



5-Year Forecast March 1, 2022

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5-Year General Fund forecast

- A projection using FY2021-22 adopted budget
- Used for improved decision-making to maintain fiscal discipline and delivering essential community services
 - Includes known issues
 - Uses high-level estimates
 - Not a preliminary budget

Conservative: assumes high expenses, low revenues



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Economic Context

- Recovering from COVID-19
- Inflation highest in decades
- Federal Reserve has signaled interest rate increases; this could decrease purchasing power
- Labor force participation low
- Double digit percent growth median home prices
- State revenue coffers high



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Baseline Forecast

- Existing levels of service
- Capacity to address some of the Boards highest priorities
- Assumes most outside resources (state and federal) will increase consistently
- Assumes replacement jail costs will begin FY2023-24
- Does not include ARPA



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Revenue Projections

- Property Tax annual growth
 - Secured: 3%
 - Unsecured: 2%
 - Supplemental: 3%
- Sales tax: 4% based on Consultant
- Transit Occupancy Tax (TOT): 2%
- Excess ERAF designated for one-time uses including capital investment
- Vehicle License Fee: 3%

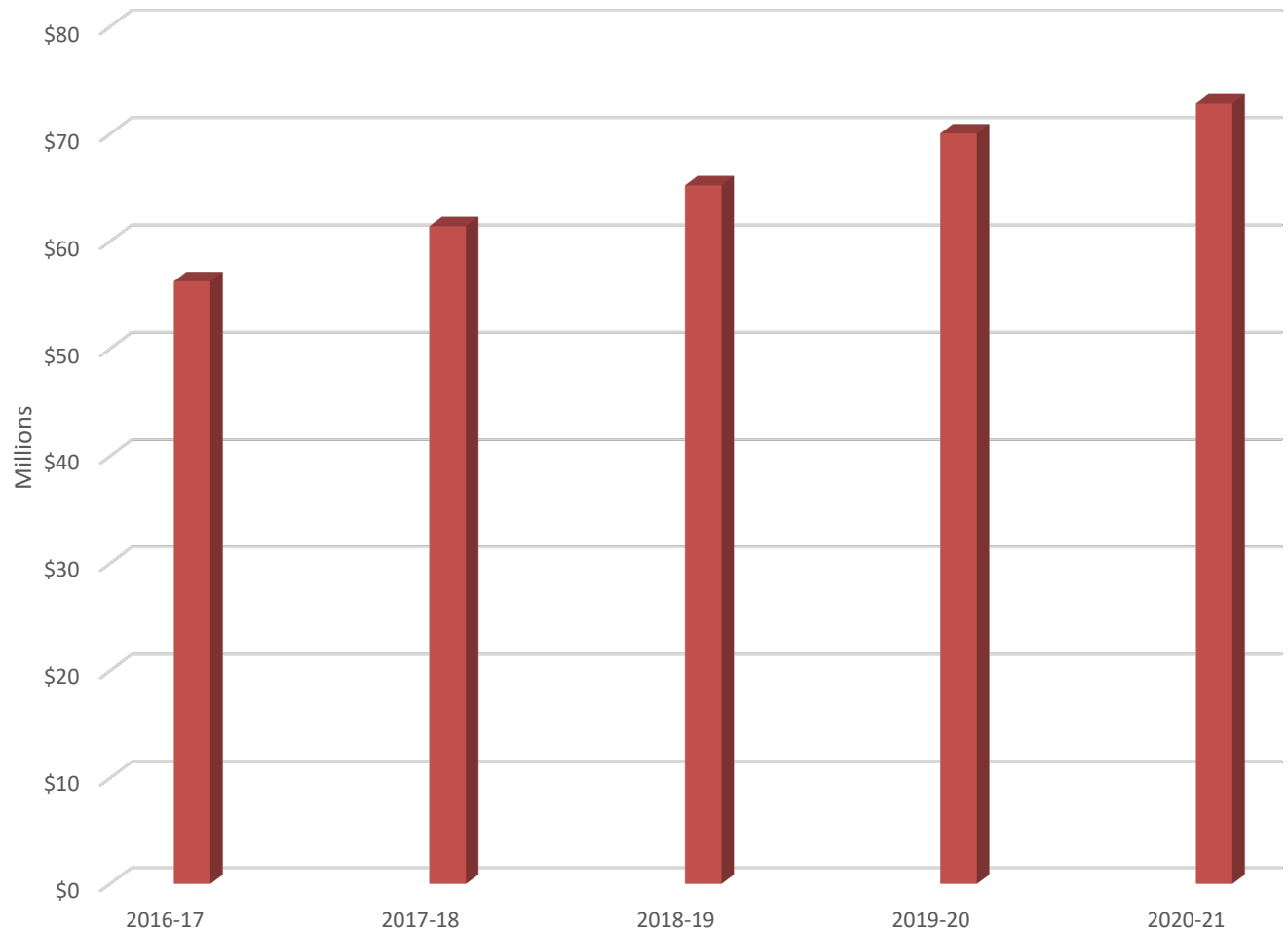


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Property Tax—Secured Actuals



