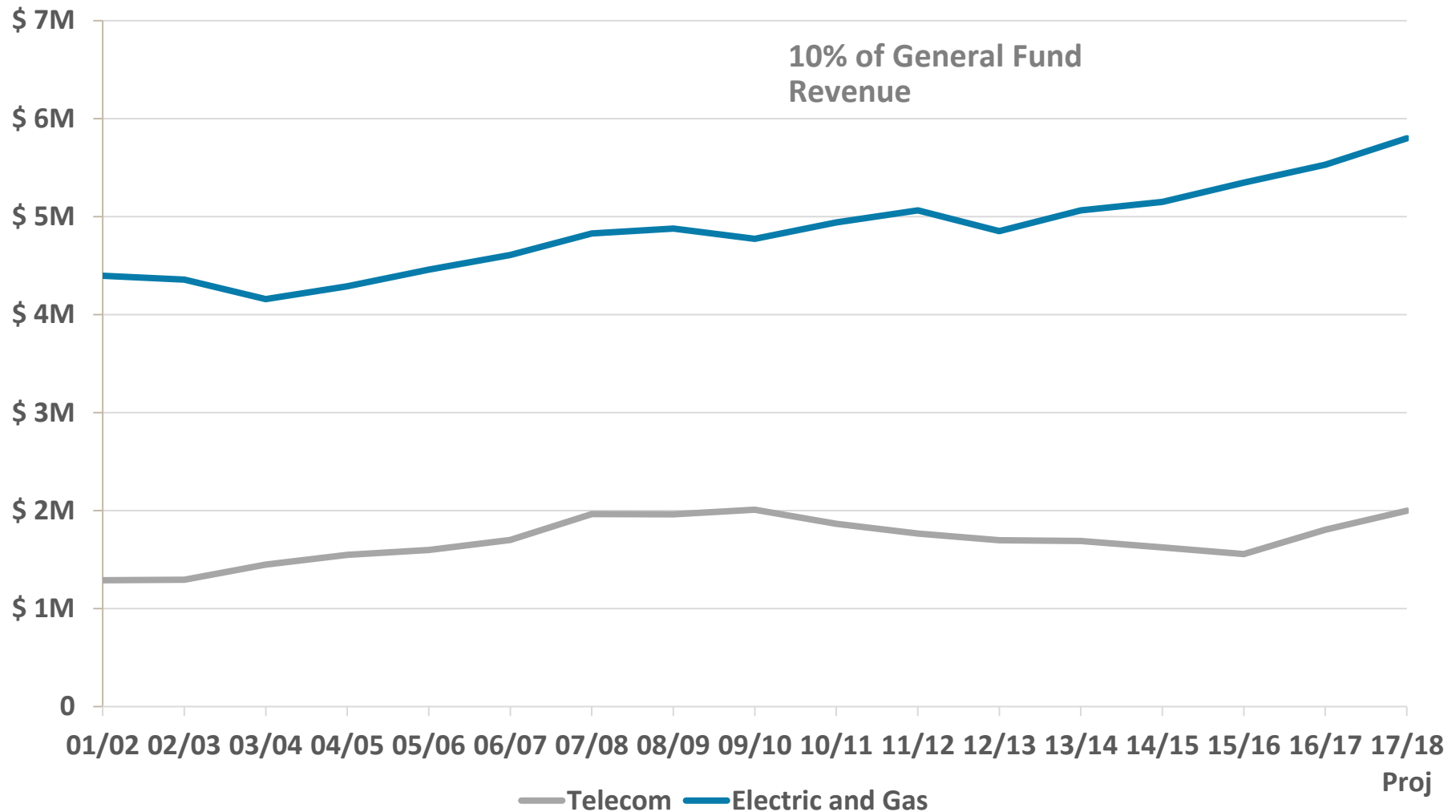
Sales Tax by Major Industry Group



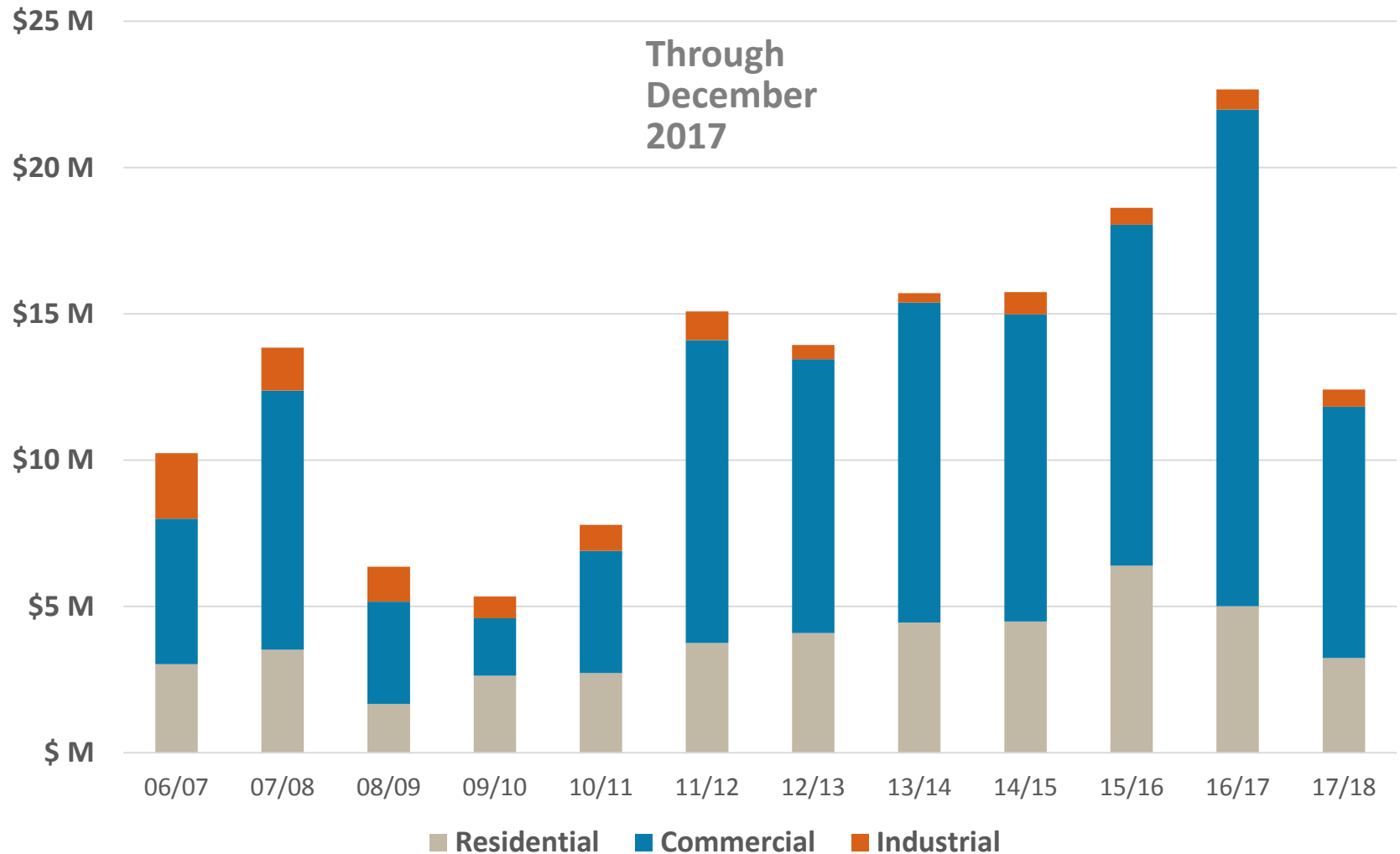
