



**TOWN OF LOS GATOS  
FINANCE COMMISSION SPECIAL MEETING  
AGENDA  
MAY 5, 2025  
110 EAST MAIN STREET  
TOWN COUNCIL CHAMBERS  
5:30 PM**

*Linda Reiners, Chair  
Ashby Monk, Vice Chair  
Adam Fischer, Commissioner  
Phil Koen, Commissioner  
Joseph Rodgers, Commissioner  
Matthew Hudes, Mayor  
Rob Moore, Vice Mayor*

**IMPORTANT NOTICE**

This is a hybrid meeting and will be held in-person at the Town Council Chambers at 110 E. Main Street and virtually through Zoom Webinar (log-in information provided below). Members of the public may provide public comments for agenda items in-person or virtually through the Zoom Webinar by following the instructions listed below.

**HOW TO PARTICIPATE**

The public is welcome to provide oral comments in real-time during the meeting in three ways:

**Zoom Webinar (Online):** Join from a PC, Mac, iPad, iPhone or Android device. Please click this URL to join: [https://losgatosca-](https://losgatosca.gov.zoom.us/j/83324739120?pwd=ROVSrj37YUwahyFb4dlq2e3DLEo4W0.1)

[gov.zoom.us/j/83324739120?pwd=ROVSrj37YUwahyFb4dlq2e3DLEo4W0.1](https://losgatosca.gov.zoom.us/j/83324739120?pwd=ROVSrj37YUwahyFb4dlq2e3DLEo4W0.1)

Passcode: 136033 You can also type in 833 2473 9120 in the “Join a Meeting” page on the Zoom website at and use passcode 136033.

When the Mayor announces the item for which you wish to speak, click the “raise hand” feature in Zoom. If you are participating by phone on the Zoom app, press \*9 on your telephone keypad to raise your hand.

**Telephone:** Please dial (877) 3361839 for US Toll-free or (636) 651-0008 for US Toll. (Conference code: 686100)

If you are participating by calling in, press #2 on your telephone keypad to raise your hand.

**In-Person:** Please complete a “speaker’s card” located on the back of the chamber benches and return it to the Town Clerk before the meeting or when the Chair announces the item for which you wish to speak.

**NOTES:** Comments will be limited to three (3) minutes or less at the Chair’s discretion. If you are unable to participate in real-time, you may email to [Clerk@losgatosca.gov](mailto:Clerk@losgatosca.gov) the subject line “Public Comment Item #\_\_” (insert the item number relevant to your comment). All comments received will become part of the record.

Deadlines to submit written comments are:

- 11:00 a.m. the Thursday before the Commission meeting for inclusion in the agenda packet.
- 11:00 a.m. the Friday before the Commission meeting for inclusion in an addendum.
- 11:00 a.m. on the day of the Commission meeting for inclusion in a desk item.

(4) Persons wishing to make a visual presentation on an item listed under Other Business, must submit the presentation electronically to [Clerk@losgatosca.gov](mailto:Clerk@losgatosca.gov) no later than 3:00 p.m. on the day of the Commission meeting.

## **CALL MEETING TO ORDER**

## **ROLL CALL**

**APPROVE REMOTE PARTICIPATION** *(This item is listed on the agenda in the event there is an emergency circumstance requiring a Commissioner to participate remotely under AB 2449 (Government Code 54953)).*

**CONSENT ITEMS** *(Items appearing on the Consent are considered routine Town business and may be approved by one motion. Members of the public may provide input on any Consent Item(s) when the Chair asks for public comment on the Consent Items.)*

**VERBAL COMMUNICATIONS** *(Members of the public are welcome to address the Commission on any matter that is not listed on the agenda and is within the subject matter jurisdiction of the Finance Commission. To ensure all agenda items are heard, this portion of the agenda is limited to 30 minutes. In the event additional speakers were not able to be heard during the initial Verbal Communications portion of the agenda, an additional Verbal Communications will be opened prior to adjournment. Each speaker is limited to no more than three (3) minutes or such time as authorized by the Chair.)*

**OTHER BUSINESS** *(Up to three minutes may be allotted to each speaker on any of the following items.)*

1. Review and Discuss the Proposed FY 2025-26 Operating Capital Budgets. Provide Comments and Recommendations Regarding the Proposed Budget, Including Budget Balancing Approaches

## **ADJOURNMENT**

**ADA NOTICE** In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Clerk's Office at (408) 354-6834. Notification at least two (2) business days prior to the meeting date will enable the Town to make reasonable arrangements to ensure accessibility to this meeting [28 CFR §35.102-35.104].

**NOTE:** The ADA access ramp to the Town Council Chambers is under construction and will be inaccessible through June 2025. Persons who require the use of that ramp to attend meetings are requested to contact the Clerk's Office at least two (2) business days prior to the meeting date.

Materials related to an item on this agenda submitted to the Commission after initial distribution of the agenda packets are available for public inspection in the Clerk's Office at Town Hall, 110 E. Main Street, Los Gatos and on Town's website at [www.losgatosca.gov](http://www.losgatosca.gov). Commission agendas and related materials can be viewed online at <https://losgatos-ca.municodemeetings.com/>.



**TOWN OF LOS GATOS**  
**FINANCE COMMISSION REPORT**

MEETING DATE: 05/05/2025

ITEM NO: 1

Item 1.

DATE: May 1, 2025  
TO: Finance Commission  
FROM: Chris Constantin, Town Manager  
SUBJECT: Review and Discuss the Proposed FY 2025-26 Operating Capital Budgets.  
Provide Comments and Recommendations Regarding the Proposed Budget,  
Including Budget Balancing Approaches

**RECOMMENDATION:**

Discuss, comment, and begin to make recommendations to the Town Council regarding the Proposed FY 2025-26 Operating and Capital Budgets, including budget balancing approaches.

