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Administrative Overview

Fiscal Year 2025 Budget

March 11, 2024

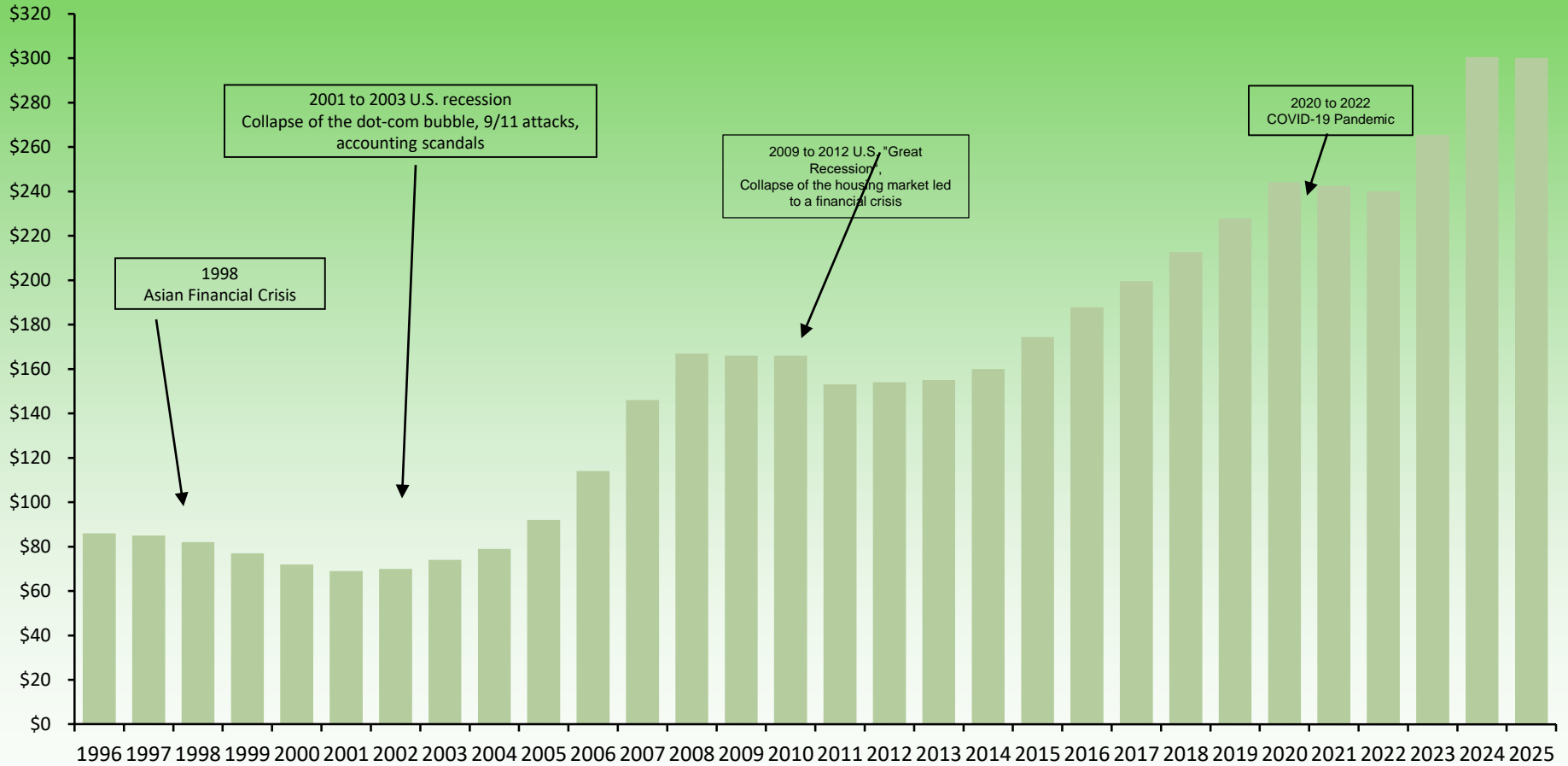
DEPT. COM. 157
BUD

Revenues

Comparison of Key Revenues (In Millions)

