

FPDR Recommended Budget

**July 1, 2025 – June 30, 2026
(FYE26)**

January 28, 2025

FY 2025-26 Budget

Compared to FY 2024-25 Projection & FY 2023-24 Actuals

	FYE 24 Actuals	FYE25 Adopted Budget	FYE25 Projection	FYE26 Recomm. Budget	Change: FYE24 to FYE25
Resources					
Property Taxes	\$192.82	\$221.85	\$219.10	\$232.73	6.22%
Tax Anticipation Notes	32.57	45.00	45.00	48.00	6.67%
Miscellaneous	2.62	3.61	3.44	3.77	9.67%
Cash Transfers	-	0.75	-	0.75	
Beginning Fund Balance	26.31	16.22	16.70	20.19	20.83%
Total Resources	\$254.32	\$287.43	\$284.24	\$305.43	7.45%
Requirements					
FPDR 1 & 2 Pensions	\$147.46	\$152.24	\$151.63	\$161.93	6.79%
FPDR 3 PERS Contributions	30.90	40.73	41.47	50.56	21.92%
Disability & Death Benefits	7.77	7.80	6.08	8.56	40.82%
Administration & Delivery	5.10	5.28	5.03	5.86	16.35%
Fund-Level Requirements	33.26	61.87	45.87	67.92	48.08%
Ending Fund Balance	16.66	-	20.19	0.00	-100.00%
Total Requirements	254.98	287.43	284.24	305.43	7.45%
Total Net of TANs	\$222.41	\$242.43	\$ 239.24	\$ 257.43	7.60%
Operating Expenses	\$191.22	\$206.05	\$204.21	\$226.90	11.11%

Follow Up from Last Year



INFLATION HAS TEMPERED, AS FORECAST

Current year budget assumed inflation of 2.5% in 2024*

Actual inflation (BLS):

- ✓ 2.5% (CPI-W, West Region, Size Class A)
- ✓ 2.4% (CPI-U, West Region, Size Class A)



RMV "GROWTH" WAS EVEN WORSE THAN PROJECTED

City Economist projected flat RMV for FYE25

- ✓ Instead RMV declined 2.9%
- ✓ Driven by declining value of downtown commercial properties

Forecast RMV Tax Rate for FYE25: \$1.36

- ✓ Actuals RMV Tax Rate for FYE25: \$1.40



PERS CONTRIBUTIONS BUDGET LESS PREDICTABLE

As discussed last year:

- ✓ FPDR 3 members now > 50% of workforce
- ✓ FPDR 3 members now promoting
- ✓ Unusually large swings in sworn overtime recently

In last two years, PERS contribution spending has been as much as 1% over budget and as little as 8% under budget



AS PREDICTED, FYE24 WAS SECOND HIGHEST RETIREMENT YEAR ON RECORD

Budgeted retirements: 85
✓ Actual retirements: 91

FYE24 pension budget had to be increased slightly at mid-year.