**BACKGROUND:**

With the passage of Measure A, the Finance Commission has been tasked with several mandated duties as described in the provisions of the adopted Ordinance. Section 2.50.225. – Duties, states that:

(a) The Finance Commission shall:

(2) Review the Town Manager's annual proposed budget prepared in accordance with section 2.30.295(6) of the Town Code and provide written comments and recommendations to the Town Council.

(A) The Finance Commission's comments and recommendations shall include a recommendation about whether the Town Council should approve or disapprove the proposed budget. The Finance Commission may make a recommendation of approval of the budget conditional upon the Town Council's acceptance of one or more of the Finance Commission's recommendations.

(B) The Town Manager must provide a proposed budget to the Finance Commission at least twenty (20) business days before the first meeting at which the proposed budget is considered by the Town Council.

**PREPARED BY:** Gitta Ungvari  
Finance Director

Reviewed by: Town Manager and Town Attorney

PAGE 2 OF 3

SUBJECT: Proposed FY 2025-26 Operating and Capital Budgets

DATE: May 1, 2025

DISCUSSION:

On April 21, 2025, the Proposed FY 2025-26 Operating and Capital Budgets were posted to the Town's website, and the links (listed below) were provided to the Finance Commission. Per Measure A, the Finance Commission received the Proposed Budgets 21 business days before May 20, 2025, the first meeting at which the Town Council will consider the Proposed Budgets.

Proposed Operating Budget:

<https://www.losgatosca.gov/2987/Proposed-FY-2025-26-Operating-Budget>

CIP Budget:

<https://www.losgatosca.gov/2988/Proposed-FY-2025-26-Capital-Budget>

On April 22, 2025, a Town Budget Study session was held where the Town Council discussed direction on the preparation of the budget and potential direction to the Finance Commission for their review of the Proposed Budget, including the budget-balancing approaches. One of the budget-balancing strategies proposed is to use the entire Measure G Proceeds for public safety operations rather than a split between 50% operations and 50% being reserved for future capital, as well as tiered reductions prepared by the Town's executive team.

The Council discussed how prior-year financial projections vary from actual revenues and expenditures at year-end closure and the desire to understand the Town's shorter-term and longer-range financial condition. Staff recommended hiring an independent outside consultant and started discussing the scope of such a study with the Finance Commission earlier this month. Council members also commented on the different tiers of the budget-balancing solutions that were presented to them.

All the information presented in the Council Budget Study Session was included in the April 28, 2025, Finance Commission Reports. The Finance Commission also received additional materials. The April 28, 2025, meeting information can be found using the following link:

<https://www.losgatosca.gov/DocumentCenter/View/42076/April-28-Finance-Commission-Agenda-Packet-with-Addendum-and-Desk-Items>

At its special meeting on April 28, 2025, the Finance Commission started discussing and identifying comments and recommendations to the Town Council regarding the Proposed Budgets. During the meeting, staff presented the Operating and Capital budgets and answered the Commissioners' questions.

Staff is seeking input from the Finance Commission on how much to rely on reserves versus other budget-balancing solutions in the FY 2025–26 budget. It would be beneficial for the Finance Commission to review the financial foundation of the budget, including the revenue

SUBJECT: Proposed FY 2025-26 Operating and Capital Budgets

DATE: May 1, 2025

and expenditure assumptions, and evaluate them with respect to the prior year's actuals and current estimates.

Pursuant to Municipal Code Section 2.50.225(6), the Finance Commission shall review proposed expenditures and advise the Town Council whether such expenditures meet the Town Council's objective for the Measure G tax. One proposed budget-balancing strategy is allocating all Measure G proceeds to support public safety operations. This approach supports the following Measure G objectives: (a) maintaining and enhancing neighborhood police patrols and local crime prevention programs, and (d) maintaining the Town's long-term financial stability. Staff requests the Finance Commission's review and recommendation regarding the proposed allocation of Measure G funds.

To further assist the Commission's work, staff included Attachment 1, which includes the FY 2025-26 Five-Year Forecast, historical information, and variance analysis between the FY 2025-26 Forecasts issued on April 22, 2024, and April 21, 2025.

In addition, staff included an alternate presentation (Attachment 2) of the forecast based on the Finance Commission's request for providing more detailed information on the revenue forecast.

To facilitate the Commission's work on the Proposed Budgets, in addition to the Commission's May 5, 2025, special meeting, the discussion will continue at its regular meeting on May 12, 2025.

At the conclusion of the regular Finance Commission meeting on May 12, 2025, the Finance Commission is expected to finalize its comments and recommendations and provide them to the Town Manager, which will be transmitted to the Town Council at the May 20, 2025, public hearing.

A Council and Finance Commission Joint Study Session meeting, led by the Government Finance Officers Association (GFOA) experts, is scheduled for May 19, 2025, to provide Local Government Financial Management Training in budgeting and financial reporting.

#### CONCLUSION:

Staff looks forward to the Commission's questions, discussion, comments, and recommendations.

#### Attachments:

1. FY 2025-26 Forecast including Historical Information
2. FY 2025-26 Forecast – Alternative Presentation (More Detail on Revenues)

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## FY 2025-26 BUDGET/FORECAST COMPARISON AS IT PUBLISHED ON 4/22/2024 COMPARED AS IT PUBLISHED ON 4/21/2025

Item 1.

This document includes forecasts for FY 2025-26, starting with the FY 2020-21 Proposed Budget forecast when FY 2025-26 was first forecasted. The forecast is updated periodically as the base, economy, and other factors evolve. The table on **page 5** shows the variance between the FY 2025-26 Forecast (published on 4/22/2024) and the FY 2025-26 Proposed Budget (published on 4/21/2025). The assumptions for the FY 2025-26 Forecast (published on 4/22/2024) and the FY 2025-26 Proposed (published on 4/21/2025) can be located on **page 19** and **page 8** of this document, as well as in the Adopted FY 2024-25 and Proposed FY 2025-26 budgets.

