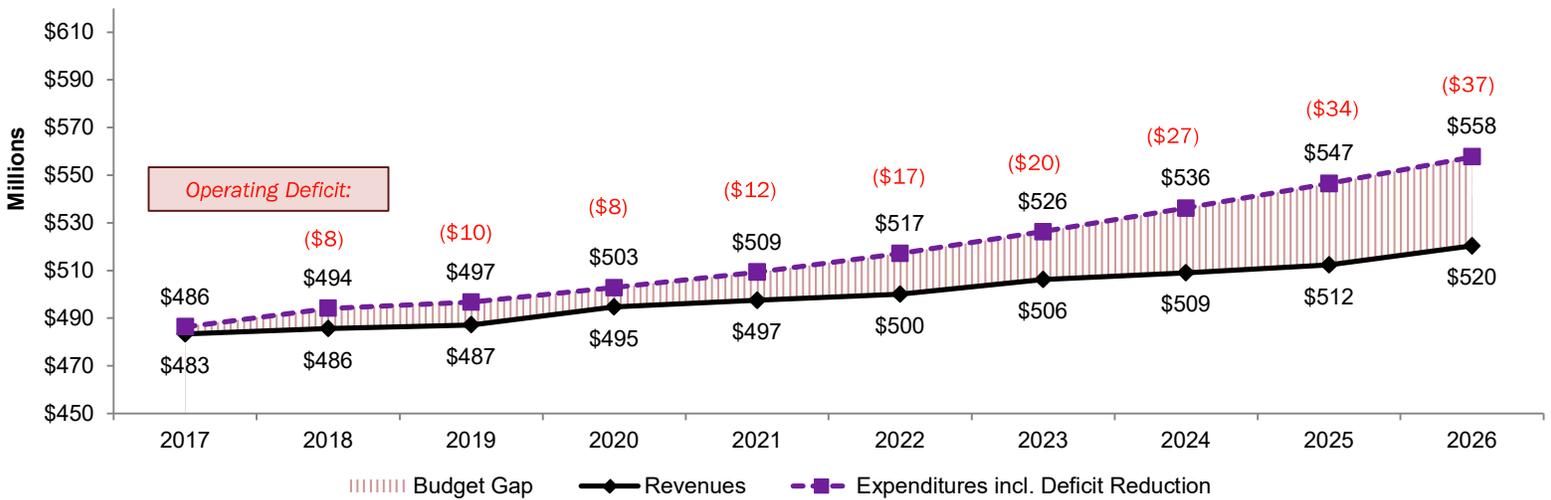


# Defining the Challenge:

## Projecting the Deficit

- The baseline projections (e.g. without any investment in infrastructure, talent/salaries, children) show a structural deficit – recurring expenses are growing faster than recurring revenues – with the City relying mostly on the property tax to fund expenses. Expenditure increases are driven by rising active and retired employee costs that are expected to grow faster than revenues
- In the near-term, the City’s projected baseline deficit in FY2019 – without layering in necessary OPEB funding – is nearly \$10 million; approximately equivalent to 105 police officers or a commercial and residential tax rate increase of 4%

General Fund Baseline Projection, FY2017 - FY2026



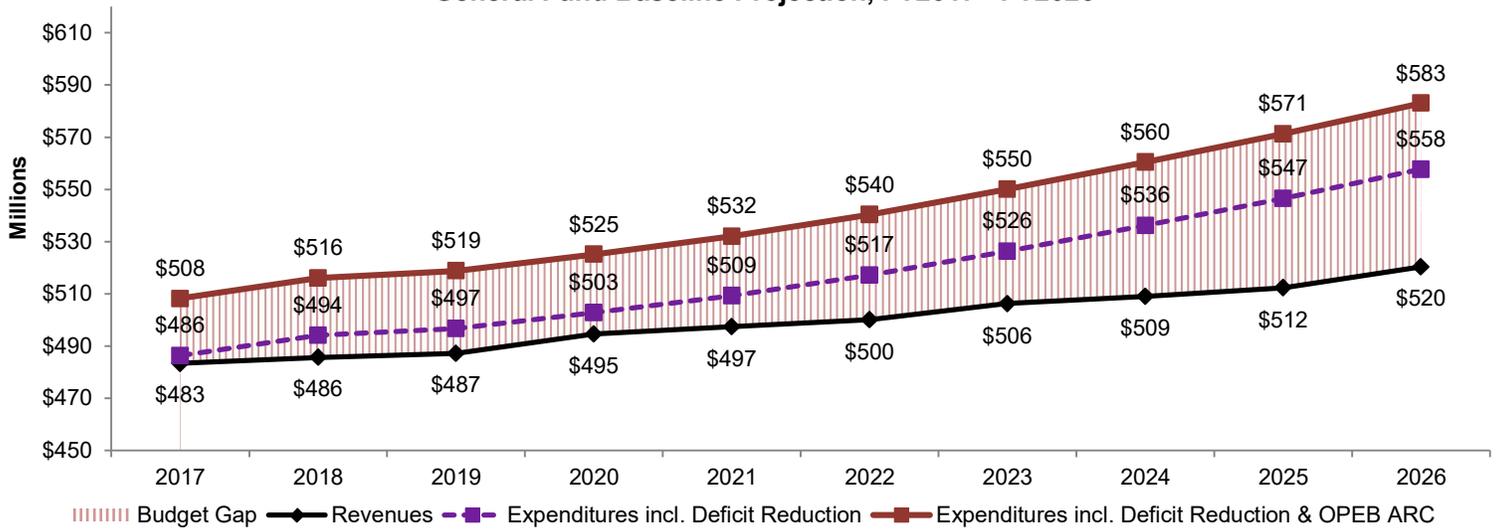
Note: Projected savings from PFD call back savings are not included in baseline projection due to the ongoing legal proceedings

# Defining the Challenge:

## *Projecting the Deficit*

- If the City does nothing else differently, it will face a structural deficit – without even considering the full cost of necessary and required OPEB funding – of more than \$37 million by FY2026; a sum approximately equal to 11% of the non-schools FY2016 General Fund budget, and more than 52% of the FY2016 Police Department budget
- Even if the City closes this gap, it will not have the resources needed for critical investments in education and infrastructure – let alone reasonable increases in salary over time. As a result, the goal cannot be to just “close the gap,” but rather to create sufficient funding to truly address the City’s fiscal and operational needs

**General Fund Baseline Projection, FY2017 - FY2026**



Note: Projected savings from PFD call back savings are not included in baseline projection due to the ongoing legal proceedings