FYE24 Original budget: \$152.2 M

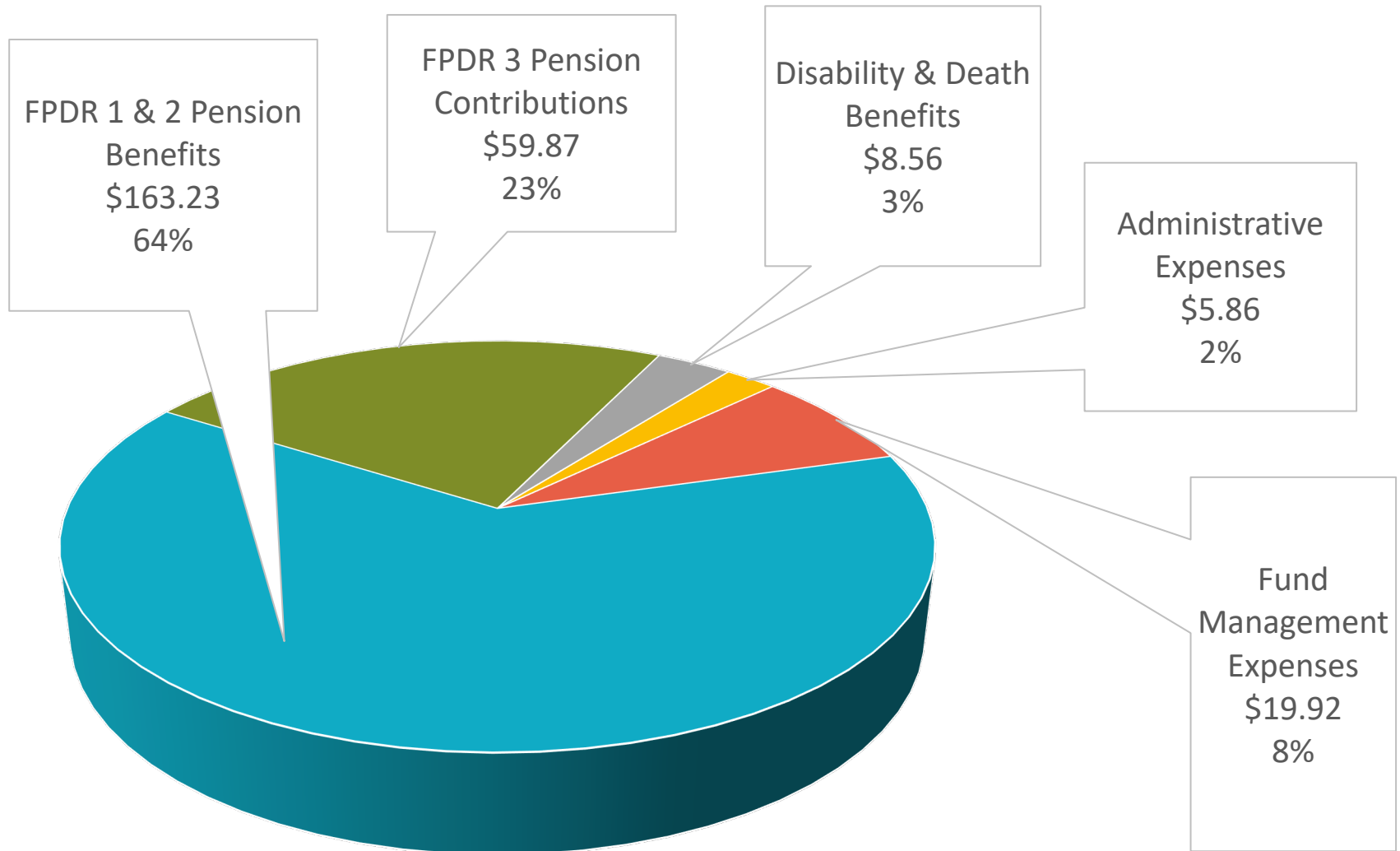
- ✓ FYE24 Revised budget: \$152.8 M

Current year pension budget:

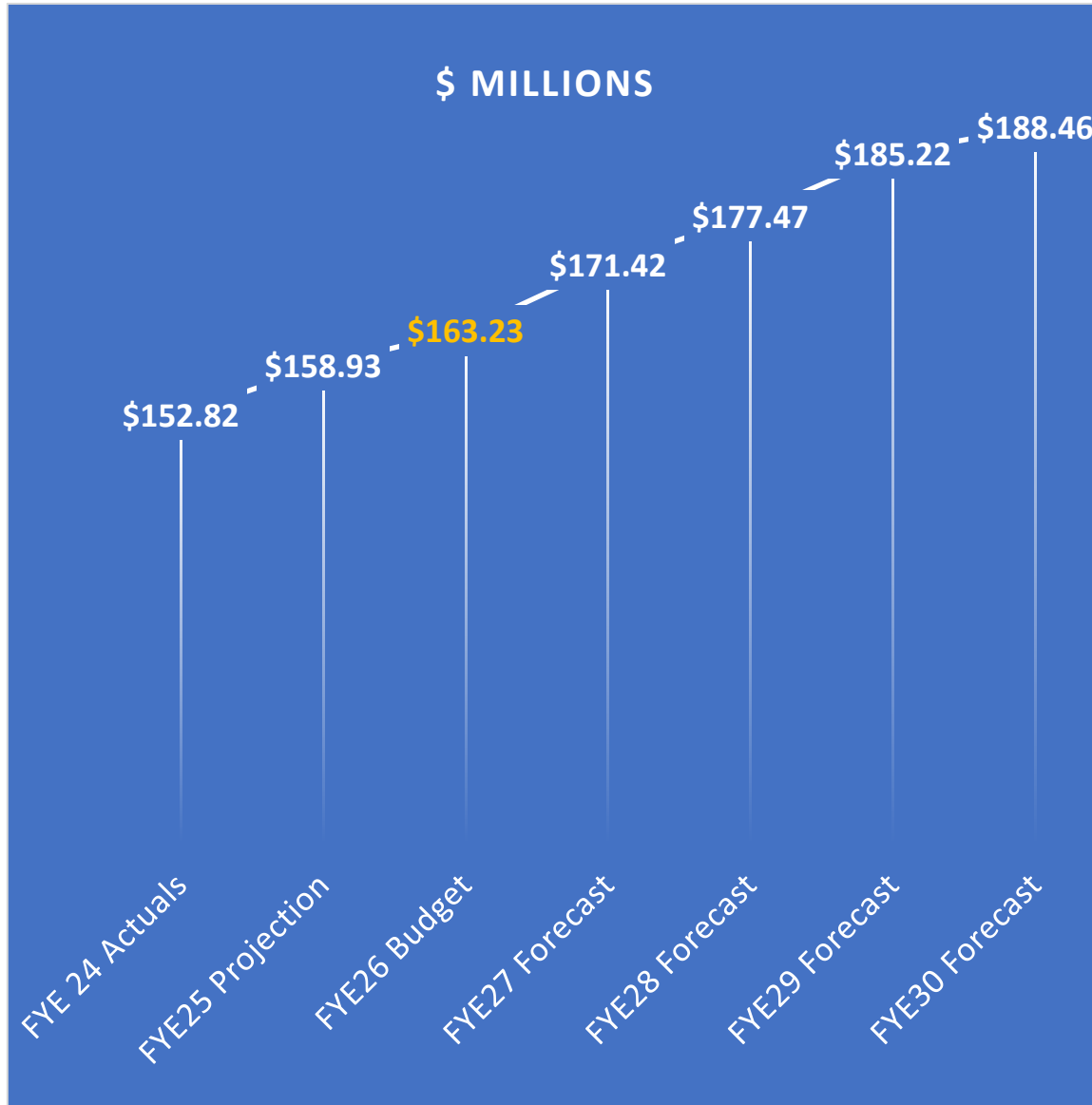
- ✓ On track, projected to spend 98% of budget

*For most budget components

FYE26 Expense Overview By Program (\$ Millions)



Benefits: FPDR One And Two Pension Payments



FYE25 to FYE26:

↑ 1.5% for FPDR Two

↓ 7.4% for FPDR One

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FPDR Two growth slow because:

- Expect few retirements until May 2026, the next 27 pay date retirement month
- FYE25 budget too high

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Normal mortality rates predicted over next five years:

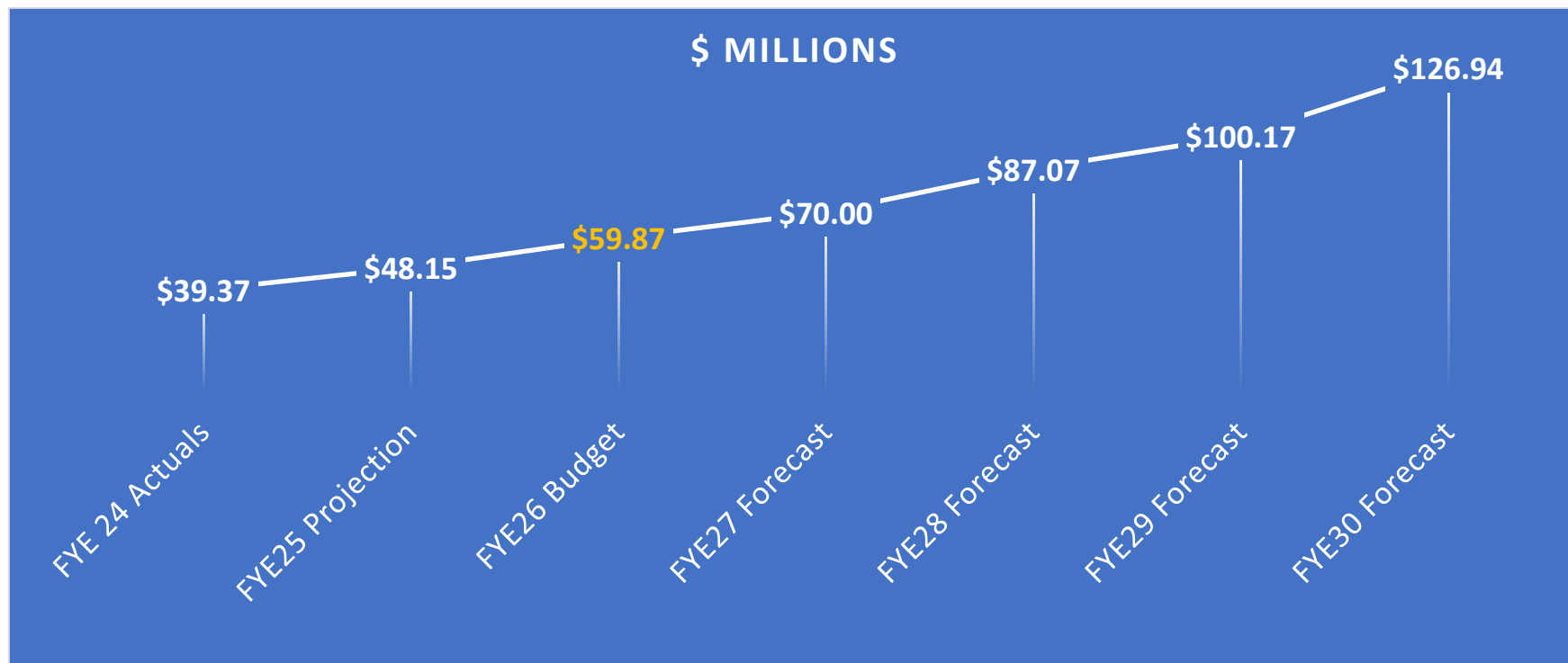
- About 60 deaths annually

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Number of retirees grew substantially from FYE23 to FYE25

Benefits: PERS Contributions

- PERS Contributions are second largest portion of the budget and the fastest growing
- Two main factors drive growth in this budget:
 - ✓ Number of FPDR3 members increase as they continue to replace retiring FPDR2s
 - ✓ PERS rates will increase from 33.91% in FYE24 to 50.56% in FYE30
- Combined, PERS rates and FPDR3 wage growth will exponentially increase the PERS Contributions budget over the forecast period