Below is the list of significant variances in Revenue and Expenditure estimates:

### 1) Row 8 – Column E - Licenses and Permits: \$2.4 million variance.

*The \$2.4 million Waste hauler Encroachment fee was re-categorized from Town Services in **Row 10 - Column C Forecast** to Licenses and Permits located at **Row 8 – Column D Proposed Budget**.*

### 2) Row 10 – Column E – Town Services: (\$1.1) million variance.

Considering the recategorization above, the Town Services increased by \$1.3 million. The increase includes \$647,000 development-related pass-through activities, \$255,000 increase for the Monte Sereno Police Services Contract, \$318,000 increased engineering services revenue, \$46,000 increases for School Resource Officer support from the School Districts.

### 3) Row 13 – Column E – Other Sources: \$0.7 million variance.

*Since all Measure G Revenue is programmed to provide public safety services, the pass-through tracking revenue is characterized as other revenue which is offset by the equivalent expenditures in Police salaries and benefits.*

*In the Row 13 - Column C Forecast, only half of the Measure G revenue (\$0.6 million) was characterized as **Other sources**, and the entire proceeds are characterized as Other sources in the **Column D Forecast**.*

### 4) Row 18 – Column E – Salaries: \$1.6 million variance.

***Column C Forecast** assumes 2% salary increases for TEA, AFSCME, Confidential, Management, and Temporary employees. The actual increase, as estimated in the **Row 18 - Column D Forecast** for TEA, ASCME, Confidential, Management, and Temporary employees, was 5% in FY 2024-25, 3% in FY 2025-26. AFSCME actual increases are 4% in FY 2024-25 and FY 2025-26. In addition, there were equity adjustments for certain job classes that were not included in **the Row 18 - Column C Forecast**.*

### 5) Row 20 – Column E – CalPERS Benefits: \$0.8 million variance.

*CalPERS rates are based on actual payroll, so increased salaries will cause increased CalPERS contributions. In addition, while the Miscellaneous Group rates remained relatively flat, growing from 29.6% (**Column C Forecast**) to 30.02% (**Column D Forecast**), the Classic Safety Group required contribution changed from 98.74%*



*(Column C Forecast) to 109.09% (Column D Forecast), and the Classic Safety Management Group estimate contribution changed 101.74% (Column C Forecast) to 112.09% (Column D Forecast).*

**6) Row 24 – Column E – Operating Expenditures: \$2.03 million variance.**

*Operating expenditures experience inflationary factors as well. The prior year assumed a 3% increase; however, certain services and product prices increased by more than 3%. The variance is added up from many different items:*

- *This item shows half of the Measure G Expenditure under Row 31 – Column C in the **Column C Forecast**, while it is included in the Operating Expenditures in the **Row 24 - Column D Forecast**. Measure G Fund is a subfund in General Fund, and all proceeds are expended in a given year and part of the operating expenditures.*
- *The following increases listed as an example in this category that contribute to the difference between the two forecasts: \$647,000 development related pass through activities, \$215,000 in legal services, \$190,000 special studies, \$150,000 temporary employee services, 127,000 in engineering services; \$70,000 miscellaneous services and repairs,\$54,000 in street closures,\$53,000 street sweeping services,\$50,000 in tree trimming services, and 30,000 in auto parts, and \$27,000 software licenses.*