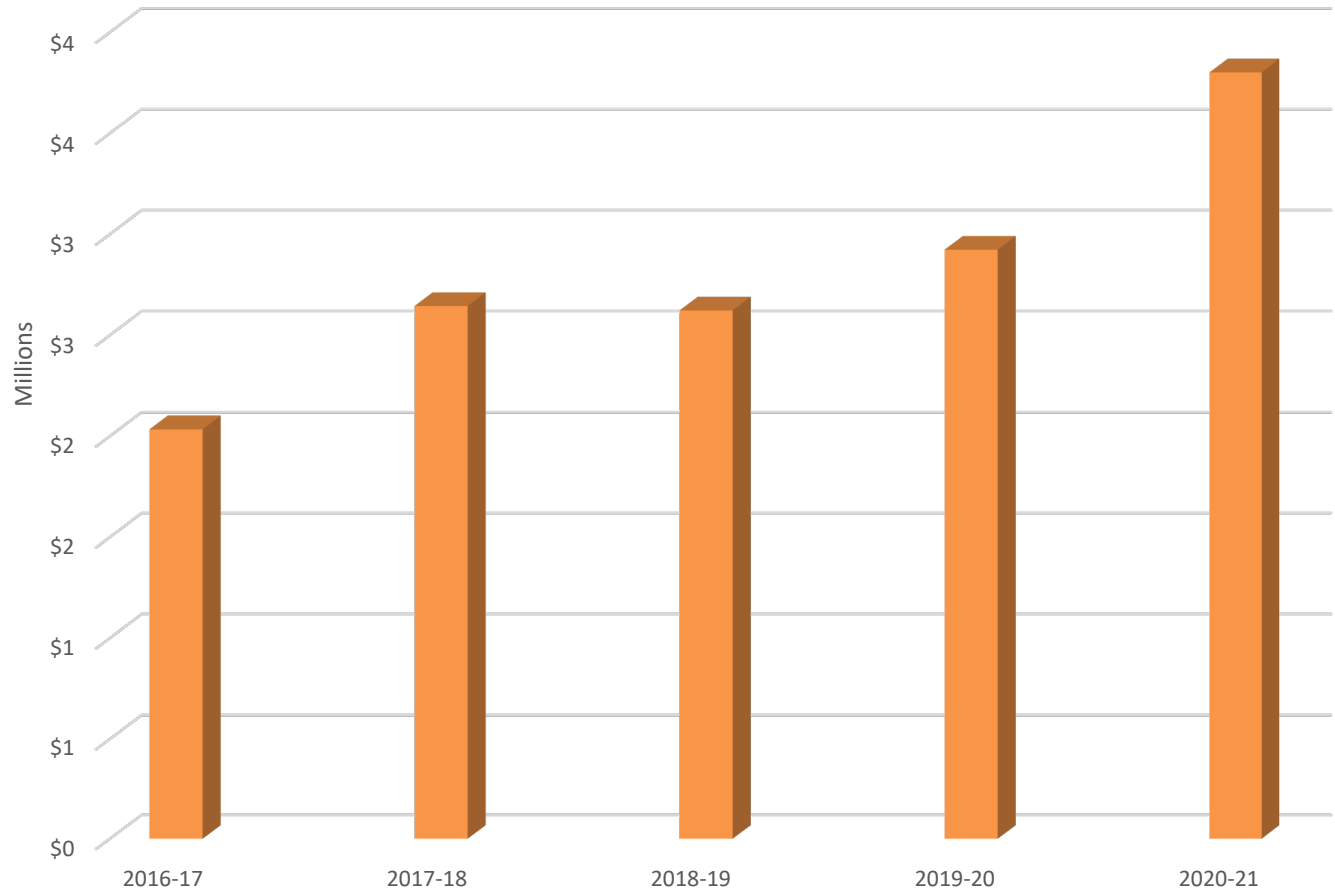
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Property Tax—Unsecured Actuals



