



Annual Financial Forecast Update

March 16, 2026



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Updated Baseline Forecast

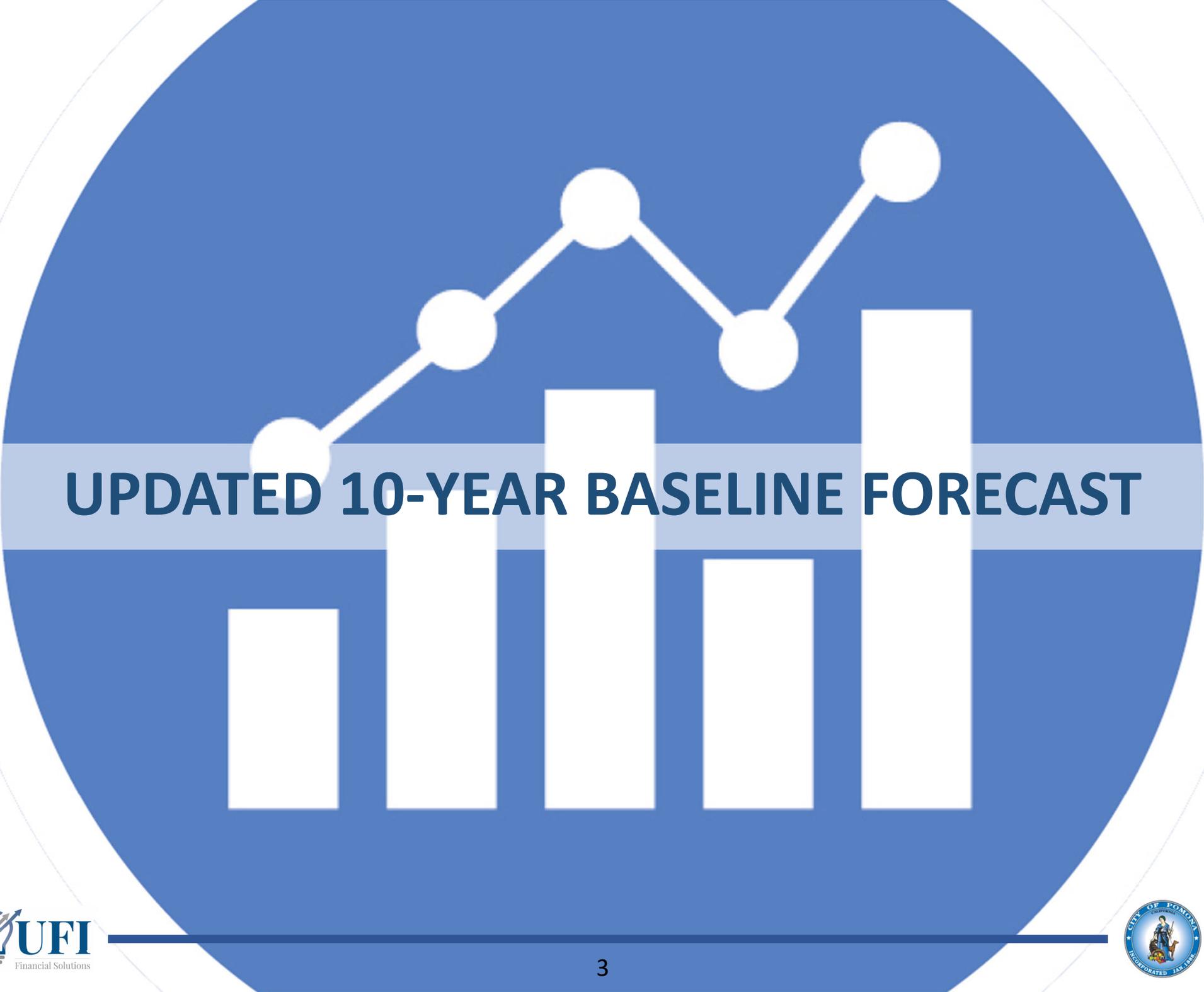
- Based on FY 2026 Adopted Budget
- Full Funding of Fiscal Policies
- Full Measure Y Implementation

