

FORECAST ASSUMPTIONS

REVENUE BASELINE AND PROJECTION FACTORS

Type of Revenue Base Line Estimate	FY2023/24 Budget	FY 2024/25 Forecast	FY 2025/26 Forecast	FY 2026/27 Forecast	FY2027/28 Forecast	FY 2028/29 Forecast
Property Tax/VLF Backfill SCC Assessor Office January 2023 report.	3%	3%	3%	3%	3%	3%
North 40 Property Sales Additional	\$187K	\$327K Cumulative	\$467K Cumulative	3%	3%	3%
ERAF SCC Assessor Office March 2023 report	SCCAO Recommends 70% of FY 2022/23 Anticipated Proceeds	50% of FY 2023/24 Anticipated Proceeds \$770K	50% of FY 2023/24 Anticipated Proceeds \$770K	50% of FY 2023/24 Anticipated Proceeds \$770K	50% of FY 2023/24 Anticipated Proceeds \$770K	50% of FY 2023/24 Anticipated Proceeds \$770K
Sales Tax	MuniServices March 2023 Most Likely Estimates	MuniServices March 2023 Most Likely Estimates	MuniServices March 2023 Most Likely Estimates	MuniServices March 2023 Most Likely Estimates	MuniServices March 2023 Most Likely Estimates	MuniServices March 2023 Most Likely Estimates
Sales Tax - Measure G	MuniServices March 2023 Most Likely Estimates	MuniServices March 2023 Most Likely Estimates	MuniServices March 2023 Most Likely Estimates	MuniServices March 2023 Most Likely Estimates	MuniServices March 2023 Most Likely Estimates	MuniServices March 2023 Most Likely Estimates
Franchise Fee (Not Including Garbage Franchise Fees)	Current baseline set by FY 2022/23 Year End Estimates	3%	3%	3%	3%	3%
Garbage Franchise Fee	Partial proceeds from July 2023 – Feb 2024 \$1.2M	50% of FY 2022/23 anticipated proceeds \$940K	50% of FY 2022/23 anticipated proceeds \$940K	50% of FY 2022/23 anticipated proceeds \$940K	50% of FY 2022/23 anticipated proceeds \$940K	50% of FY 2022/23 anticipated proceeds \$940K

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REVENUE BASELINE AND PROJECTION FACTORS

Type of Revenue Base Line Estimates	FY 2023/24 Budget	FY 2024/25 Forecast	FY 2025/26 Forecast	FY 2026/27 Forecast	FY2027/28 Forecast	FY 2028/29 Forecast
Transient Occupancy Tax Current baseline set by FY 2022/23 Year End Estimates	3%	3%	3%	3%	1%	1%
Business License Tax Current baseline set by FY 2022/23 Year End Estimates	2%	2%	2%	2%	2%	2%
License & Permits Current baseline set by FY 2022/23 Year End Estimates	4.4%	3%	3%	3%	3%	3%
Town Services Current baseline set by FY 2022/23 Year End Estimates	3%	3%	0%	3%	3%	3%
Fine & Forfeitures Current baseline set by FY 2022/23 Year End Estimates	1%	Varies	Varies	Varies	Varies	Varies
Interest	Varies based on portfolio	1%	1%	1%	1%	1%
Other Sources Current baseline set by FY 2022/23 Year End Estimates	Varies	Varies	Varies	Varies	Varies	Varies

FORECAST ASSUMPTIONS
EXPENDITURE BASELINE AND PROJECTION FACTORS

Beginning in FY 2020/21, the Town is budgeting salaries at the actual salary plus a one-step increase. 70% of the workforce is already at top step or one step below top step. In the Five-Year Forecast, positions are forecasted at the actual rate of pay including salaries and benefits as of March 1, 2022 and rate is increasing in the actual anniversary date. The FY 2024/25 – FY 2028/29 Forecast includes 4% salary savings. All positions are fully budgeted in FY 2023/24 Proposed Budget.

Type of Expenditure	FY2023/24 Budget	FY 2024/25 Forecast	FY 2025/26 Forecast	FY 2026/27 Forecast	FY2027/28 Forecast	FY 2028/29 Forecast
Salaries*	3%	2%	2%	2%	2%	2%
Benefit - Medical**	7%	7%	7%	7%	7%	7%
Salary Savings	0%	4%	4%	4%	4%	4%
Operating Expenditures***	Varies	3%	3%	3%	3%	3%
Grants & Awards	0%	0%	0%	0%	0%	0%
Utilities***	Varies	3%	3%	3%	3%	3%
Internal Service Charges***	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement
Debt Service	Debt Service Schedules					

**Salary increases are based on actual step increases and approved Memoranda of Understanding with the bargaining units.*

***Benefit increase estimates are provided by CalPERS/Public Employees' Medical and Hospital Care Act (PEMHCA).*

****Based on historical trends.*

The Town's required employer contribution rate estimates were developed using data provided by each plan's most recent CalPERS actuarial valuation. The employer contribution rates reflect percentages of covered payroll. Rates shown for FY 2023/24 are actual rates as prescribed by CalPERS. Forecasted rates for FY 2024/25 and subsequent years are based on the most recent CalPERS actuarial valuation Reports as adjusted by the impact related to the FY 2021/22 CalPERS negative 7.5% investment return and forecasted payroll.

FORECAST ASSUMPTIONS

Beginning in FY 2021/22, the estimates of employer contributions were credited with an anticipated reductions associated with the approximate \$4.8 million additional discretionary payment (ADP) toward the 2016 unfunded amortization base paid off in October 2019 and the total of approximately \$5.8 million in ADPs toward unfunded 2013 and 2015 amortization bases that were paid off in FY 2020/21. Estimates were also informed by recent rate estimates developed by the Town's actuary using the most recent actuarial valuation updated with current year projections of covered payrolls by plan type.

Type of Expenditure	FY2023/24 Budget	FY 2024/25 Forecast	FY 2025/26 Forecast	FY 2026/27 Forecast	FY2027/28 Forecast	FY 2028/29 Forecast
Safety POA	81.30%	87.00%	90.90%	90.80%	99.30%	108.40%
Safety Management POA	84.30%	90.00%	93.90%	93.80%	102.30%	111.40%
Safety POA - PEPRA	14.50%	14.70%	15.00%	15.40%	15.90%	16.40%
Miscellaneous TEA/Confidential/ Management	29.97%	29.20%	28.30%	29.80%	31.00%	32.50%
Miscellaneous TEA/Confidential/ Management PEPRA						
Separate PEPRA rate for Miscellaneous has not been established yet by CalPERS.	29.97%	29.20%	28.30%	29.80%	31.00%	32.50%

**Safety Classic Rate reflects 3% decrease in employer's contribution rate to reflect 3% contribution as negotiated with the Town's POA during the collective bargaining process effective FY 2019/20.*