

EXPENDITURE BASELINE AND PROJECTION FACTORS

Beginning in FY 2020-21, the Town started budgeting salaries at the actual salary plus a one-step increase. In the Five-Year Forecast, positions are forecasted at the actual rate of pay including salaries and benefits as of December 31, 2025. Beginning FY 2023-24 the total salaries and benefits budget includes 4.6% vacancy factor.

Type of Expenditures	FY 2025-26 Budget	FY 2026-27 Forecast	FY 2027-28 Forecast	FY 2028-29 Forecast	FY 2029-30 Forecast	FY 2030-31 Forecast
Salaries*(TEA)	3%	3%	3%	2%	2%	2%
Salaries *(POA)	5%	4%	4%	2%	2%	2%
Salaries*(AFSCME)	4%	4%	4%	2%	2%	2%
Salaries * (Management, Confidential, Temp)	3%	3%	3%	2%	2%	2%
Benefit - Medical**	4%	4%	4%	4%	4%	4%
Operating Expenditures***	3%	3%	3%	3%	3%	3%
Grants & Awards	0%	0%	0%	0%	0%	0%
Utilities***	Varies	3%	3%	3%	3%	3%
Workers Comp Charges	Based on projected payroll	3%	3%	3%	3%	3%
General Liability Charges	Based on projected payroll	3%	3%	3%	3%	3%
Other 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 from FY 2024-25 through FY 2026-27. Beyond FY 2027-28 the assumption is 2% per year cost of living adjustment.

** 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. Forecasted rates for FY 2025-26 and subsequent years are based on the most recent CalPERS actuarial valuation Reports as adjusted by the impact related to the FY 2022-23 CalPERS 5.8% investment return and forecasted payroll. In addition, staff will update the rates based on the February forecasted payroll for the FY 2026-27 Proposed Budget.

Type of Expenditure	FY 2025-26 Budget	FY 2026-27 Forecast	FY 2027-28 Forecast	FY 2028-29 Forecast	FY 2029-30 Forecast	FY 2030-31 Forecast
Safety POA	109.09%	109.92%	112.95%	121.16%	121.75%	124.52%
Safety Management POA	112.09%	112.92%	115.95%	124.16%	124.75%	127.52%
Safety POA - PEPRA	15.84%	14.96%	20.99%	21.74%	22.04%	25.76%
Miscellaneous TEA/Confidential/ Management	30.02%	30.52%	30.82%	31.78%	31.92%	32.21%
Miscellaneous TEA/Confidential/ Management PEPRA						
Separate PEPRA rate for Miscellaneous has not been established yet by CalPERS.	30.02%	30.52%	30.82%	31.78%	31.92%	32.21%

**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.*