

FORECAST ASSUMPTIONS

REVENUE BASELINE AND PROJECTION FACTORS

Type of Revenue Base Line Estimate	FY 2022/23 Budget	FY 2023/24 Forecast	FY 2024/25 Forecast	FY 2025/26 Forecast	FY 2026/27 Forecast	FY 2027/28 Forecast
Property Tax/VLF Backfill SCC Assessor Office January 2022 report.	3%	3%	3%	3%	3%	3%
North 40 Property Sales Starting in FY 2021/22	North 40 Sales	3%	3%	3%	3%	3%
ERAF SCC Assessor Office March 2022 report	SCCA recommend 70% of FY 2021/22 anticipated proceeds	\$400K	\$400K	\$400K	\$400K	\$400K
Sales Tax	MuniServices 3/16/2022 Most Likely Estimates	MuniServices 3/16/2022 Most Likely Estimates	MuniServices 3/16/2022 Most Likely Estimates	MuniServices 3/16/2022 Most Likely Estimates	MuniServices 3/16/2022 Most Likely Estimates	MuniServices 3/16/2022 Most Likely Estimates
Sales Tax - Measure G	MuniServices 3/16/2022 Most Likely Estimates	MuniServices 3/16/2022 Most Likely Estimates	MuniServices 3/16/2022 Most Likely Estimates	MuniServices 3/16/2022 Most Likely Estimates	MuniServices 3/16/2022 Most Likely Estimates	MuniServices 3/16/2022 Most Likely Estimates
Franchise Fee Current baseline set by FY 2021/22 Year End Estimates	Current baseline set by FY 2021/22 Year End Estimates	3%	3%	3%	3%	3%
Transient Occupancy Tax Current baseline set by FY 2021/22 Year End Estimates	Current baseline set by FY 2021/22 Year End Estimates	5%	5%	3%	3%	3%

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Type of Revenue Base Line Estimates	FY 2022/23 Budget	FY 2023/24 Forecast	FY 2024/25 Forecast	FY 2025/26 Forecast	FY 2026/27 Forecast	FY 2027/28 Forecast
Business License Tax Current baseline set by FY 2021/22 Year End Estimates	3%	3%	3%	0%	0%	0%
License & Permits Current baseline set by FY 2021/22 Year End Estimates	3%	3%	3%	3%	3%	3%
Town Services Current baseline set by FY 2021/22 Year End Estimates	3%	3%	0%	3%	3%	3%
Fine & Forfeitures Current baseline set by FY 2021/22 Year End Estimates	3%	Varies	Varies	Varies	Varies	Varies
Interest Current baseline set by FY 2021/22 Year End Estimates	Varies based on portfolio	Varies based on portfolio	Varies based on portfolio	Varies based on portfolio	Varies based on portfolio	Varies based on portfolio
Other Sources Current baseline set by FY 2021/22 Year End Estimates	Varies	Varies	Varies	Varies	Varies	Varies

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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 April 1, 2022 and rate is increasing in the actual anniversary date.

Type of Expenditure	FY 2022/23 Budget	FY 2023/24 Forecast	FY 2024/25 Forecast	FY 2025/26 Forecast	FY 2026/27 Forecast	FY 2027/28 Forecast
Salaries*	2%	2%	2%	2%	2%	2%
Benefit - Medical**	7%	7%	7%	7%	7%	7%
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 2022/23 are actual rates as prescribed by CalPERS. Forecasted rates for FY 2023/24 and subsequent years are based on the most recent CalPERS actuarial valuation reports and staff assumptions regarding staff's current estimate of returns for FY 2021/22 which are presently expected to be below the 6.8% discount rate.

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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. Employer contribution rate projections also include small percentage increases reflecting the anticipation of CalPERS gradually lowering its discount rate over the Five-Year Forecast period in accordance with the CalPERS adopted risk mitigation strategy, and the lowering of the discount rate to the present rate of 6.8% as of 6/30/2022. 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	FY 2022/23 Budget	FY 2023/24 Forecast	FY 2024/25 Forecast	FY 2025/26 Forecast	FY 2026/27 Forecast	FY 2027/28 Forecast
Safety POA	69.44%	72.01%	74.61%	75.68%	76.69%	76.66%
Safety Management POA	72.44%	75.01%	77.61%	78.68%	79.69%	79.66%
Safety POA - PEPRA	14.62%	14.65%	13.78%	13.75%	13.76%	13.76%
Miscellaneous TEA/Confidential/ Management	29.92%	30.04%	30.64%	28.45%	28.73%	28.42%
Miscellaneous TEA/Confidential/ Management PEPRA						
Separate PEPRA rate for Miscellaneous has not been established yet by CalPERS.	29.92%	30.04%	30.64%	28.45%	28.73%	28.42%

**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.*