Scenario Forecast #1

- New LA County Fire Contract

Scenario Forecast #2

- Adds Proposed Measure Z



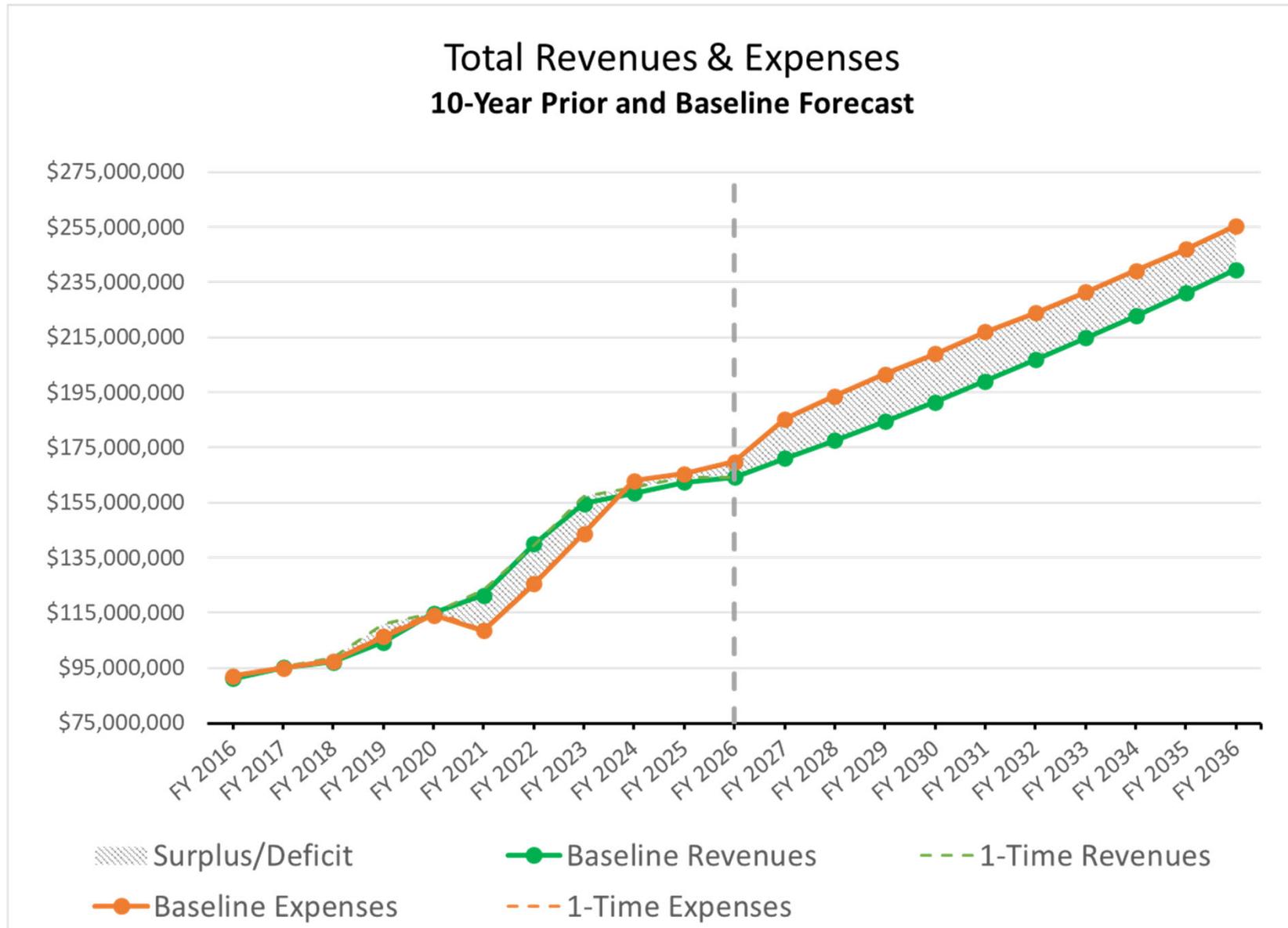
UPDATED 10-YEAR BASELINE FORECAST

Baseline Forecast – Updated for FY 2026

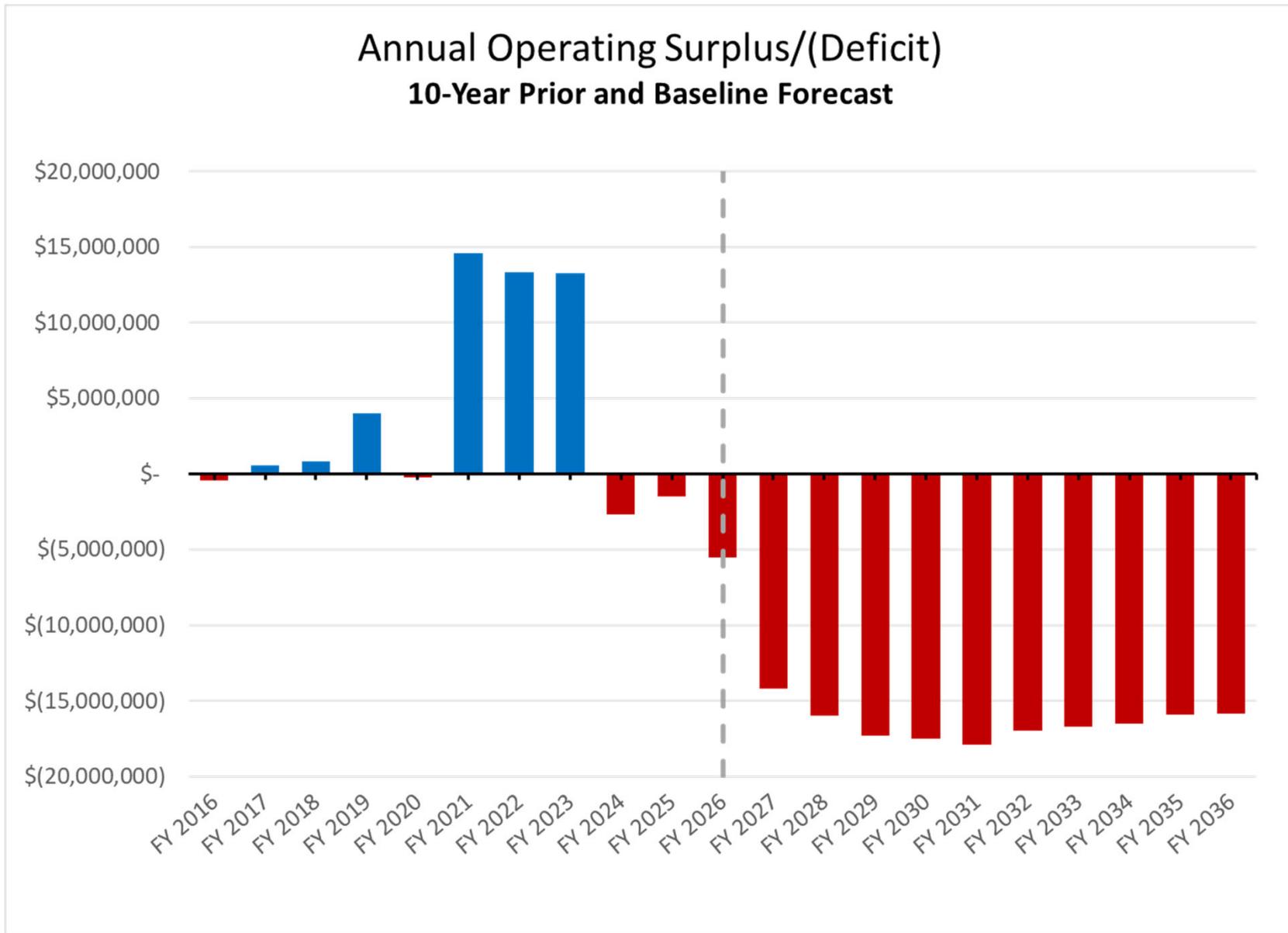
KEY ASSUMPTIONS

1. **CalPERS UAL**. New payment schedule now includes estimated FY 2025 preliminary returns for CalPERS investment fund (+11.6%).
2. **Salaries & Wages**. Current MOU increase of 5% in FY 2027 is included. Thereafter, wage growth assumed at 3% per annum.
3. **Additional Vacancy Savings**. Vacancy savings in FY 2026 is \$2.4 million more than City's typical vacancy savings (\$2 million) due to City Council's decision to hold all vacancies in FY 2026.
4. **General Fund Fiscal Policies**. Full funding of City's adopted fiscal policies for the General Fund.
5. **Measure Y Full Implementation**. FY 2026 budget at 5% of unrestricted General Fund revenues to Children & Youth Fund. Transfer thereafter increases by 1% per annum to 10% in FY 2031.