TOT Historical



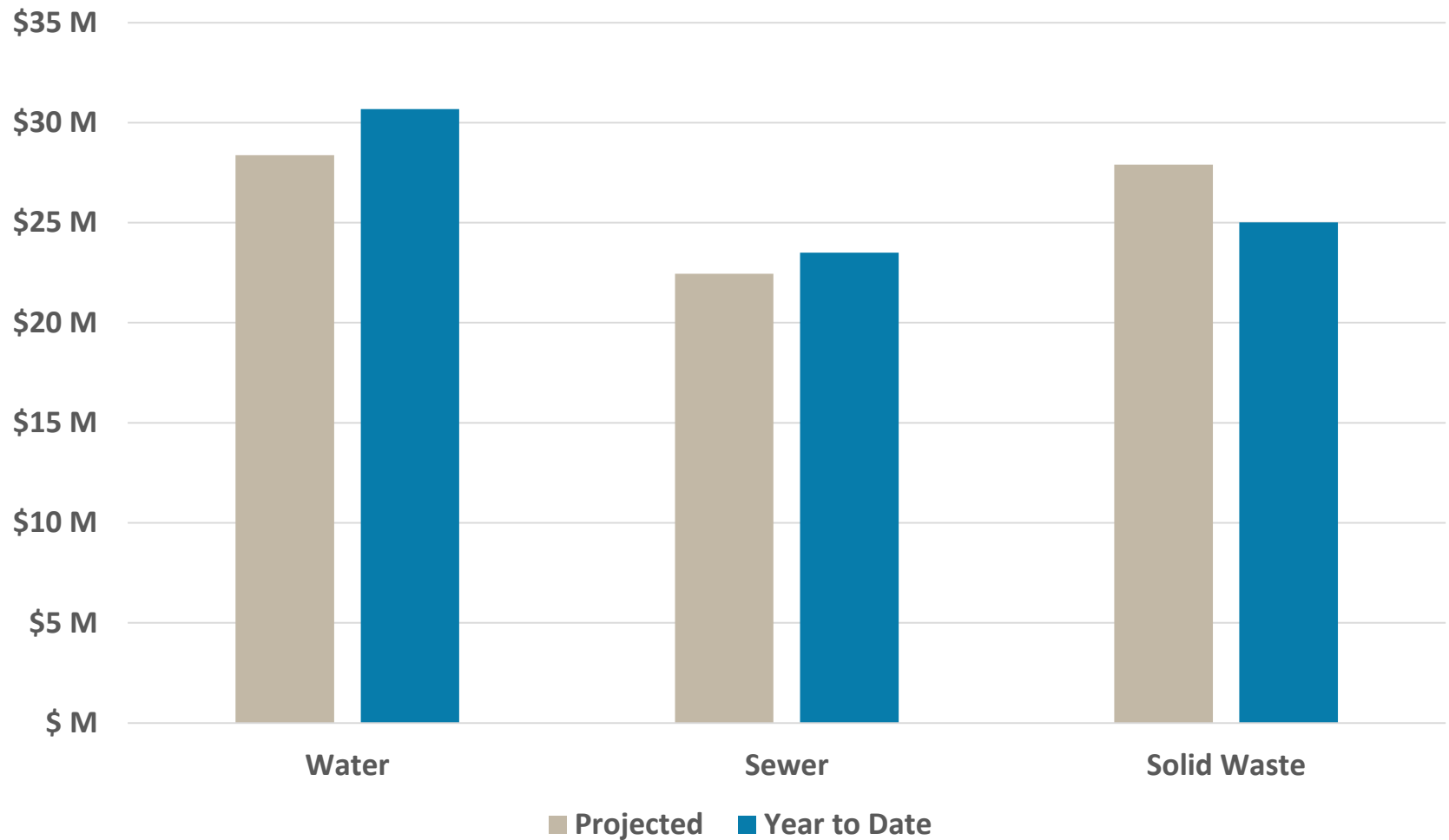
UUT Historical



