



FY 2024/25 Mid-Year Budget Update

**City Council Meeting
March 18, 2025**

City Budget and Financial Position – FY 2023/24

The City ended FY 2023/24 with a \$2.7 million General Fund surplus.

Description	In Thousands
Revenue (Recurring)	\$290,289
Revenue (One-Time) *	2,276
Planned Use of Reserves	4,900
Total Sources of Funds	\$297,465
Expenditures less UAL	266,694
CalPERS UAL	4,643
POB Payment	13,255
One-Time Expenditures**	6,038
Total Expenditures	\$290,630
Other Restricted Changes in General Fund Balance***	4,119
General Fund (Fund 100) Surplus	\$2,716

* FY 23/24 one-time revenue consists of \$2.3M for Emerald Cove Superior Court Judgment

** Includes \$4.9M for AES Transfer and \$1.1M Transfer of 50% of Emerald Cove settlement to the General Liability Fund

*** Includes adjustments to YE Market Value and set-asides for Ocean View Estates and General Plan Maintenance

City Budget and Financial Position – FY 2024/25

The California unemployment rate increased slightly from 5.3% in September to 5.4% in October 2024, a full percentage point above pre-pandemic levels. Economic uncertainty stemming from higher business operating costs and potential tariffs could exert upward pressure on prices, driving down sales transactions.

- Property tax revenues, the City's largest General Fund revenue source (35.8%), remains strong, with a 4.5% citywide growth in value in the 2024-25 assessment roll.
- Sales tax revenues, the City's second largest General Fund revenue source (17.7%), is projected to decline from the budgeted amount of \$53.5 million. Revised projections based on Q4 2024 will be available in the upcoming weeks.
- In October 2024, the City was awarded a \$5 million settlement from Amplify for the 2021 Oil Spill.

City Projected Financial Position – FY 2024/25

Description	In Thousands
Revenue (Recurring)	\$293,540
Revenue (One-Time) *	10,877
Planned Use of Reserves **	1,890
Total Sources of Funds	\$306,307
Expenditures less UAL	274,598
CalPERS UAL	5,215
POB Payment	13,106
One-Time Expenditures ***	11,090
Total Expenditures	\$304,009
General Fund (Fund 100) Surplus	\$2,298

NOTE: City Council is reviewing the City's Reserve Policies. The \$2.3M surplus shown above illustrates the year-end surplus should the \$4M Oil Spill Settlement revenues be used to cover recurring General Fund expenditures.

* FY 24/25 one-time consists of the General Fund portion of the first payment of the Waterfront Loan Settlement (\$6.9M) and the Oil Spill Settlement (\$4M).

** Planned use of reserves includes YTD approved use of HB Recovery Reserves for the Oil Well Abandonment Project.

*** One-time expenditures includes transfers out of the Waterfront Loan Settlement (\$6.9M), transfers out of 25% of the Oil Spill Settlement to the Section 115 Trust (\$1M) per the City's current Reserve Policies, and estimated costs for the Special Election (\$1.3M).

General Fund Long-Term Financial Plan

9.5% CalPERS Return FY23/24

(in thousands)	Actual FY23/24	Projected FY24/25	Projected FY25/26	Projected FY26/27	Projected FY27/28	Projected FY28/29
Revenue (Recurring)	290,289	293,540	296,455	303,967	311,720	320,019
Revenue (One-Time)*	2,276	10,877	-	-	-	-
Planned Use of Reserves	4,900	1,890	-	-	-	-
Total Sources of Funds	297,465	306,307	296,455	303,967	311,720	320,019
Expenditures less UAL	266,694	274,598	282,175	290,563	297,958	304,813
CalPERS UAL **	4,643	5,215	10,305	13,290	16,262	19,222
POB Payment	13,255	13,106	12,750	12,537	12,384	12,229
One-Time Expenditures	6,038	11,090	-	-	-	-
Total Expenditures	290,630	304,009	305,230	316,390	326,604	336,264
Restricted Reserves	4,119	-	-	-	-	-
Surplus/(Deficit)	\$2,716	\$2,298	(\$8,775)	(\$12,423)	(\$14,884)	(\$16,245)

* FY 23/24 one-time revenue consists of \$2.3M for Emerald Cove Superior Court Judgment. FY 24/25 one-time consists of the General Fund portion of the first payment of the Waterfront Loan Settlement.

** Future CalPERS UAL Costs are estimated using the most recent CalPERS investment return of 9.5% in FY 23/24.

Questions?