	FY 2024 <u>Appropriated</u>	FY2025 <u>Proposed</u>	Increase <u>(Decrease)</u>
Real Property Tax	\$1,670.9	\$1,728.5	\$57.6
Transient Accommodations Tax	\$94.0	\$93.9	(\$0.1)
Motor Vehicle Weight Tax	\$184.8	\$184.8	\$0.0
Fuel Tax	\$43.0	\$42.7	(\$0.3)
PUC Franchise Tax	\$53.0	\$61.8	\$8.8
Public Service Company Tax	\$44.5	\$48.1	\$3.6
	\$2,090.2	\$2,159.8	\$69.6

Real Property Assessments (In Billions)

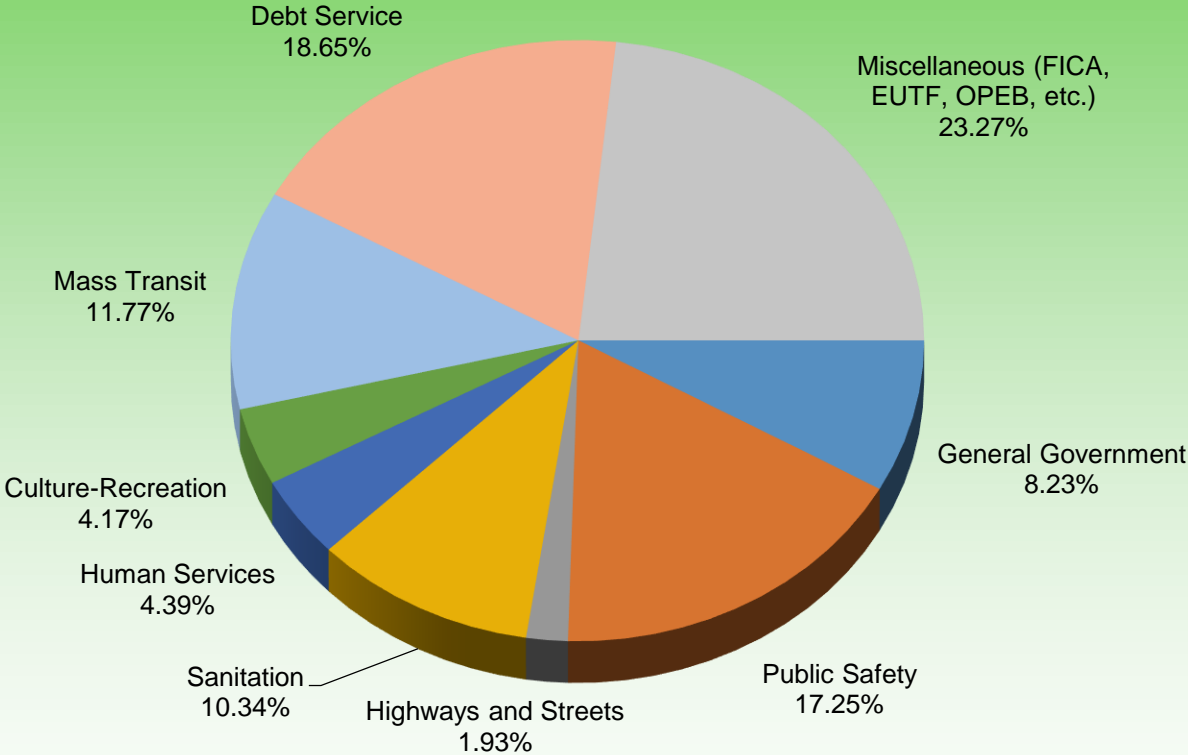


Operating Expenditures Budget Overview

Fiscal Year 2025 Operating Budget Expenditures

\$3.63 Billion

(In Millions)