|    | A  | B   | C  | D  | E         |
|----|--|---|--|--|-----------|
|    | Account  | Revenue Category                              | FY 2025-26<br>Forecast<br>Published<br>4/22/2024 | FY 2025-26<br>Proposed<br>Budget<br>Published<br>4/21/2025 | Variance  |
| 1  | 4100   | Property Tax                                  | \$ 21.3  | \$ 21.2  | \$ (0.10) |
| 2  | 4110   | VLF Backfill Property Tax                     | 5.3  | 5.4  | 0.10      |
| 3  | 4200   | Sales & Use Tax                               | 6.7  | 6.6  | (0.16)    |
| 4  | 4200   | Measure G District Sales Tax                  | 1.3  | 1.2  | (0.04)    |
| 5  | 4250   | Franchise Fees                                | 1.1  | 1.0  | (0.10)    |
| 6  | 4251   | Transient Occupancy Tax                       | 2.4  | 2.4  | -         |
| 7  | 4400   | Business License Tax                          | 2.5  | 2.4  | (0.10)    |
| 8  | 4400   | Licenses & Permits                            | 3.0  | 5.4  | 2.40      |
| 9  | 4500   | Intergovernmental                             | 0.9  | 0.8  | (0.10)    |
| 10 | 4600   | Town Services                                 | 6.7  | 5.6  | (1.10)    |
| 11 | 4700   | Fines & Forfeitures                           | 0.3  | 0.3  | -         |
| 12 | 4800   | Interest                                      | 1.4  | 1.4  | -         |
| 13 | 4850   | Other Sources                                 | 3.1  | 3.8  | 0.70      |
| 14 | 4900   | Fund Transfers In                             | 0.6  | 0.6  | -         |
| 15 | <b>TOTAL OPERATING REVENUES &amp; TRANSFERS</b>          |   | \$ 56.6  | \$ 58.1  | \$ 1.50   |
| 16 |  | Use of Capital/Special Projects Reserve       | \$ 1.1   | \$ -   |           |
|    |  | Use of Measure G Sales Tax - Operating        | -  | -  |           |
|    |  | Use of Pension/OPEB Reserve                   | -  | -  |           |
|    |  | Use of OPEB Trust                             | -  | -  |           |
|    |  | Use of Property Surplus Reserve               | -  | -  |           |
|    |  | Use of Measure G Reserve                      | -  | -  |           |
|    |  | ARPA Replacement Revenue                      | -  | -  |           |
|    |  | Use of Council Priorities - Economic Recovery | -  | -  |           |
| 17 | <b>TOTAL REVENUES, TRANSFERS, AND USE OF RESERVES*</b>   |   | \$ 57.7  | \$ 58.1  |           |
|    | Account  | Expenditure Category                          | FY 2025/26<br>Forecast                           | FY 2025-26<br>Proposed<br>Budget                           | Variance  |
| 18 | 5110   | Salary  | \$ 23.8  | \$ 25.4  | \$ 1.63   |
| 19 |  | Overtime                                      | 0.7  | 0.7  | 0.01      |
| 20 | 5120   | CalPERS Benefits                              | 9.1  | 9.9  | 0.81      |
| 21 | 5200   | All Other Benefits                            | 6.1  | 6.3  | 0.13      |
| 22 |  | 4.6% Salary and Benefits Savings              | (1.8)  | (1.9)  | (0.12)    |
| 23 | 6211   | OPEB Pay as You Go                            | 1.9  | 2.1  | 0.24      |
| 24 | 6000   | Operating Expenditures                        | 8.3  | 10.3   | 2.03      |
| 25 | 7200   | Grants & Awards                               | 0.2  | 0.4  | 0.19      |
| 26 | 7400   | Utilities                                     | 0.7  | 0.7  | (0.01)    |
| 27 | 8060   | Internal Service Charges                      | 5.2  | 5.0  | (0.19)    |
| 28 | 8900   | Debt Service                                  | 2.1  | 2.1  | -         |
|    | <b>TOTAL OPERATING EXPENDITURES</b>                      |   | \$ 56.2  | \$ 61.0  | \$ 4.72   |
|    |  | GASB 45 Retiree Medical Actuarial             | -  | -  |           |
| 29 |  | Additional Discretionary Payment - Pension    | 0.4  | 0.4  |           |
|    | <b>TOTAL OPERATING &amp; DISCRETIONARY EXPENDITURES</b>  |   | \$ 56.6  | \$ 61.4  |           |
| 30 |  | Capital Transfers Out to GFAR                 | \$ 1.1   | \$ -   |           |
| 31 |  | 1/2 of Measure G Proceeds to Capital          | 0.6  | -  |           |
|    | <b>AMOUNTS AVAILABLE FOR RESERVE ALLOCATIONS</b>         |   |  |  |           |
| 32 |  | Allocate to ERAF Risk Reserve                 | 0.8  | -  |           |
| 33 |  | Allocate to Pension Trust                     | 0.4  | 0.4  |           |
| 34 | <b>TOTAL EXPENDITURES &amp; RESERVE ALLOCATIONS*</b>     |   | \$ 59.5  | 61.8   |           |
| 35 | <b>NET REVENUES , TRANSFERS IN, USE OF RESERVES LESS</b> |   | \$ (1.8)   | (3.7)  |           |

