

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. 68% 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, 2025 and rate is increasing in the actual anniversary date. The FY 2025-26 Budget and the FY 2026-27 – FY 30-31 Forecast includes 4.6% vacancy savings.

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
Salaries (TEA, Conf, Temp)*	3%	3%	2%	2%	2%	2%
Salaries (POA)*	5%	4%	2%	2%	2%	2%
Salaries (AFSCME)*	4%	4%	2%	2%	2%	2%
Salaries (Management)*	3%	3%	2%	2%	2%	2%
Benefit - Medical**	7%	7%	7%	7%	7%	7%
Vacancy Savings	4.6%	4.6%	4.6%	4.6%	4.6%	4.6%
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.*

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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 2055-26 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.

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.	30.62%	29.65%	31.01%	32.28%	33.81%	34.49%

**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.*