Long-term Liabilities/Commitments

- OPEB
- ERS
- Debt Service
- Rail Operations and Project Costs
- Collective Bargaining Impact to FY25 and Future Years

Increase in Executive Operating Budget was primarily due to the following:

- Department budgets increased by \$141 million primarily due to:
 - Salary and fringes due to salary increases city-wide
 - Increases in public transportation costs (bus and rail)
 - Increases for housing and homelessness
 - Funding of equipment in operating budget
- Debt Service increased by \$21 million
- Fringe Benefits and Provisionals increased by \$56 million primarily due to:
 - New Provision for Disaster Preparedness and Response
 - New Provision for Hazard Pay
 - Retirement System Contributions (ERS)
 - Provision for Risk Management

Significant fluctuations in appropriations for FY 2025

- OPEB appropriation is \$80 million less than the Annual Required Contribution (ARC) for FY 2025. \$80 million for OPEB will be paid using State and Local Fiscal Recovery Funds (SLFRF) from FY 2023 CIP budget
- \$80 million for Provision for Hazard Pay
- Provision for Vacant Positions decreases from \$8.4 million in FY 24 to \$0 in FY 25. Vacant position moneys are included in the department budgets in FY 2025.
- Employer contributions to the Employee Retirement System (ERS) increased by \$24.6 million