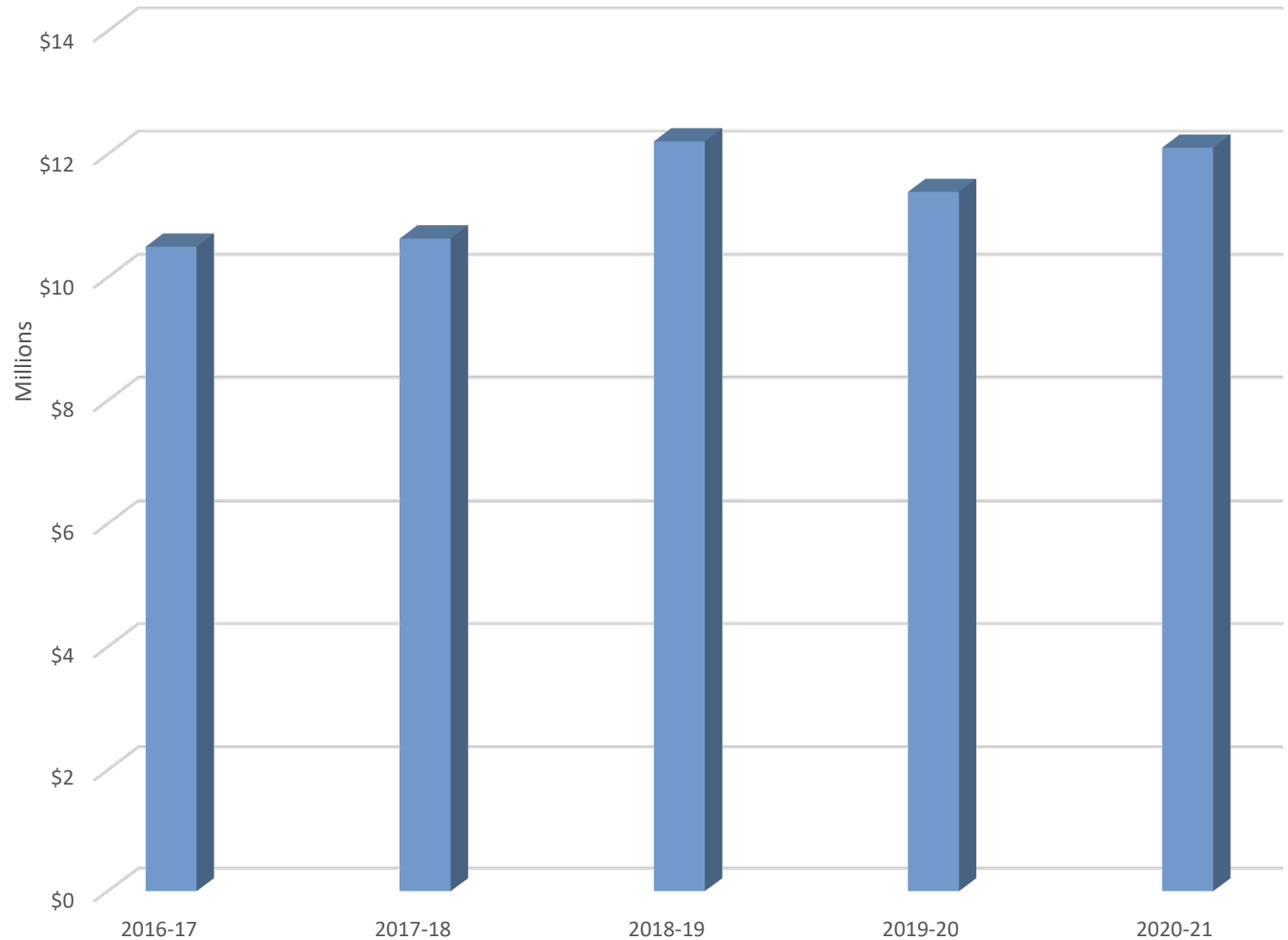
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Sales Tax Actuals