Development Revenues



Utility Revenues



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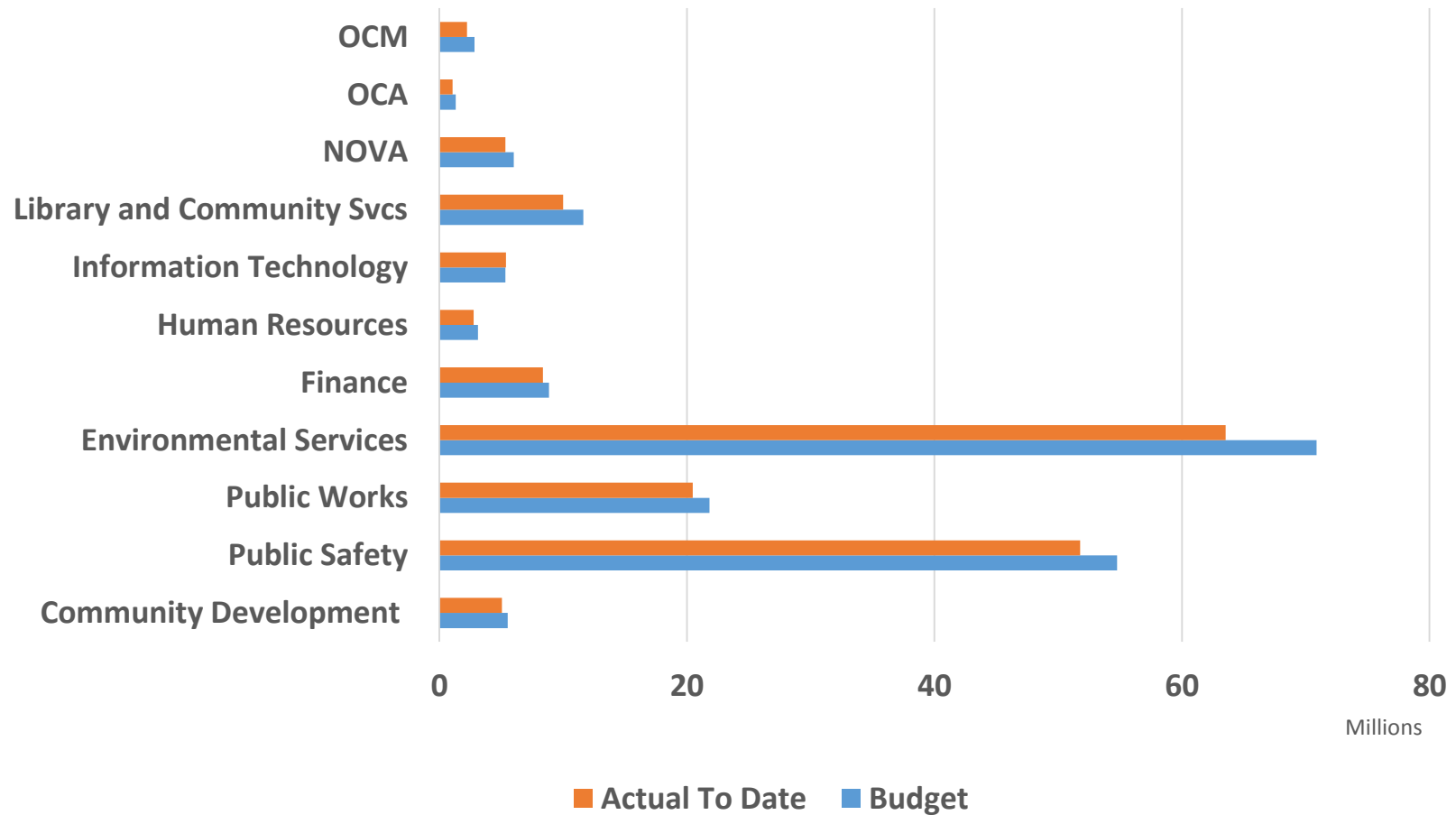
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Pension Update