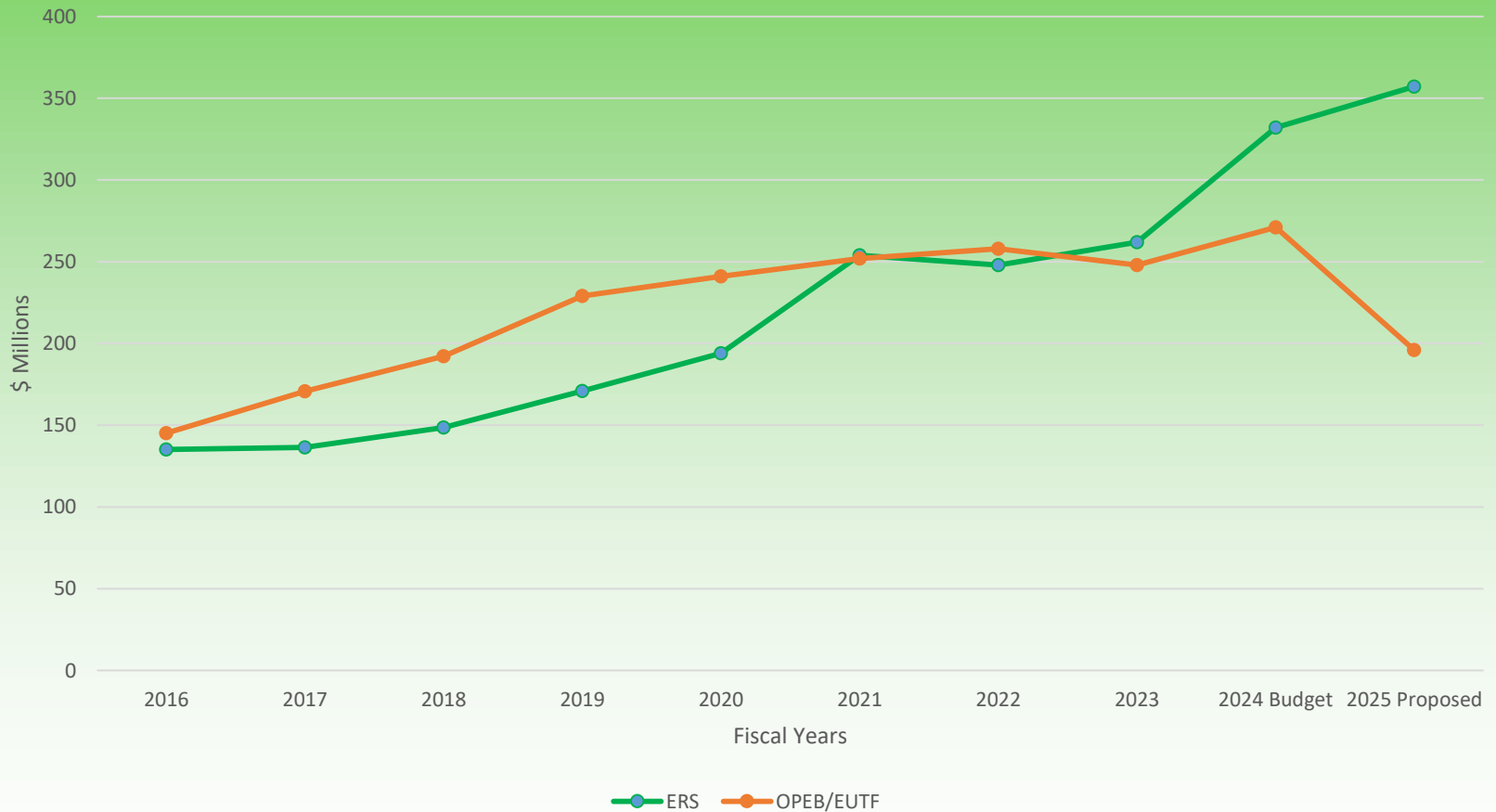
OPEB Liability

- \$1.25 Billion Unfunded Liability for Retiree Health Care (as of July 1, 2023)
- FY 2025 budget includes all but \$80 million of the full Annual Required Contribution Amount; SLFRF monies will be used for \$80 million of the ARC

Pension Liability

- \$2.4 Billion Pension Liability at June 30, 2023
- Rate increases from FY 2018 through 2021 for Employer Contributions passed by the State Legislature - Act 17 (2017)
- Budgeted Retirement System Contributions include increases for “spiking” benefits earned by recent retirees.

ERS and OPEB/EUTF Expenditures FY2016 to FY2025



Debt Service

- Higher borrowing costs, due to the increases in Fed Funds Rate over the past year