| General Fund 5-Year Forecast<br>(in \$ million)   |                       |                       |                                  |                         |                                  |                        |                        |                        |                        |                        |
|---|-----------------------|-----------------------|----------------------------------|-------------------------|----------------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Revenue Category  | FY 2022/23<br>Actuals | FY 2023-24<br>Actuals | FY 2024-25<br>Adjusted<br>Budget | FY 2024-25<br>Estimates | FY 2025-26<br>Proposed<br>Budget | FY 2026-27<br>Forecast | FY 2027-28<br>Forecast | FY 2028-29<br>Forecast | FY 2029-30<br>Forecast | FY 2030-31<br>Forecast |
| Property Tax  | \$ 18.2               | \$ 19.3               | \$ 20.2                          | \$ 20.0                 | \$ 21.2                          | \$ 22.2                | \$ 23.1                | \$ 24.0                | \$ 24.9                | \$ 25.9                |
| VLF Backfill Property Tax   | 4.6                   | 4.9                   | 5.0                              | 5.1                     | 5.4                              | 5.7                    | 5.9                    | 6.2                    | 6.5                    | 6.9                    |
| Sales & Use Tax   | 7.5                   | 6.8                   | 6.6                              | 6.4                     | 6.6                              | 6.6                    | 6.8                    | 7.0                    | 7.0                    | 7.1                    |
| Measure G District Sales Tax  | 1.3                   | 1.3                   | 1.3                              | 1.3                     | 1.2                              | 1.3                    | 1.3                    | 1.3                    | 1.4                    | 1.4                    |
| Franchise Fees  | 3.1                   | 2.5                   | 1.0                              | 1.0                     | 1.0                              | 1.1                    | 1.1                    | 1.1                    | 1.2                    | 1.2                    |
| Transient Occupancy Tax   | 2.2                   | 2.4                   | 2.3                              | 2.3                     | 2.4                              | 2.4                    | 2.4                    | 2.4                    | 2.4                    | 2.4                    |
| Business License Tax  | 2.4                   | 1.5                   | 2.4                              | 2.8                     | 2.4                              | 2.5                    | 2.5                    | 2.6                    | 2.7                    | 2.8                    |
| Licenses & Permits  | 3.3                   | 4.0                   | 5.8                              | 6.1                     | 5.4                              | 5.5                    | 5.6                    | 5.7                    | 5.8                    | 5.9                    |
| Intergovernmental   | 1.6                   | 1.2                   | 1.1                              | 1.2                     | 0.8                              | 1.0                    | 1.1                    | 1.1                    | 1.1                    | 1.1                    |
| Town Services   | 4.6                   | 5.9                   | 4.7                              | 5.0                     | 5.6                              | 4.8                    | 4.9                    | 5.1                    | 5.2                    | 5.3                    |
| Fines & Forfeitures   | 0.4                   | 0.5                   | 0.3                              | 0.4                     | 0.3                              | 0.3                    | 0.3                    | 0.3                    | 0.3                    | 0.3                    |
| Interest  | 0.6                   | 2.6                   | 1.8                              | 1.4                     | 1.4                              | 1.1                    | 1.0                    | 0.7                    | 0.6                    | 1.0                    |
| Other Sources   | 8.1                   | 5.0                   | 4.1                              | 4.7                     | 3.8                              | 3.7                    | 3.8                    | 3.9                    | 2.7                    | 2.6                    |
| Fund Transfers In   | 0.5                   | 0.6                   | 0.6                              | 0.6                     | 0.6                              | 0.6                    | 0.6                    | 0.6                    | 0.6                    | 0.6                    |
| <b>TOTAL OPERATING REVENUES &amp;</b>   | <b>\$ 58.4</b>        | <b>\$ 58.5</b>        | <b>\$ 57.2</b>                   | <b>\$ 58.3</b>          | <b>\$ 58.1</b>                   | <b>\$ 58.8</b>         | <b>\$ 60.4</b>         | <b>\$ 62.0</b>         | <b>\$ 62.4</b>         | <b>\$ 64.5</b>         |
| Use of Capital/Special Projects   | \$ 2.4                | \$ 1.6                | \$ 3.7                           | \$ 2.1                  | \$ -                             | \$ -                   | \$ -                   | \$ -                   | \$ -                   | \$ -                   |
| Use of Measure G Sales Tax -  | -                     | -                     | 0.6                              | 0.1                     | -                                | -                      | -                      | -                      | -                      | -                      |
| Use of Pension/OPEB Reserve   | 0.3                   | 0.3                   | -                                | 0.3                     | -                                | -                      | -                      | -                      | -                      | -                      |
| Use of Council Priorities - Economic  | -                     | 1.5                   | -                                | -                       | -                                | -                      | -                      | -                      | -                      | -                      |
| Use of Unassigned Fund Balance  | -                     | -                     | -                                | -                       | -                                | -                      | -                      | -                      | -                      | -                      |
| <b>TOTAL REVENUES, TRANSFERS, AND<br/>USE OF RESERVES*</b>  | <b>\$ 61.1</b>        | <b>\$ 61.9</b>        | <b>\$ 61.5</b>                   | <b>\$ 60.8</b>          | <b>\$ 58.1</b>                   | <b>\$ 58.8</b>         | <b>\$ 60.4</b>         | <b>\$ 62.0</b>         | <b>\$ 62.4</b>         | <b>\$ 64.5</b>         |
| Expenditure Category  | FY 2022/23<br>Actuals | FY 2023-24<br>Actuals | FY 2024-25<br>Adjusted<br>Budget | FY 2024-25<br>Estimates | FY 2025-26<br>Proposed<br>Budget | FY 2026-27<br>Forecast | FY 2027-28<br>Forecast | FY 2028-29<br>Forecast | FY 2029-30<br>Forecast | FY 2030-31<br>Forecast |
| Salary  | \$ 20.4               | \$ 21.5               | \$ 25.2                          | \$ 22.6                 | \$ 25.4                          | \$ 26.8                | \$ 27.4                | \$ 28.0                | \$ 28.5                | \$ 29.2                |
| Overtime  | 1.4                   | 1.3                   | 0.6                              | 1.5                     | 0.7                              | 0.7                    | 0.7                    | 0.7                    | 0.7                    | 0.7                    |
| CalPERS Benefits  | 7.1                   | 7.4                   | 8.8                              | 8.3                     | 9.9                              | 10.7                   | 11.4                   | 12.2                   | 12.4                   | 12.7                   |
| All Other Benefits  | 3.8                   | 4.3                   | 5.6                              | 4.9                     | 6.3                              | 6.3                    | 6.7                    | 7.0                    | 7.4                    | 7.0                    |
| 4.6% Salary and Benefits Savings  | -                     | -                     | (1.8)                            | -                       | (1.9)                            | (2.0)                  | (2.1)                  | (2.2)                  | (2.3)                  | (2.3)                  |
| OPEB Pay as You Go  | 1.5                   | 1.6                   | 1.7                              | 2.0                     | 2.1                              | 2.2                    | 2.3                    | 2.4                    | 2.5                    | 2.6                    |
| Operating Expenditures  | 11.7                  | 9.8                   | 10.2                             | 9.8                     | 10.3                             | 9.9                    | 10.0                   | 10.4                   | 10.5                   | 10.9                   |
| Grants & Awards   | 0.6                   | 0.7                   | 0.7                              | 0.7                     | 0.4                              | 0.3                    | 0.3                    | 0.4                    | 0.4                    | 0.4                    |
| Utilities   | 0.6                   | 0.7                   | 0.7                              | 0.7                     | 0.7                              | 0.7                    | 0.8                    | 0.8                    | 0.8                    | 0.8                    |
| Internal Service Charges  | 2.6                   | 3.2                   | 4.4                              | 4.1                     | 5.0                              | 5.3                    | 5.7                    | 5.9                    | 6.1                    | 6.4                    |
| Debt Service  | 2.0                   | 2.1                   | 2.1                              | 2.1                     | 2.1                              | 2.1                    | 2.1                    | 2.1                    | 0.8                    | 0.8                    |
| <b>TOTAL OPERATING EXPENDITURES</b>   | <b>\$ 51.8</b>        | <b>\$ 52.9</b>        | <b>\$ 58.2</b>                   | <b>\$ 56.7</b>          | <b>61.0</b>                      | <b>\$ 63.0</b>         | <b>\$ 65.3</b>         | <b>\$ 67.7</b>         | <b>\$ 67.9</b>         | <b>\$ 69.3</b>         |
| Pension   | 0.7                   | 0.7                   | 0.4                              | 0.7                     | 0.4                              | 0.4                    | 0.4                    | 0.4                    | 0.4                    | 0.4                    |
| <b>TOTAL OPERATING &amp;<br/>DISCRETIONARY EXPENDITURES</b>   | <b>\$ 52.5</b>        | <b>\$ 53.6</b>        | <b>\$ 58.6</b>                   | <b>\$ 57.4</b>          | <b>\$ 61.4</b>                   | <b>\$ 63.4</b>         | <b>\$ 65.7</b>         | <b>\$ 68.1</b>         | <b>\$ 68.3</b>         | <b>\$ 69.7</b>         |
| Capital Transfers Out to GFAR   | \$ 2.4                | \$ 1.6                | \$ 1.1                           | \$ 1.1                  | \$ -                             | \$ -                   | \$ -                   | \$ -                   | \$ -                   | \$ -                   |
| Transfer to General Liability   | -                     | 0.4                   | -                                | 0.1                     | -                                | -                      | -                      | -                      | -                      | -                      |
| GASB 65   | -                     | 0.6                   | -                                | -                       | -                                | -                      | -                      | -                      | -                      | -                      |
| Fixed Assets/ Equipment   | -                     | 0.1                   | 0.5                              | 0.9                     | -                                | -                      | -                      | -                      | -                      | -                      |
| 1/2 of Measure G Proceeds to Capital  | 0.6                   | 0.7                   | 0.6                              | 0.6                     | -                                | -                      | -                      | -                      | -                      | -                      |
| Allocate to ERAF Risk Reserve   | 0.7                   | 0.7                   | -                                | -                       | -                                | -                      | -                      | -                      | -                      | -                      |
| Allocate to Pension Trust   | 0.7                   | 0.7                   | 0.7                              | 0.7                     | 0.4                              | 0.4                    | 0.4                    | 0.4                    | 0.4                    | 0.4                    |
| <b>TOTAL EXPENDITURES &amp; RESERVE</b>   | <b>\$ 56.2</b>        | <b>\$ 57.7</b>        | <b>\$ 61.0</b>                   | <b>\$ 60.8</b>          | <b>61.8</b>                      | <b>\$ 63.8</b>         | <b>\$ 66.1</b>         | <b>\$ 68.5</b>         | <b>\$ 68.7</b>         | <b>\$ 70.1</b>         |
| <b>NET REVENUES, TRANSFERS IN, USE<br/>OF RESERVES LESS EXPENDITURES,<br/>TRANSFERS IN, AND RESERVE<br/>ALLOCATIONS</b>     | <b>\$ 4.9</b>         | <b>\$ 4.2</b>         | <b>\$ 0.5</b>                    | <b>\$ -</b>             | <b>(3.7)</b>                     | <b>\$ (5.0)</b>        | <b>\$ (5.7)</b>        | <b>\$ (6.5)</b>        | <b>\$ (6.3)</b>        | <b>\$ (5.6)</b>        |
| * Due to rounding of individual categories total revenues, expenditures, and reserve allocations may include \$0.1 million. |                       |                       |                                  |                         |                                  |                        |                        |                        |                        |                        |