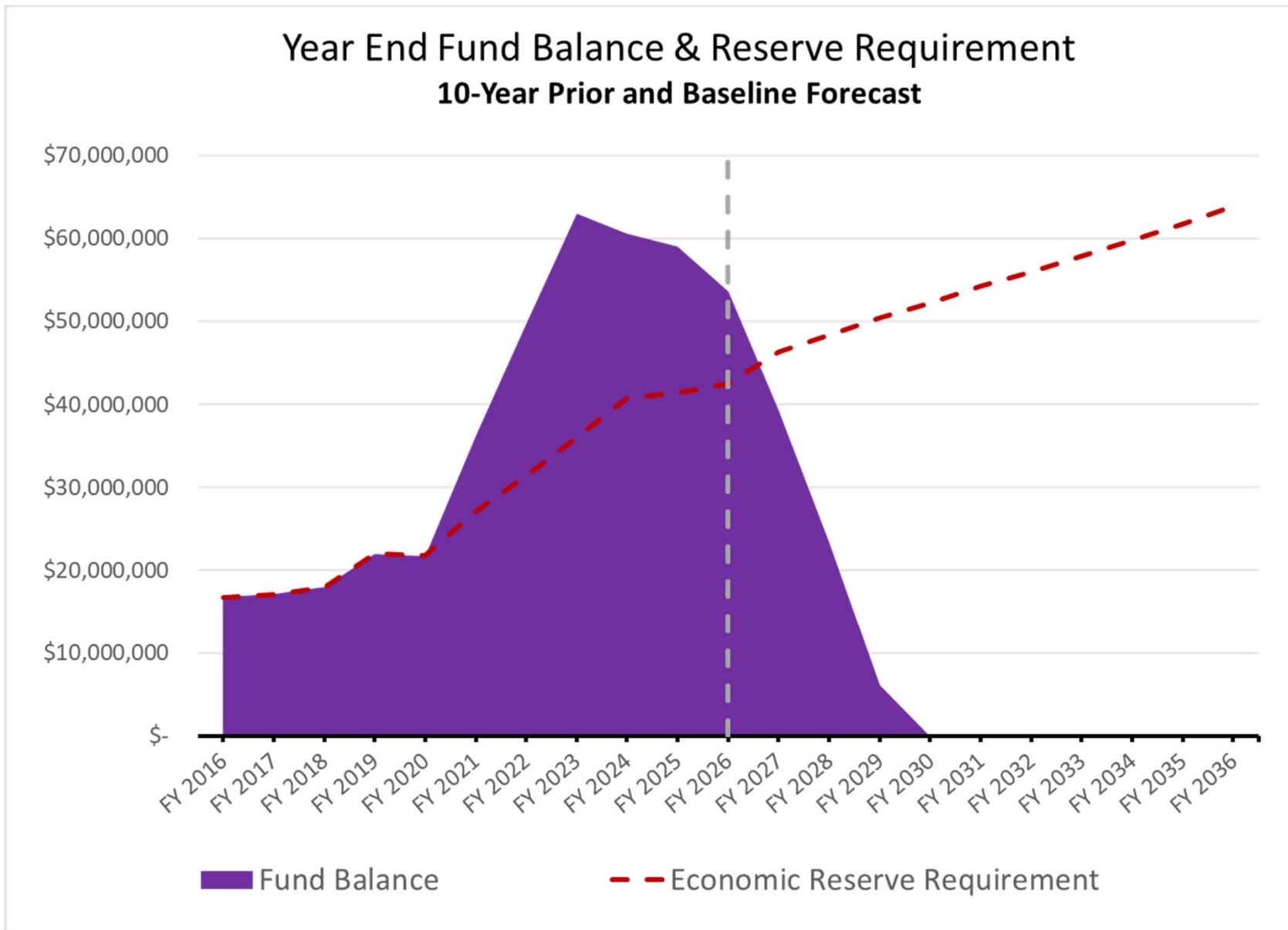
Baseline Forecast – Updated for FY 2026



Baseline Forecast – Updated for FY 2026



Baseline Forecast – Updated for FY 2026



Baseline Forecast – Updated for FY 2026

General Fund Fiscal Outlook by the Numbers

Forecast Year	Baseline Forecast Updated for FY 2026		Scenario Forecast #1 Baseline Forecast + New Fire Contract		Scenario Forecast #2 Scenario #1 + Proposed Measure Z	
	Annual Operating (Deficit)/Surplus	Fund Balance	Annual Operating (Deficit)/Surplus	Fund Balance	Annual Operating (Deficit)/Surplus	Fund Balance
FY 2026	\$ (5,509,457)	\$ 53,560,752				
FY 2027	(14,166,900)	39,393,852				
FY 2028	(15,955,054)	23,438,798				
FY 2029	(17,313,038)	6,125,760				
FY 2030	(17,493,174)	(11,367,414)				
FY 2031	(17,901,879)	(29,269,293)				
FY 2032	(16,942,370)	(46,211,663)				
FY 2033	(16,714,030)	(62,925,693)				
FY 2034	(16,530,678)	(79,456,371)				
FY 2035	(15,894,757)	(95,351,129)				
FY 2036	(15,821,743)	(111,172,872)				



10-YEAR SCENARIO FORECAST #1

Baseline Forecast + New Fire Contract

Scenario #1 – Baseline Forecast + UAL Management

CHANGES TO ASSUMPTIONS

All assumptions in Baseline Forecast remain constant, except the following:

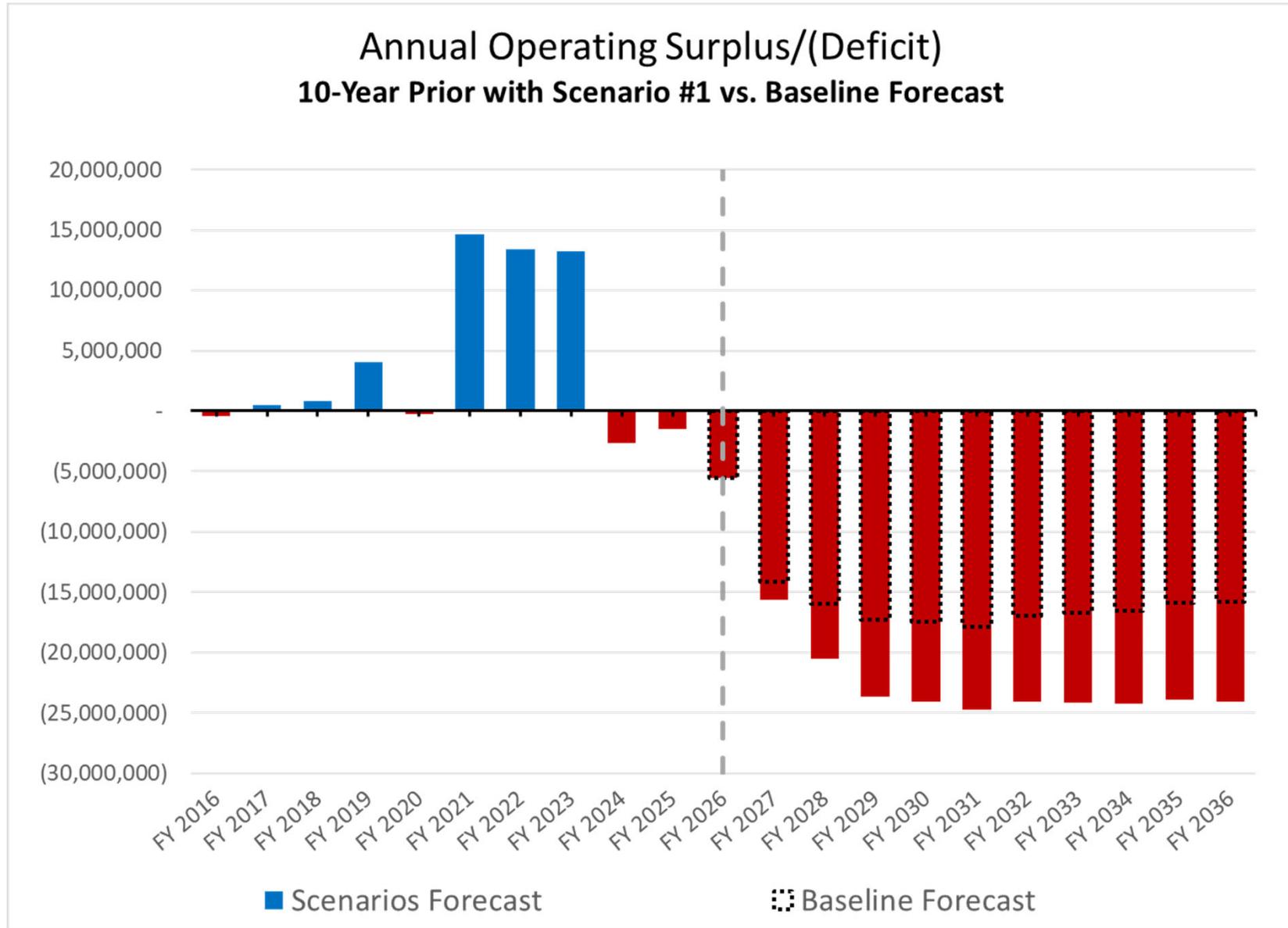
1. New Contract with County Fire Services. Adds the additional costs for LA County fire services based on recently completed negotiations and new three-year contract through FY 2029.

Annual increases in fire contract are as follows:

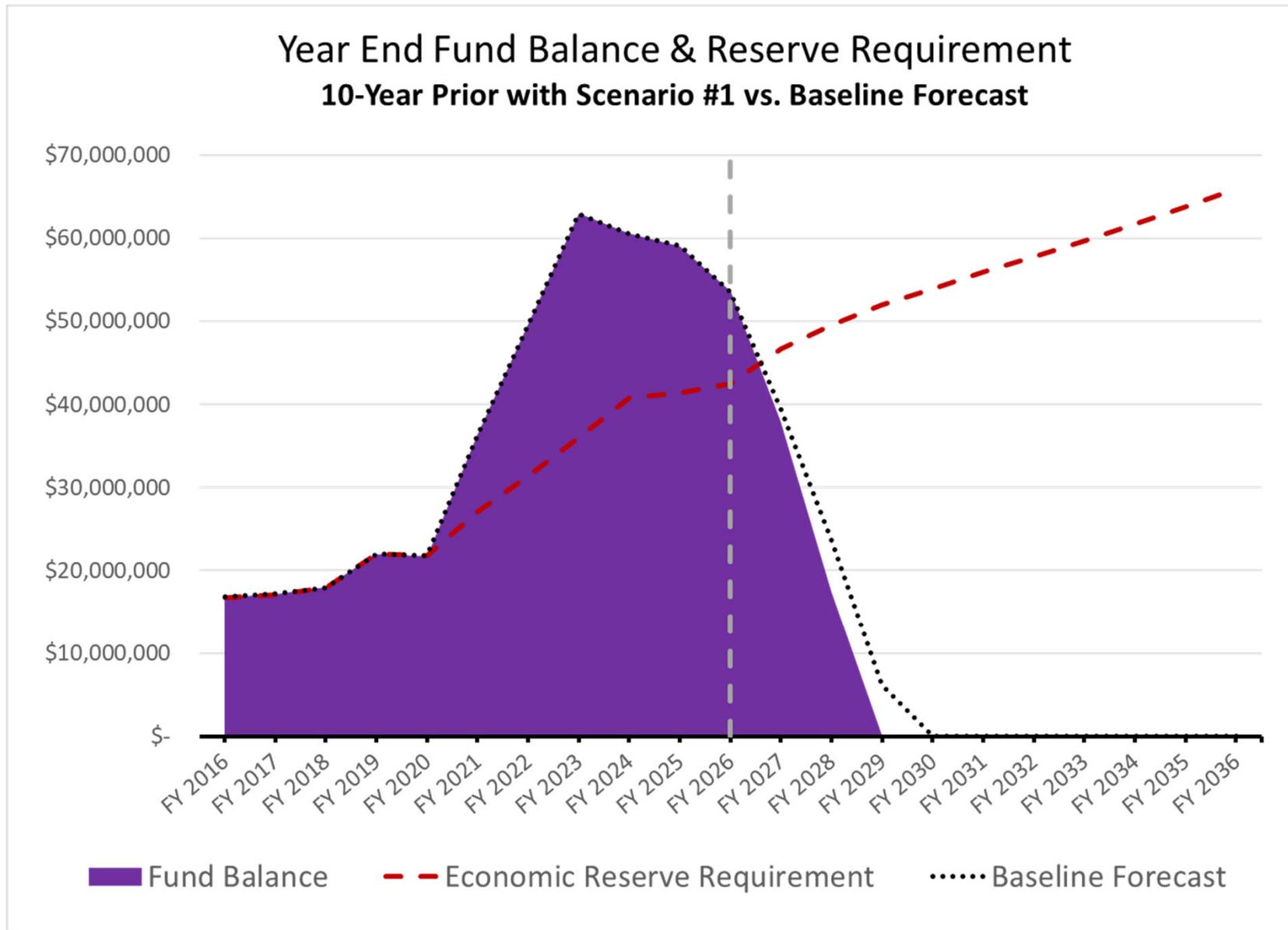
- FY 2027 = 8.19% increase
- FY 2028 = 11.48% increase
- FY 2029 = 7.63% increase

Forecasted thereafter at 3.83% average annual increase.

Scenario #1 – Baseline Forecast + New Fire Contract



Scenario #1 – Baseline Forecast + New Fire Contract



Scenario #1 – Baseline Forecast + New Fire Contract

General Fund Fiscal Outlook by the Numbers

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	Annual Operating (Deficit)/Surplus	Fund Balance	Annual Operating (Deficit)/Surplus	Fund Balance	Annual Operating (Deficit)/Surplus	Fund Balance
FY 2026	\$ (5,509,457)	\$ 53,560,752	\$ (5,509,457)	\$ 53,560,752		
FY 2027	(14,166,900)	39,393,852	(15,635,124)	37,925,628		
FY 2028	(15,955,054)	23,438,798	(20,488,755)	17,436,873		
FY 2029	(17,313,038)	6,125,760	(23,668,334)	(6,231,462)		
FY 2030	(17,493,174)	(11,367,414)	(24,100,830)	(30,332,291)		
FY 2031	(17,901,879)	(29,269,293)	(24,765,071)	(55,097,362)		
FY 2032	(16,942,370)	(46,211,663)	(24,069,222)	(79,166,584)		
FY 2033	(16,714,030)	(62,925,693)	(24,112,669)	(103,279,253)		
FY 2034	(16,530,678)	(79,456,371)	(24,209,810)	(127,489,064)		
FY 2035	(15,894,757)	(95,351,129)	(23,863,239)	(151,352,303)		
FY 2036	(15,821,743)	(111,172,872)	(24,088,286)	(175,440,589)		