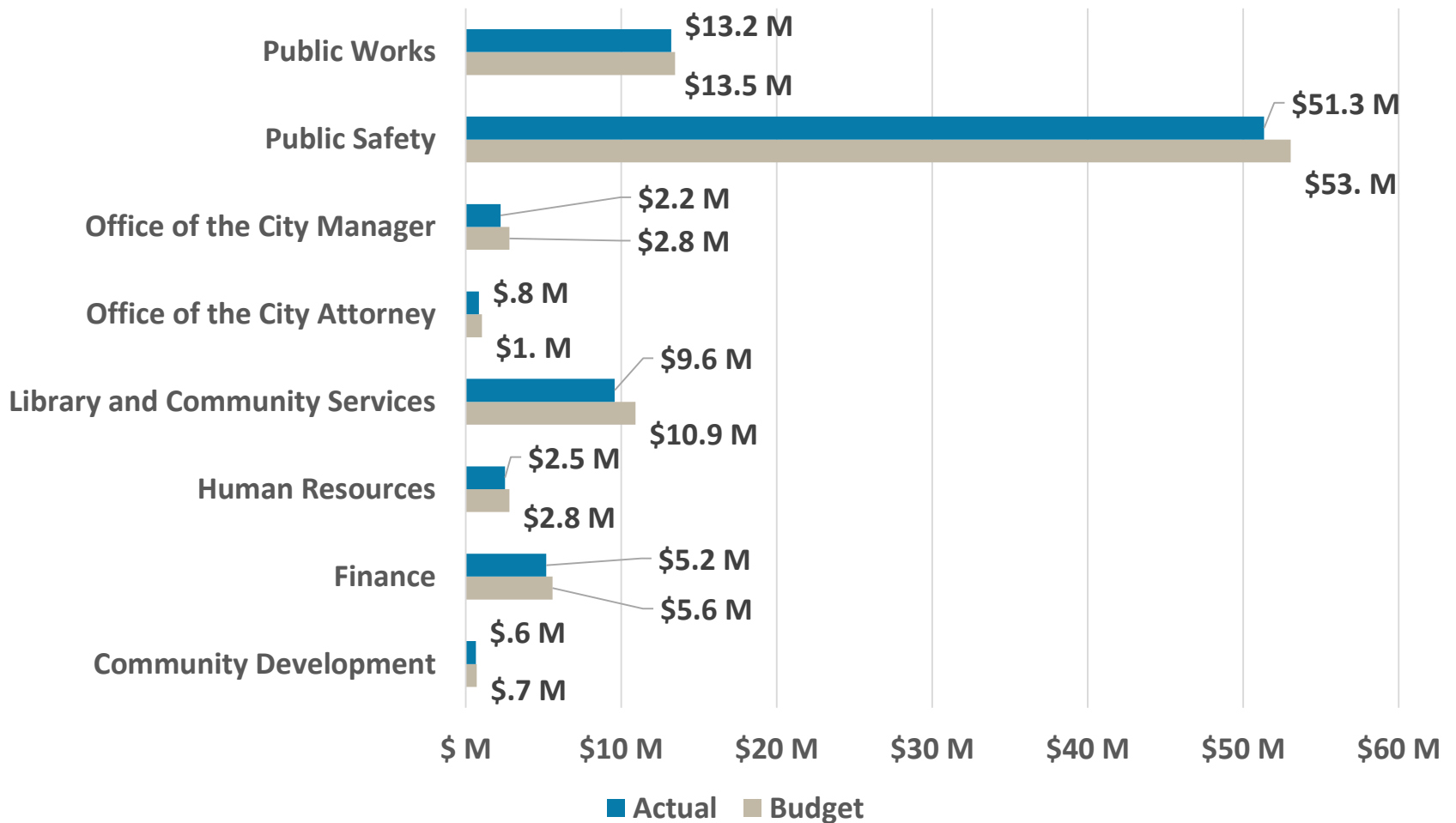
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Year to Date Expenditures by Department – All Funds