| Town of Los Gatos General Fund Historical Year-End Results<br>(in \$ million)  |  |                       |                       |                       |                       |                       |                       |                       |
|--|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Account  | Revenue Category                           | FY 2015/16<br>Actuals | FY 2016/17<br>Actuals | FY 2017/18<br>Actuals | FY 2018/19<br>Actuals | FY 2019/20<br>Actuals | FY 2020/21<br>Actuals | FY 2021/22<br>Actuals |
| 4100   | Property Tax                               | \$ 10.8               | \$ 11.5               | \$ 12.5               | \$ 13.6               | \$ 14.5               | \$ 15.8               | \$ 16.9               |
| 4110   | VLF Backfill Property Tax                  | 3.0                   | 3.2                   | 3.4                   | 3.7                   | 3.9                   | 4.1                   | 4.2                   |
| 4200   | Sales & Use Tax                            | 7.5                   | 9.2                   | 7.6                   | 8.0                   | 6.5                   | 6.8                   | 7.2                   |
| 4200   | Measure G District Sales Tax               | -                     | -                     | -                     | 0.2                   | 1.0                   | 1.1                   | 1.3                   |
| 4250   | Franchise Fees                             | 2.3                   | 2.4                   | 2.5                   | 2.5                   | 2.5                   | 2.5                   | 2.8                   |
| 4251   | Transient Occupancy Tax                    | 1.9                   | 2.3                   | 2.6                   | 2.7                   | 1.9                   | 1.0                   | 1.9                   |
| 4400   | Business License Tax                       | 1.5                   | 1.7                   | 1.7                   | 1.5                   | 1.4                   | 1.4                   | 1.5                   |
| 4400   | Licenses & Permits                         | 3.5                   | 3.0                   | 3.0                   | 3.1                   | 2.7                   | 3.1                   | 4.8                   |
| 4500   | Intergovernmental                          | 1.0                   | 0.9                   | 1.0                   | 0.9                   | 1.0                   | 1.6                   | 1.3                   |
| 4600   | Town Services                              | 4.0                   | 3.3                   | 4.4                   | 4.4                   | 4.4                   | 4.6                   | 5.3                   |
| 4700   | Fines & Forfeitures                        | 0.9                   | 0.9                   | 0.7                   | 0.5                   | 0.3                   | 0.1                   | 0.3                   |
| 4800   | Interest                                   | 0.6                   | 0.2                   | 0.2                   | 1.4                   | 2.2                   | 0.1                   | (1.4)                 |
| 4850   | Other Sources                              | 2.3                   | 4.3                   | 3.2                   | 4.6                   | 2.7                   | 3.7                   | 7.0                   |
| 4900   | Fund Transfers In                          | 2.4                   | 0.3                   | 0.8                   | 1.6                   | 0.6                   | 0.7                   | 0.6                   |
| <b>TOTAL OPERATING REVENUES &amp; TRANSFERS*</b>   |  | <b>\$ 41.7</b>        | <b>\$ 43.2</b>        | <b>\$ 43.6</b>        | <b>\$ 48.7</b>        | <b>\$ 45.6</b>        | <b>\$ 46.6</b>        | <b>\$ 53.7</b>        |
|  | Capital                                    | -                     | 1.4                   | 3.2                   | 2.8                   | 8.0                   | 3.4                   | 0.6                   |
|  | Use of Pension/OPEB Reserve                | -                     | -                     | -                     | -                     | -                     | 4.5                   | 0.3                   |
|  | Use of Property Surplus Reserve            | -                     | -                     | -                     | -                     | -                     | -                     | 1.2                   |
|  | Use of Almond Grove Reserve                | -                     | 5.9                   | -                     | -                     | -                     | -                     | -                     |
|  | Use of Measure G Reserve                   | -                     | -                     | -                     | -                     | -                     | -                     | 1.1                   |
| <b>TOTAL REVENUES, TRANSFERS, AND USE OF RESERVES</b>  |  | <b>\$ 41.7</b>        | <b>\$ 50.5</b>        | <b>\$ 46.8</b>        | <b>\$ 51.5</b>        | <b>\$ 53.6</b>        | <b>\$ 54.5</b>        | <b>\$ 56.9</b>        |
| Account  | Expenditure Category                       | FY 2015/16<br>Actuals | FY 2016/17<br>Actuals | FY 2017/18<br>Actuals | FY 2018/19<br>Actuals | FY 2019/20<br>Actuals | FY 2020/21<br>Actuals | 2021/22<br>Actuals    |
| 5110   | Salary                                     | 14.5                  | 14.8                  | 16.0                  | 17.9                  | 19.3                  | 20.2                  | 20.0                  |
| 5120   | CalPERS Benefits                           | 3.6                   | 3.9                   | 4.3                   | 5.3                   | 6.1                   | 6.4                   | 6.5                   |
| 5200   | All Other Benefits                         | 3.2                   | 3.2                   | 3.3                   | 3.6                   | 3.6                   | 3.7                   | 3.7                   |
| 6211   | OPEB Pay as You Go                         | 0.9                   | 1.0                   | 1.1                   | 1.2                   | 1.2                   | 1.3                   | 1.4                   |
| 6000   | Operating Expenditures                     | 4.7                   | 4.8                   | 5.0                   | 5.6                   | 5.1                   | 5.7                   | 10.4                  |
| 7200   | Grants & Awards                            | 0.7                   | 0.2                   | 0.2                   | 0.3                   | 0.3                   | 0.3                   | 1.8                   |
| 7400   | Utilities                                  | 0.4                   | 0.6                   | 0.5                   | 0.5                   | 0.5                   | 0.6                   | 0.6                   |
| 8060   | Internal Service Charges                   | 3.5                   | 3.6                   | 3.9                   | 2.5                   | 2.2                   | 2.3                   | 2.6                   |
| 8900   | Debt Service                               | 1.9                   | 1.9                   | 1.9                   | 1.9                   | 1.9                   | 2.0                   | 2.1                   |
| <b>TOTAL OPERATING EXPENDITURES</b>  |  | <b>\$ 33.6</b>        | <b>\$ 34.0</b>        | <b>\$ 36.2</b>        | <b>\$ 38.8</b>        | <b>\$ 40.2</b>        | <b>\$ 42.4</b>        | <b>\$ 49.0</b>        |
|  | GASB 45 Retiree Medical Actuarial          | 1.5                   | 2.6                   | 1.6                   | 1.1                   | 1.1                   | 0.6                   | 0.1                   |
|  | Additional Discretionary Payment - Pension | -                     | -                     | -                     | -                     | -                     | 5.6                   | 0.7                   |
| <b>TOTAL OPERATING &amp; DISCRETIONARY EXPENDITURES</b>  |  | <b>\$ 35.1</b>        | <b>\$ 36.6</b>        | <b>\$ 37.8</b>        | <b>\$ 39.9</b>        | <b>\$ 41.3</b>        | <b>\$ 48.6</b>        | <b>\$ 49.8</b>        |
|  | Capital Transfers Out to GFAR              | 0.5                   | 7.3                   | 2.6                   | 2.3                   | 7.0                   | 3.4                   | 1.2                   |
|  | Operating Transfer Out                     | 0.1                   | -                     | 0.6                   | 0.5                   | 1.1                   | -                     | -                     |
|  | 1/2 of Measure G Proceeds to Capital       | -                     | -                     | -                     | -                     | -                     | -                     | 0.7                   |
|  | Fixed Assets/ Equipment                    | 0.4                   | -                     | -                     | -                     | 0.1                   | -                     | -                     |
|  | Fund                                       | -                     | -                     | 1.2                   | 3.6                   | 0.4                   | -                     | -                     |
| <b>AMOUNTS AVAILABLE FOR RESERVE ALLOCATIONS</b>   |  | <b>\$ 5.6</b>         | <b>\$ 6.6</b>         | <b>\$ 4.6</b>         | <b>\$ 5.2</b>         | <b>\$ 3.7</b>         | <b>\$ 2.5</b>         | <b>\$ 5.9</b>         |
|  | Allocate to Almond Grove Reserve           | 2.5                   | -                     | -                     | -                     | -                     | -                     | -                     |
|  | Stabilization/Catastrophic                 | -                     | -                     | -                     | -                     | -                     | 0.1                   | 1.1                   |
|  | Allocate to Compensated Absences           | -                     | -                     | -                     | -                     | -                     | 0.1                   | (0.2)                 |
|  | Allocate to Market Fluctuations Reserve    | 0.3                   | 0.3                   | -                     | -                     | 1.2                   | -                     | (0.4)                 |
|  | Allocate to CalPERS/Pension Reserve        | -                     | 1.8                   | -                     | -                     | -                     | 0.3                   | 0.3                   |
|  | Allocate to Measure G Reserve              | -                     | -                     | -                     | -                     | 1.2                   | -                     | -                     |
|  | Allocate to VM & Stores Surplus Reserve    | -                     | -                     | -                     | 1.0                   | -                     | -                     | -                     |
|  | Allocate to Authorized Carryforwards       | 0.1                   | -                     | -                     | -                     | -                     | -                     | 0.03                  |
|  | Sales Tax Prior - Year Adjustments         | -                     | 0.4                   | -                     | -                     | -                     | -                     | -                     |
|  | Allocate to Property Surplus Reserve       | -                     | -                     | -                     | 1.9                   | -                     | 1.2                   | -                     |
| <b>TOTAL EXPENDITURES &amp; RESERVE ALLOCATIONS</b>  |  | <b>\$ 39.0</b>        | <b>\$ 46.4</b>        | <b>\$ 42.2</b>        | <b>\$ 49.2</b>        | <b>\$ 52.2</b>        | <b>\$ 53.7</b>        | <b>\$ 52.2</b>        |
| <b>NET REVENUES RESERVE TRANSFERS LESS EXPENDITURES &amp; RESERVE ALLOCATIONS FOR FINAL ALLOCATION AFTER YEAR END CLOSE</b>  |  | <b>\$ 2.7</b>         | <b>\$ 4.1</b>         | <b>\$ 4.6</b>         | <b>\$ 2.3</b>         | <b>\$ 1.4</b>         | <b>\$ 0.8</b>         | <b>\$ 4.7</b>         |
| * Due to rounding of individual categories Total Expenditures and Reserve Allocations may include \$0.1 million.<br>General Fund (111) Historical presentation does not include Pension Trusts activities. |  |                       |                       |                       |                       |                       |                       |                       |