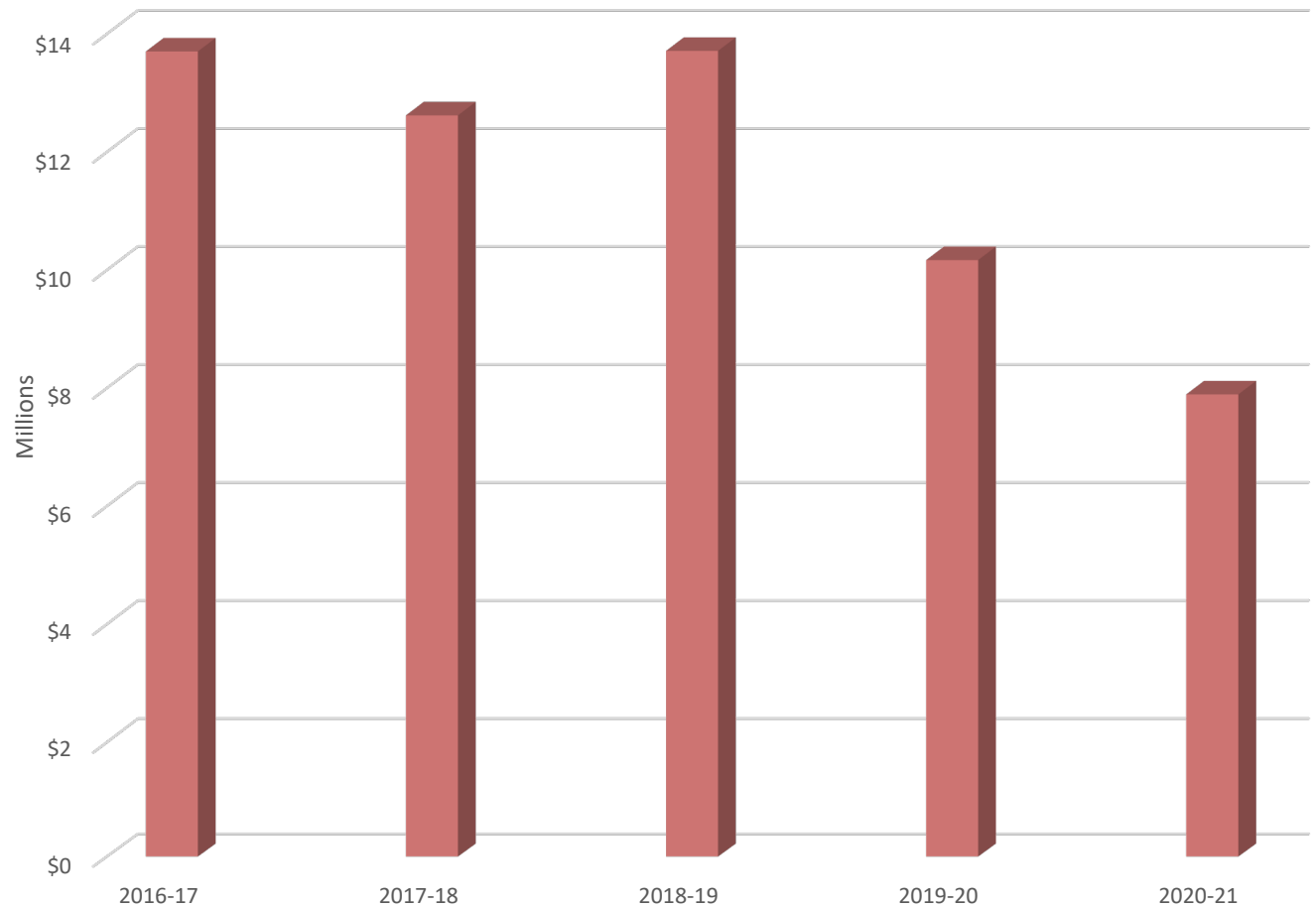
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Transient Occupancy Tax Actuals



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Expenditure Projections



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- Salary and Benefits: 4% in FY2022-23, then 3% after
- Services and Supplies: 4% in FY2022-23 then 3% after
- Fire Protection: based on CWPP roughly \$9 million annually
- Replacement Jail additional annual cost:
 - FY2023-24: \$1 million
 - FY2024-25: \$2.4 million
 - FY2025-26: \$4.89 million
- Debt service

Major Issues

- Vehicle License Fee (VLF) two-year non-receipt, approximately \$24 million in FY2023-24 and \$25 million in FY2024-25
- Fire Protection costs, assuming no new revenue
- Replacement Jail operating cost
- Wage inflation



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Board Priorities and Unmet Needs