Benefits: Disability

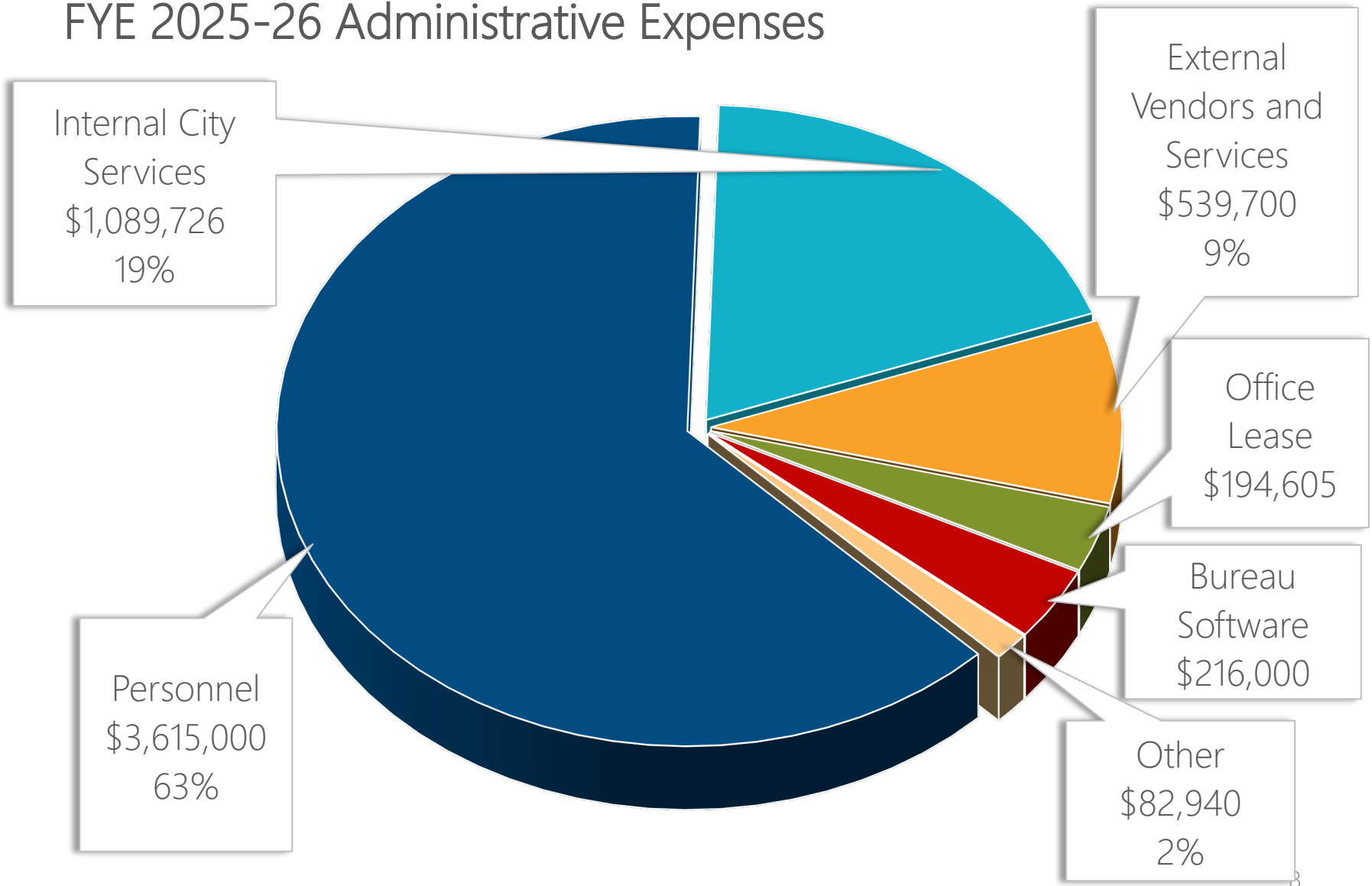
\$ Millions



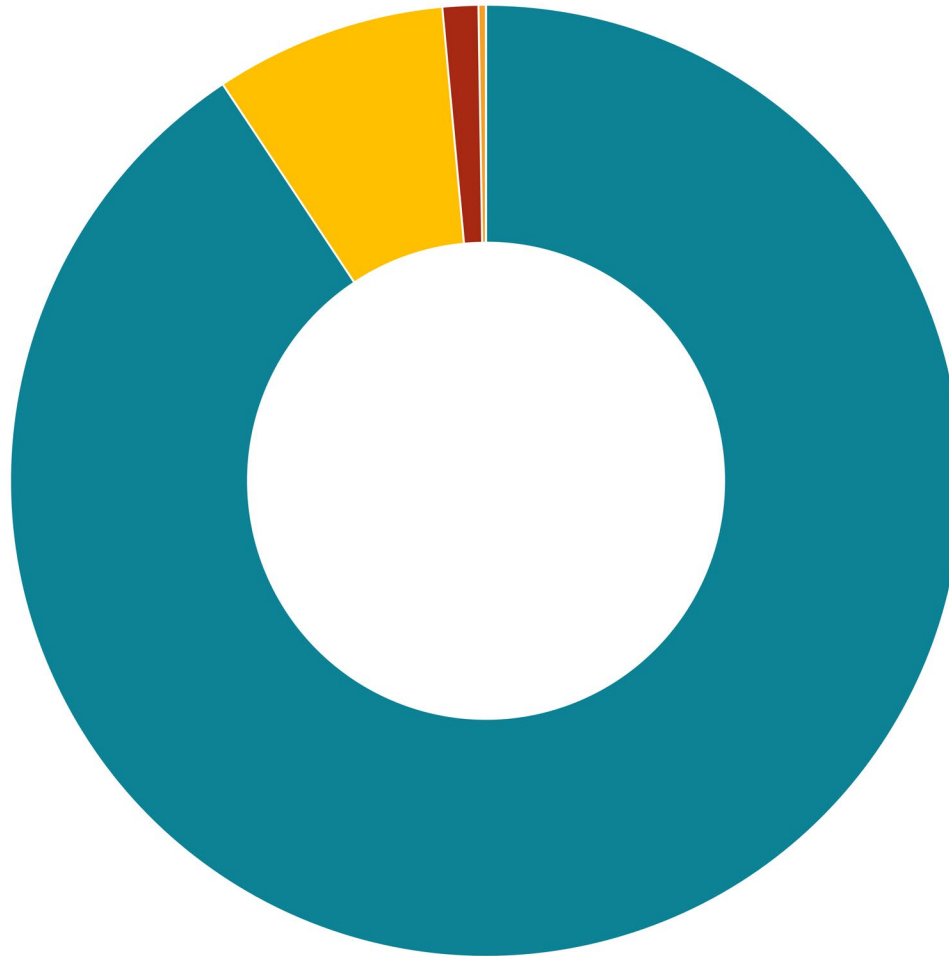
- Short-Term Disability
- Long-Term Disability
- Medical Payments & Voc Rehab
- Return to Work Subsidies
- Funeral Benefits