Rail Operations and Maintenance Costs

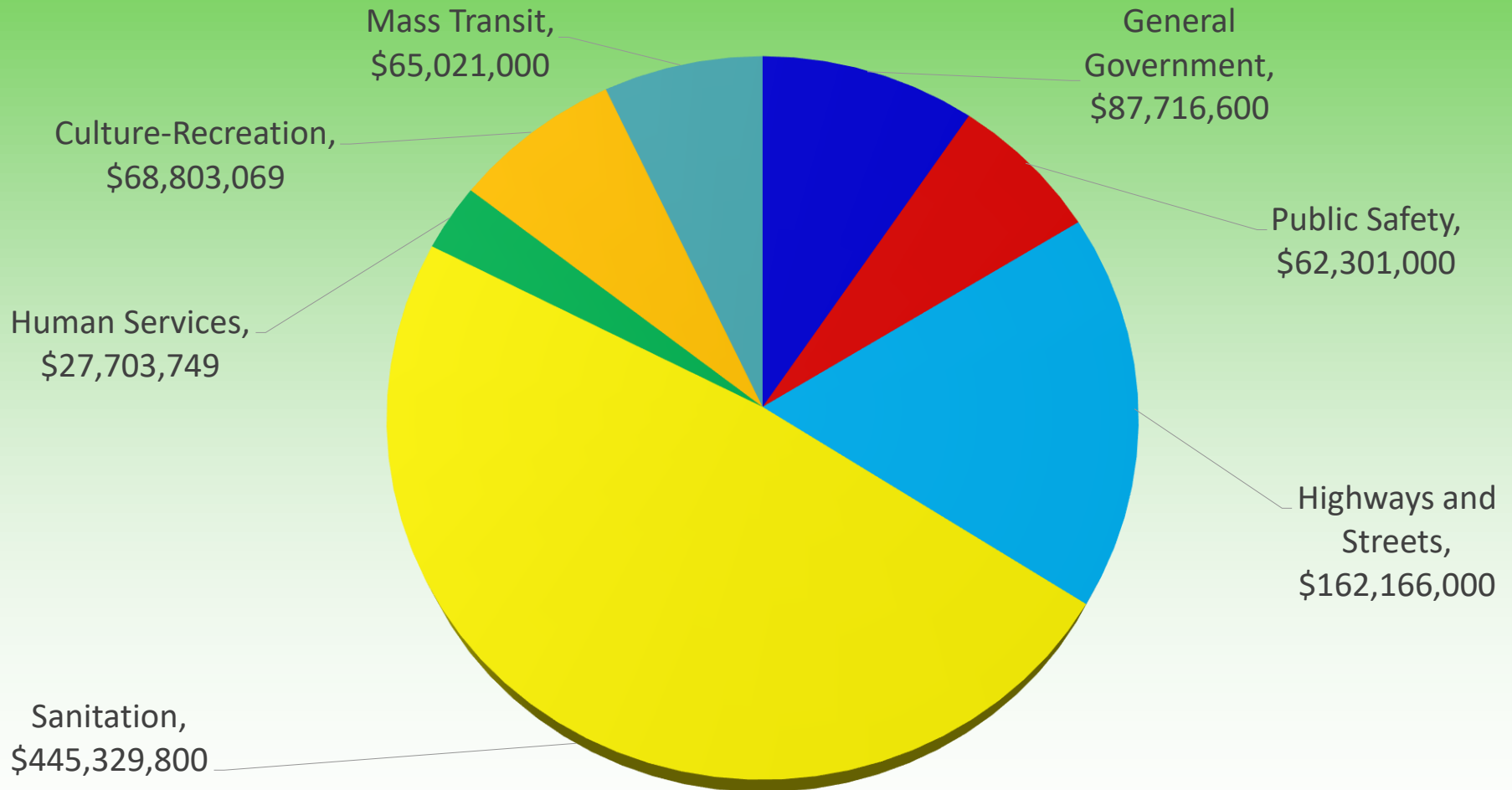
- \$89.2M operations and maintenance costs in DTS
- Act 1 prohibits the use of GET and TAT, and County TAT for rail operations and maintenance
- Ordinance 21-33 establishes a three percent county transient accommodations tax (TAT), and allocated 33.33 percent to the transit fund for two years from December 14, 2021 to the transit fund. Beginning December 14, 2023 and thereafter, 50 percent of county TAT is allocated to the transit fund.

CIP Budget Overview

Focus

- Strategic Investments in Infrastructure
- Meet Health & Safety Needs
- Investment in City's Parks, Recreational & Cultural Facilities
- Drive Transit Oriented Development (TOD) & Multimodal Integration with Rail
- Fund Projects Mandated by State or Federal Law

Fiscal Year 2025 CIP Budget \$919 Million



\$421 million decrease in FY 2025 CIP budget was mainly due to the following:

- \$120 million decrease in Sanitation (Refuse and Wastewater) projects
- \$261 million decrease in Human Services projects due to the large amount of affordable housing and homeless services facilities projects in the FY 2024 budget. These projects continue to be implemented over the 2-year CIP budget period.
- \$26 million decrease in Mass Transit projects, mostly in the Bus and Handi-Van Acquisition Program

CIP Projects

- The FY 2025 CIP of \$919 million targets \$501.4 million for construction of:
 - Police, Fire and Ambulance Facility Improvements
 - Refuse and Wastewater Facility and Infrastructure Improvements
 - Electrification of Transportation Infrastructure Improvements
 - Highways, Streets, and Bridge Improvements
 - Flood Control and Storm Drainage Improvements
 - Parks, Golf Courses, Blaisdell and Zoo Improvements
 - Bus Facility and Transit Oriented Development Improvements
- The FY 2025 CIP also includes \$121.7 million for the planning and design of improvements to support the delivery of core City services.

Thank You