| Type of Revenue Base Line Estimate   | FY 2025-26 Budget  | FY 2026-27 Forecast                                | FY 2027-28 Forecast                                | FY 2028-29 Forecast                                | FY 2029-30 Forecast                                | FY 2030-31 Forecast                                |
|--|--|--|--|--|--|--|
| <b>Property Tax</b><br>SCC Assessor Office<br>February 2025<br>Report and HdL Coren and Cone<br>April 2025<br>Forecast | 5.29%<br>Net Taxable Value Change                        | 5.42%<br>Net Taxable Value Change                  | 4.89%<br>Net Taxable Value Change                  | 4.89%<br>Net Taxable Value Change                  | 4.89%<br>Net Taxable Value Change                  | 4.89%<br>Net Taxable Value Change                  |
| <b>VLF Backfill</b><br>HdL Coren and Cone<br>April 2025<br>Forecast  | 5.25%<br>Net Taxable Value Change                        | 5.41%<br>Net Taxable Value Change                  | 4.90%<br>Net Taxable Value Change                  | 4.90%<br>Net Taxable Value Change                  | 4.89%<br>Net Taxable Value Change                  | 4.89%<br>Net Taxable Value Change                  |
| <b>Other Property Tax</b><br>SCC Assessor Office<br>February 2025<br>Report  | 3.0%   | 3.0%   | 3.0%   | 3.0%   | 3.0%   | 3.0%   |
| <b>ERAF</b><br>SCC Assessor Office March 2025<br>Notification  | \$3,220,000  | \$3,220,000  | \$3,220,000  | \$3,220,000  | \$3,220,000  | \$3,220,000  |
| <b>Sales Tax</b>   | MuniServices January 2025<br>Most Likely Estimates       | MuniServices January 2025<br>Most Likely Estimates | MuniServices January 2025<br>Most Likely Estimates | MuniServices January 2025<br>Most Likely Estimates | MuniServices January 2025<br>Most Likely Estimates | MuniServices January 2025<br>Most Likely Estimates |
| <b>Sales Tax - Measure G</b>   | MuniServices January 2025<br>Most Likely Estimates       | MuniServices January 2025<br>Most Likely Estimates | MuniServices January 2025<br>Most Likely Estimates | MuniServices January 2025<br>Most Likely Estimates | MuniServices January 2025<br>Most Likely Estimates | MuniServices January 2025<br>Most Likely Estimates |
| <b>Franchise Fee</b><br>Current baseline set by FY 2024-25<br>Year-End Estimates                                       | Current baseline set by FY 2024-25<br>Year-End Estimates | 3%   | 3%   | 3%   | 3%   | 3%   |