Administration: Operating the Plan

FYE 2025-26 Administrative Expenses



FYE26 Revenue Overview (\$ Millions)



■ Property Taxes ■ Beginning Fund Balance ■ Interagency Revenues ■ Other

Property Tax Revenues



Expense requirements -
Beginning fund balance -

Other revenues

Property taxes each year

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FYE26 growth: 6.2%

- ✓ Mostly driven by growing PERS contributions

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FYE27–30 average annual growth: 9.3%

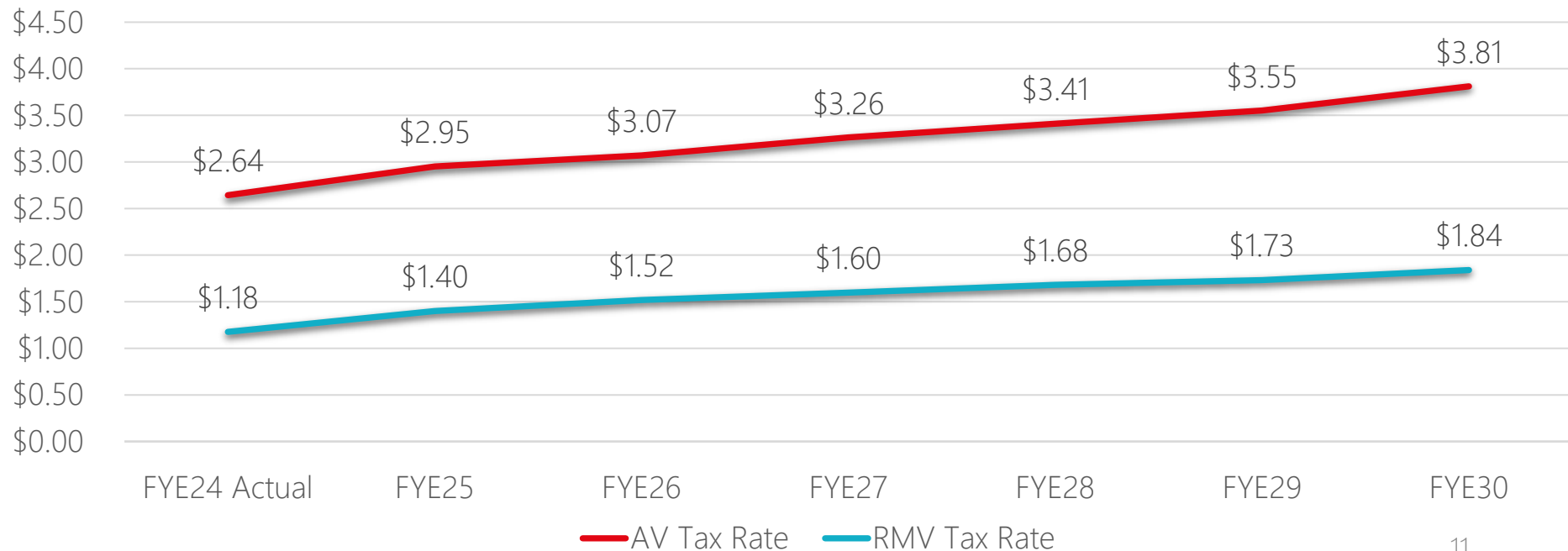
- ✓ Retirements resume with next 27 pay date month in May 2026
- ✓ Plan continues ramp up in ongoing transition from pay-go FPDR to pre-funded PERS

