



## **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
<b>Total Sources of Funds</b>	<b>\$297,465</b>
Expenditures less UAL	266,694
CalPERS UAL	4,643
POB Payment	13,255
One-Time Expenditures**	6,038
<b>Total Expenditures</b>	<b>\$290,630</b>
Other Restricted Changes in General Fund Balance***	4,119
<b>General Fund (Fund 100) Surplus</b>	<b>\$2,716</b>

\* 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
<b>Total Sources of Funds</b>	<b>\$306,307</b>
Expenditures less UAL	274,598
CalPERS UAL	5,215
POB Payment	13,106
One-Time Expenditures ***	11,090
<b>Total Expenditures</b>	<b>\$304,009</b>
<b>General Fund (Fund 100) Surplus</b>	<b>\$2,298</b>

**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	-	-	-	-
<b>Total Sources of Funds</b>	<b>297,465</b>	<b>306,307</b>	<b>296,455</b>	<b>303,967</b>	<b>311,720</b>	<b>320,019</b>
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	-	-	-	-
<b>Total Expenditures</b>	<b>290,630</b>	<b>304,009</b>	<b>305,230</b>	<b>316,390</b>	<b>326,604</b>	<b>336,264</b>
Restricted Reserves	4,119	-	-	-	-	-
<b>Surplus/(Deficit)</b>	<b>\$2,716</b>	<b>\$2,298</b>	<b>(\$8,775)</b>	<b>(\$12,423)</b>	<b>(\$14,884)</b>	<b>(\$16,245)</b>

\* 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?**