General Fund Expenditures by Department



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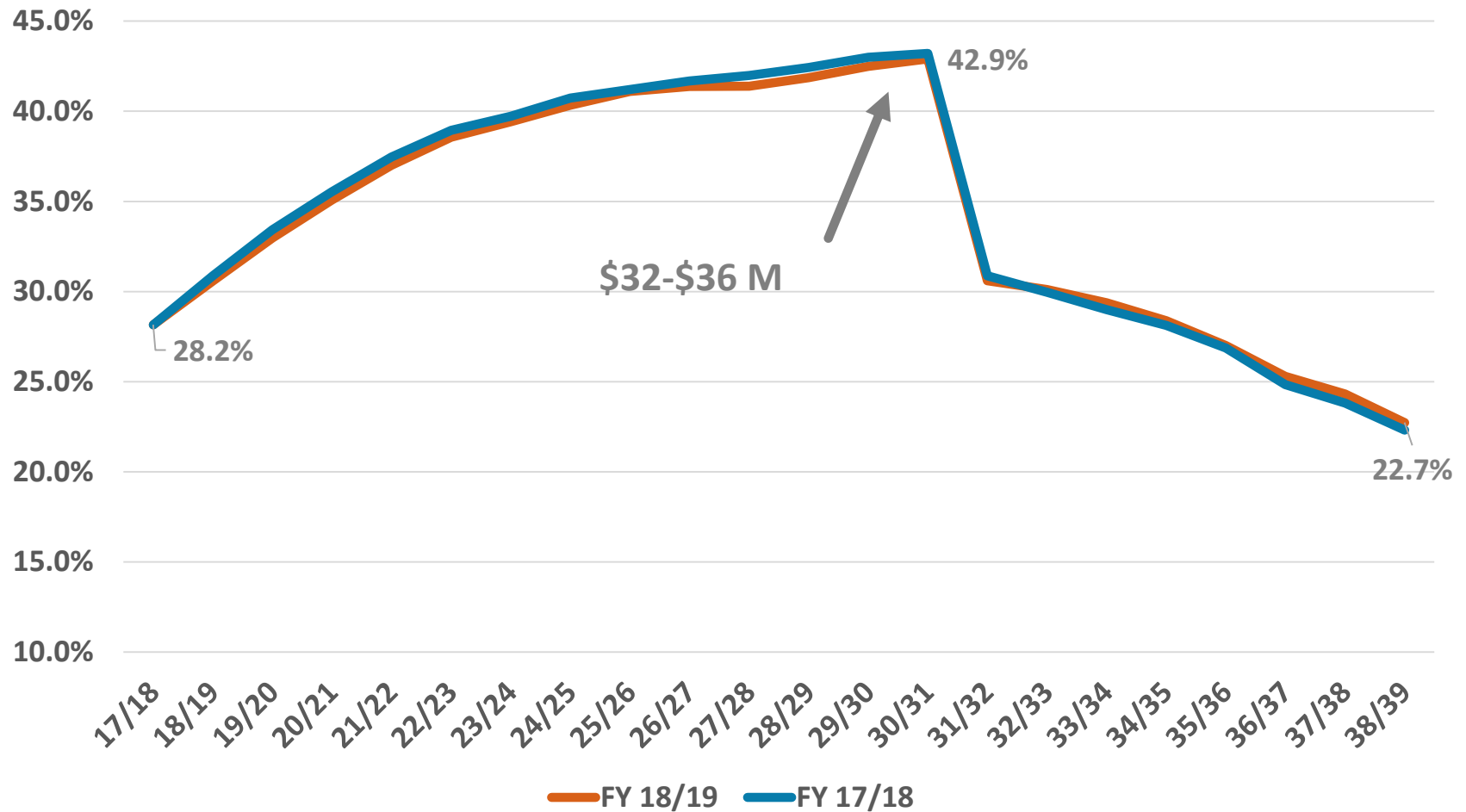
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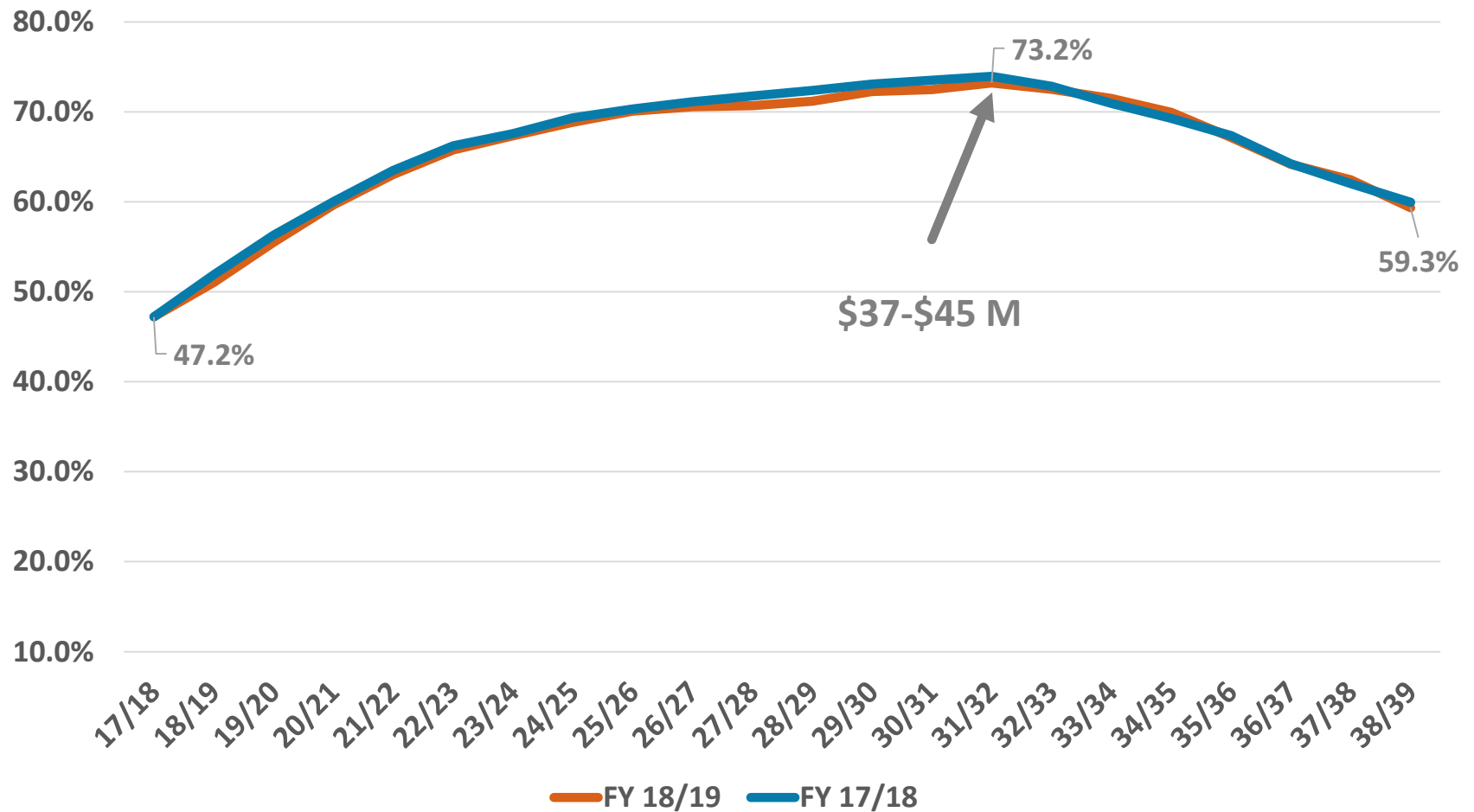
Pension Statistics

	Miscellaneous	Safety
Actives	659	195
Retirees	963	380
Avg Benefit Last 5 Years	\$31,900	\$83,100
Funded Status	68%	65%
Unfunded Liability	\$175.3 M	\$180.4 M

FY 2017/18 vs. FY 2018/19 Misc Rates



FY 2017/18 vs. FY 2018/19 Safety Rates



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FY 2018/19 Recommended Budget

- Overall budget approach:
 - Position the City for potential economic slow down
 - Continue to be cautious and thoughtful with revenue projections
 - Manage operating cost escalations
 - Continue to address changes in total compensation

FY 2018/19 Recommended Budget

- Operating Budget Cycle – Departments have submitted operating requests
- Departments will also be submitting adjustments to service levels (adds over the base)
- City Manager reviewing and evaluating base budgets.
- Will be reviewing service level adjustments in coming weeks

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