Property Tax Levy

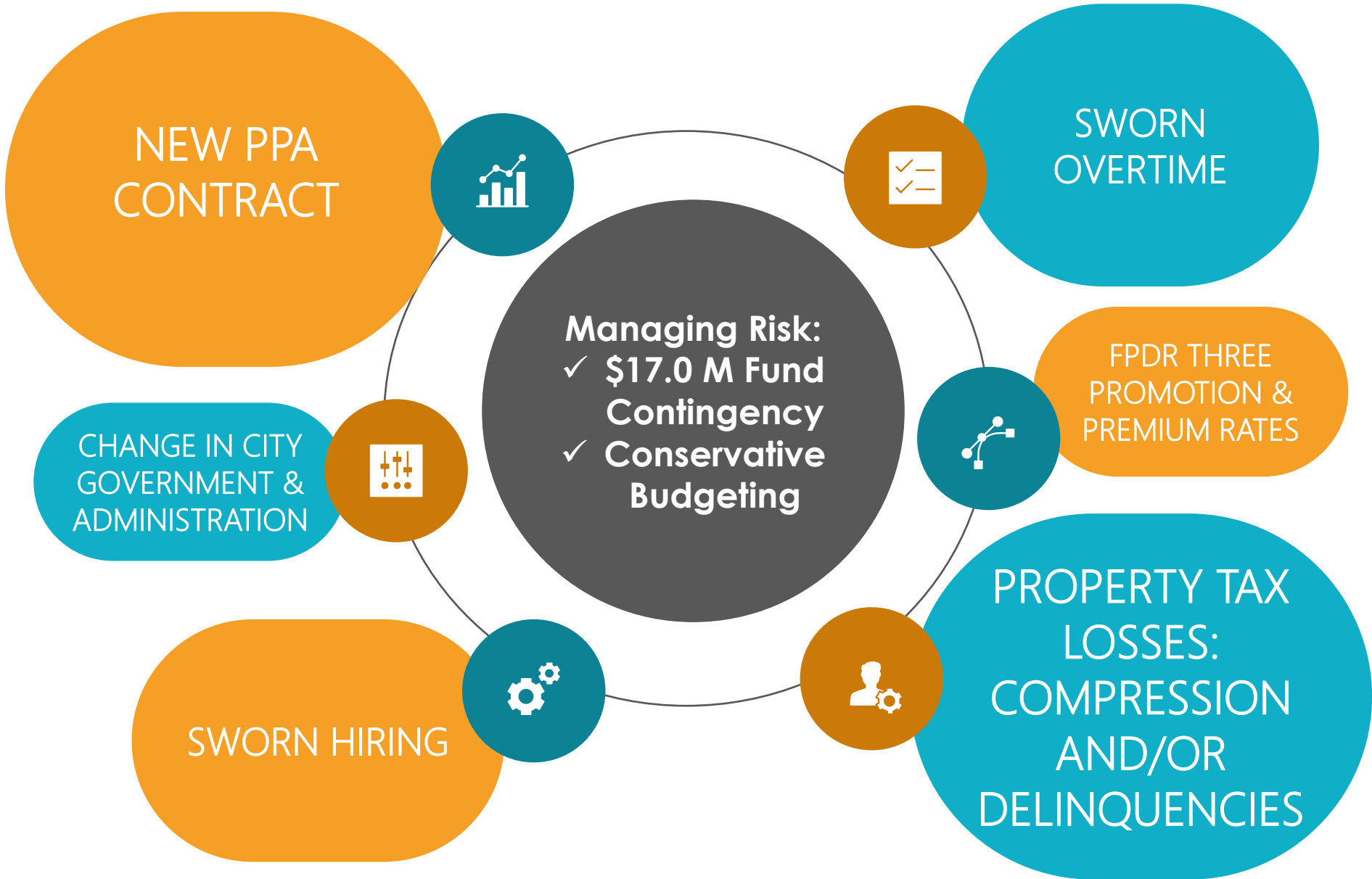
Major Assumptions and Projections

PROPERTY TAX LEVY ASSUMPTIONS

	FYE24 Actuals	FYE25	FYE26	FYE27	FYE28	FYE29	FYE30
Real Market Value (RMV) Growth	0.2%	-2.9%	-3.0%	4.0%	4.0%	4.0%	4.0%
Assessed Value (AV) Growth	9.2%	3.5%	1.1%	2.9%	4.7%	2.9%	3.0%
Compression	-4.0%	-4.7%	-5.2%	-5.1%	-5.1%	-5.0%	-5.0%
Discounts/Delinquencies	-5.2%	-5.2%	-5.0%	-4.7%	-4.5%	-4.5%	-4.5%
RMV (Millions)	\$178,815	\$173,599	\$168,391	\$175,127	\$182,132	\$189,417	\$196,994
AV (Millions)	\$69,746	\$72,889	\$79,592	\$82,373	\$83,299	\$85,747	\$89,754



Risks to the Forecast



• Key Budget Take Aways •



DECLINING DOWNTOWN PROPERTY VALUES HAVE PUSHED FPDR RMV TAX RATE UP

RMV projected to decline a cumulative 5.99% by FYE27

Two years ago, FYE27 RMV rate predicted to be \$1.41; now predicted to be 1.59

But remember:

- ✓ Still very unlikely to ever exceed the tax rate ca
