

# Five-Year Forecast

## FY 2024/25 – FY 2028/29

Finance Commission  
February 12, 2024

# Five-Year Forecast

## Overview

- “Base Case” Forecast
  - Forecasted deficits for all future years on the order of ~\$2M annually
  - Uses 2% salary increase assumption and 4.6% vacancy saving factor assumption among others (see Attachments 3 and 4)
- The sensitivity of the Forecast to its assumptions is demonstrated in the report
- The assumptions selected by the Finance Commission tonight will help shape the forecast

5 Year Forecast "Base Case" with 4.6% Vacancy Factor	2024/25 Forecast (\$M)	2025/26 Forecast (\$M)	2026/27 Forecast (\$M)	2027/28 Forecast (\$M)	2028/29 Forecast (\$M)
Total Revenues & Transfers and Use of Reserves	\$54.5	\$56.3	\$58.1	\$59.6	\$61.4
Total Expenditures & Reserve Allocations	\$56.8	\$58.1	\$60.1	\$61.7	\$63.8
Surplus/Deficit	(\$2.3)	(\$1.8)	(\$2.0)	(\$2.1)	(\$2.4)

# Assumption Options: Property Tax

Which options would the Finance Commission recommend for inclusion in the Forecast?

		FY 2024/25 Assumptions	FY 2025/26 Assumptions	FY 2026/27 Assumptions	FY 2027/28 Assumptions	FY 2028/29 Assumptions
Secured Property Tax	Option A - Lowest YOY over the Last Six Year Period	4.3%	4.3%	4.3%	4.3%	4.3%
	Option B - Normalized for County Annexation and Other One Time Roll Growth ~\$1.5 M	5.1%	5.1%	5.1%	5.1%	5.1%
	Option C - Average YOY Property Tax Roll	6.6%	6.6%	6.6%	6.6%	6.6%
VLF Property Tax in Lieu	Option A - Lowest YOY VLF Revenue Growth over the Last Six Year Period	4.4%	4.4%	4.4%	4.4%	4.4%
	Option B - Normalized based on Property Tax Roll	5.1%	5.1%	5.1%	5.1%	5.1%
	Option C - Average YOY VLF Revenue Growth	6.1%	6.1%	6.1%	6.1%	6.1%
ERAF	Option A - No ERAF	\$0 M	\$0 M	\$0 M	\$0 M	\$0 M
	Option B - 50% of FY 2023/24 Estimated	\$1.25 M	\$1.25 M	\$1.25 M	\$1.25 M	\$1.25 M
	Option C - 70% of FY 2023/24 Estimated based on County Recommendation	\$1.75 M	\$1.75 M	\$1.75 M	\$1.75 M	\$1.75 M

## Assumption Options: Sales Tax

Which options would the Finance Commission recommend for inclusion in the Forecast?

Base Sales Tax	2024/25 Forecast (\$M)	2025/26 Forecast (\$M)	2026/27 Forecast (\$M)	2027/28 Forecast (\$M)	2028/29 Forecast (\$M)
Option A - Conservative	\$6.54	\$6.64	\$6.74	\$6.83	\$6.91
Option B - Most Likely	\$7.04	\$7.15	\$7.26	\$7.35	\$7.43
Option C- Optimistic	\$7.54	\$7.66	\$7.77	\$7.87	\$7.96

  

Measure G 1/8 District Tax	2024/25 Forecast (\$M)	2025/26 Forecast (\$M)	2026/27 Forecast (\$M)	2027/28 Forecast (\$M)	2028/29 Forecast (\$M)
Option A - Conservative	\$1.22	\$1.26	\$1.29	\$1.32	\$1.35
Option B - Most Likely	\$1.28	\$1.32	\$1.35	\$1.39	\$1.42
Option C- Optimistic	\$1.33	\$1.37	\$1.41	\$1.45	\$1.48

## Assumption Options: Transient Occupancy Tax (TOT)

Which option would the Finance Commission recommend for inclusion in the Forecast?

TOT	2024/25 Forecast (\$M)	2025/26 Forecast (\$M)	2026/27 Forecast (\$M)	2027/28 Forecast (\$M)	2028/29 Forecast (\$M)
Option A - Lower Growth 1%	\$2.29	\$2.31	\$2.33	\$2.36	\$2.38
Option B - Base Case 3%	\$2.33	\$2.40	\$2.47	\$2.55	\$2.63
Option C- Greater Growth 4%	\$2.36	\$2.45	\$2.55	\$2.65	\$2.76

## Assumption Options: Business License Tax

Which option would the Finance Commission recommend for inclusion in the Forecast?

Business License Tax	2023/24 Forecast (\$M)	2024/25 Forecast (\$M)	2025/26 Forecast (\$M)	2026/27 Forecast (\$M)	2027/28 Forecast (\$M)
Option A - Lower Growth 1%	\$2.45	\$2.48	\$2.50	\$2.53	\$2.55
Option B - Base Case 3%	\$2.50	\$2.58	\$2.65	\$2.73	\$2.82
Option C- Greater Growth 4%	\$2.53	\$2.63	\$2.73	\$2.84	\$2.96

## Assumption Options: Franchise Fees

Which option would the Finance Commission recommend for inclusion in the Forecast?

Franchise Fees	2023/24 Forecast (\$M)	2024/25 Forecast (\$M)	2025/26 Forecast (\$M)	2026/27 Forecast (\$M)	2027/28 Forecast (\$M)
Option A - Lower Growth 1%	\$3.34	\$3.38	\$3.41	\$3.44	\$3.48
Option B - Base Case 3%	\$3.41	\$3.51	\$3.62	\$3.72	\$3.84
Option C- Greater Growth 4%	\$3.44	\$3.58	\$3.72	\$3.87	\$4.03

# Next Steps

- Finance Commission will select assumptions options tonight and staff looks forward to the Commission's input
- After determining which options the Finance Commission would recommend including, staff will prepare a Five-Year Forecast with those assumptions for Council's consideration on February 20, 2024
- Once the Forecast is finalized, the proposed FY 2024/25 Operating Budget will be developed in consideration of the Forecast

Note: The Capital Improvement Program and input will be discussed separately at the March meeting.



Thank you!

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