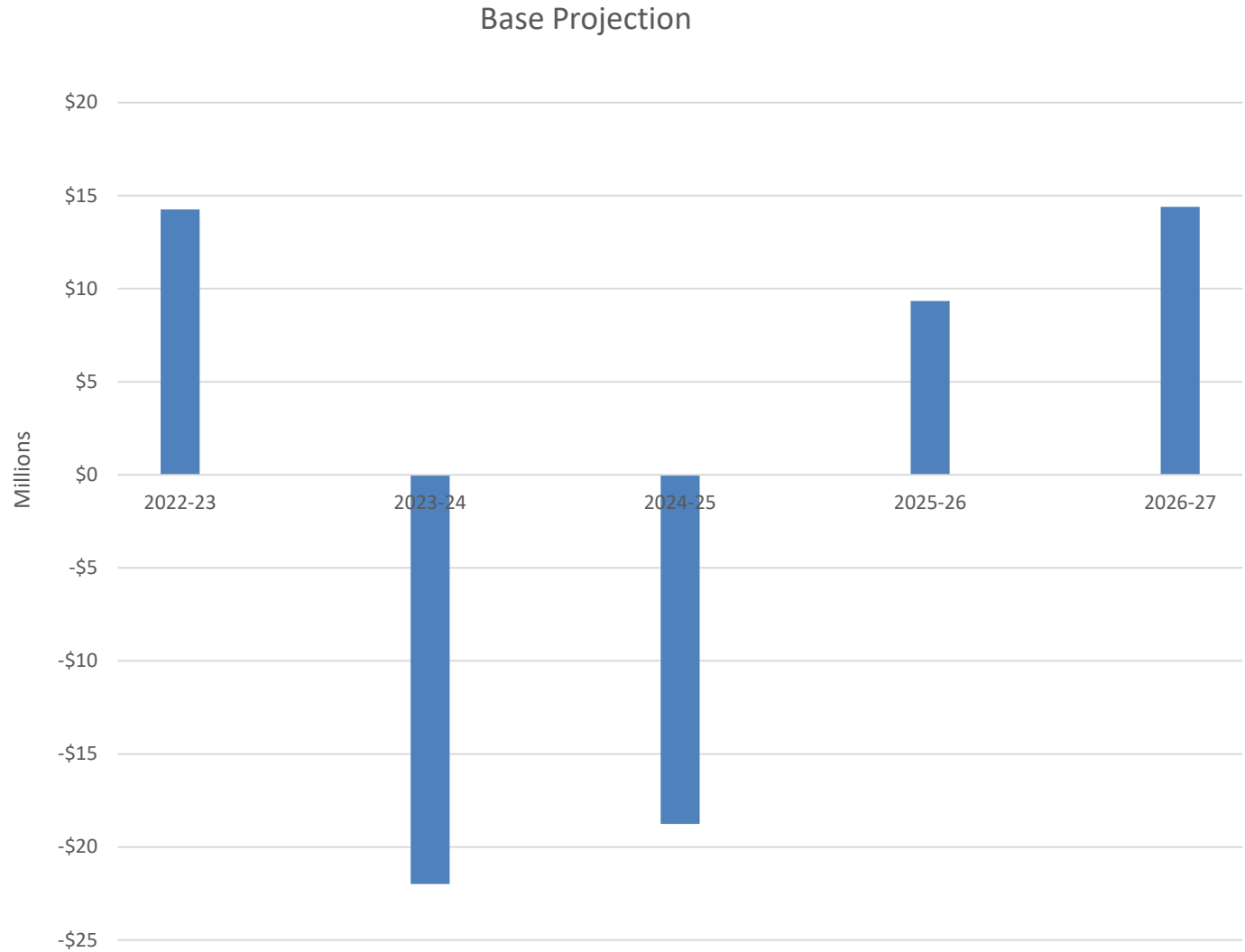
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- Fire protection
- Affordable Housing and Homelessness
- Housing Element
- Climate Action
- Childcare
- Skyline Park
- Water
- Mental health
- County Infrastructure needs: Accumulated Capital Outlay
 - Roads and Bridges
 - Cybersecurity
 - Broadband
 - County facilities system repair and maintenance
 - New County Administration Building

Conclusion



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Conclusion

County General Fund budget structurally sound

Projection assumes:

- High wage inflation
- General Fund covering full cost of County Wildfire Protection Plan
- Non-receipt of VLF revenue



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Request

1. Receive and discuss presentation on the 5-Year Forecast, and consider the following;
2. Consider changing portion of General Fund Transient Occupancy (TOT) revenue allocated to Special Projects Fund from 12.5% to 15%
3. Consider direction to affect name changes:
 - **Special Projects Fund:**
Community Investment Programs or other?
 - **Capital Improvement Projects Fund:**
Accumulated Capital Outlay to Capital Investment Pool or other?



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