- ✓ No direct connection to proper tax bills, which are based on AV rate



144 RETIREMENTS IN LAST 14 MONTHS HAVE RE-SHAPED THE FORECAST

- ✓ Pension population and budget have grown rapidly during FYE24-26
- ✓ FPDR 3 membership and PERS contribution budget have likewise increased significantly during same period
- ✓ Future retirements expected to slow and stabilize for next few years, since the pool of eligibles has been depleted



FPDR BUDGET MORE DIRECTLY CONNECTED TO CITY PUBLIC SAFETY DECISIONS

Now that a majority of workforce are FPDR 3, FPDR budget is more vulnerable to budgetary and operational decisions made for the Police & Fire Bureaus than in past

Wage increases (whether through raises or hiring) now impact FPDR budget immediately and more completely, rather than trickling in as members retire

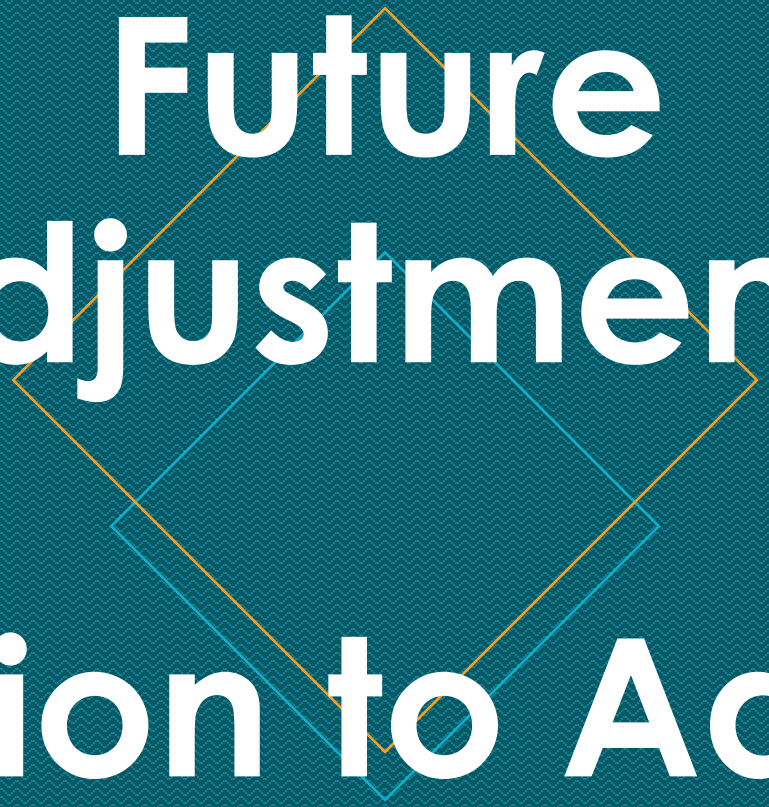
Overtime spending now results in direct FPDR costs



Questions?

Changes?

**Future
Adjustments**



Motion to Adopt