10-YEAR SCENARIO FORECAST #2

Scenario #1 + Proposed Measure Z

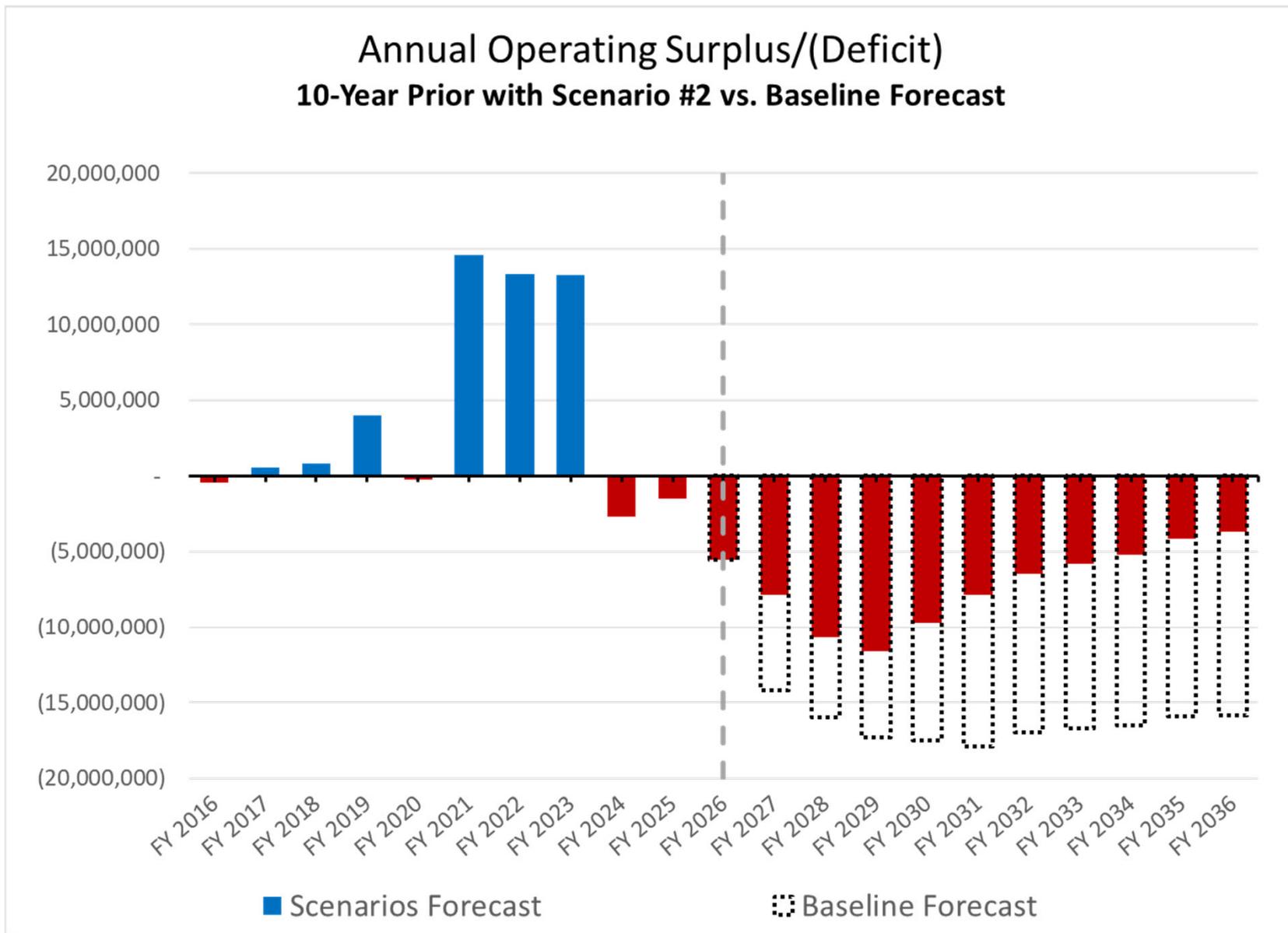
Scenario #2 – Scenario #1 + Proposed Measure Z

CHANGES TO ASSUMPTIONS

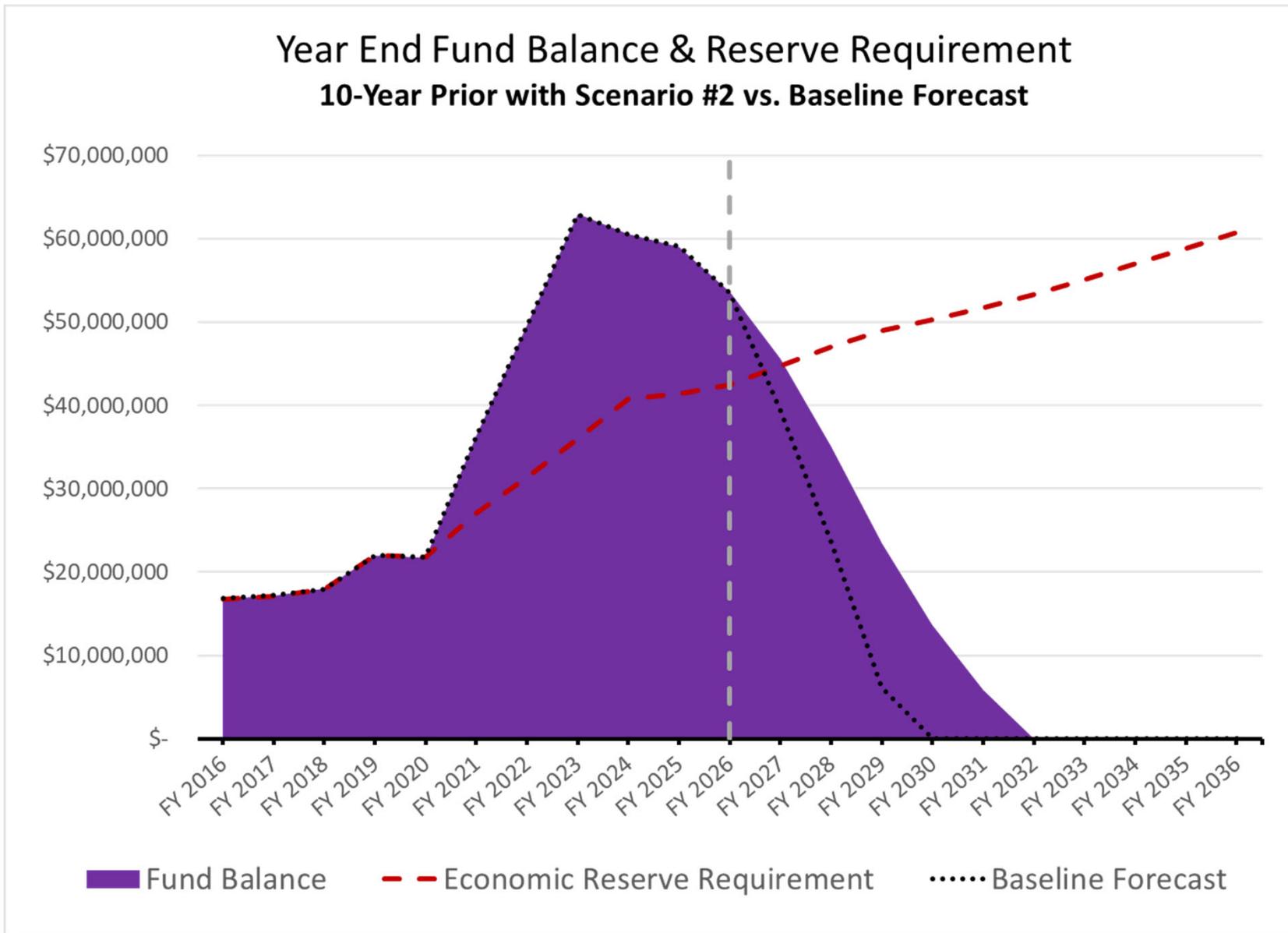
All assumptions in Scenario Forecast #1 remain constant, except the following:

1. Proposed Measure Z. Proposed Measure Z would amend Measure Y to provide that 10% of the City's annual state sales tax (Bradley Burns) revenue be transferred annually to the Children & Youth Fund. The amount transferred is projected to be \$2.4 million in FY 2027 and increasing annually thereafter for a total of \$28.3 million over ten years.

Scenario #2 – Scenario #1 + Proposed Measure Z



Scenario #2 – Scenario #1 + Proposed Measure Z



Scenario #2 – Scenario #1 + Proposed Measure Z

General Fund Fiscal Outlook by the Numbers

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	Annual Operating (Deficit)/Surplus	Fund Balance	Annual Operating (Deficit)/Surplus	Fund Balance	Annual Operating (Deficit)/Surplus	Fund Balance
FY 2026	\$ (5,509,457)	\$ 53,560,752	\$ (5,509,457)	\$ 53,560,752	\$ (5,509,457)	\$ 53,560,752
FY 2027	(14,166,900)	39,393,852	(15,635,124)	37,925,628	(7,868,119)	45,692,633
FY 2028	(15,955,054)	23,438,798	(20,488,755)	17,436,873	(10,657,148)	35,035,485
FY 2029	(17,313,038)	6,125,760	(23,668,334)	(6,231,462)	(11,628,825)	23,406,660
FY 2030	(17,493,174)	(11,367,414)	(24,100,830)	(30,332,291)	(9,694,957)	13,711,703
FY 2031	(17,901,879)	(29,269,293)	(24,765,071)	(55,097,362)	(7,814,051)	5,897,652
FY 2032	(16,942,370)	(46,211,663)	(24,069,222)	(79,166,584)	(6,452,236)	(554,584)
FY 2033	(16,714,030)	(62,925,693)	(24,112,669)	(103,279,253)	(5,821,267)	(6,375,851)
FY 2034	(16,530,678)	(79,456,371)	(24,209,810)	(127,489,064)	(5,228,363)	(11,604,214)
FY 2035	(15,894,757)	(95,351,129)	(23,863,239)	(151,352,303)	(4,170,750)	(15,774,965)
FY 2036	(15,821,743)	(111,172,872)	(24,088,286)	(175,440,589)	(3,657,619)	(19,432,583)



QUESTIONS?