| Type of Revenue<br>Base Line<br>Estimates   | FY 2025-26<br>Budget                 | FY 2026-27<br>Forecast               | FY 2027-28<br>Forecast               | FY 2028-29<br>Forecast               | FY 2029-30<br>Forecast               | FY 2030-31<br>Forecast               |
|---|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| <b>Transient<br/>Occupancy Tax</b><br>Current baseline<br>set by FY 2024-<br>25 Year-End<br>Estimates | 3%                                   | 3%                                   | 0%                                   | 0%                                   | 0%                                   | 0%                                   |
| <b>Business License<br/>Tax</b><br>Current baseline<br>set by FY 2024-<br>25 Year-End<br>Estimates    | 2%                                   | 2%                                   | 2%                                   | 2%                                   | 2%                                   | 2%                                   |
| <b>License &amp;<br/>Permits</b><br>Current baseline<br>set by FY 2024-<br>25 Year-End<br>Estimates   | 3%                                   | 3%                                   | 3%                                   | 3%                                   | 3%                                   | 3%                                   |
| <b>Town Services</b><br>Current baseline<br>set by FY 2024-<br>25 Year-End<br>Estimates               | 3%                                   | 3%                                   | 0%                                   | 3%                                   | 3%                                   | 3%                                   |
| <b>Fine &amp;<br/>Forfeitures</b><br>Current baseline<br>set by FY 2024-<br>25 Year-End<br>Estimates  | 1%                                   | Varies                               | Varies                               | Varies                               | Varies                               | Varies                               |
| <b>Interest</b><br>Varies, based on<br>Portfolio  | Weighted<br>Portfolio Yield<br>3.64% | Weighted<br>Portfolio Yield<br>3.56% | Weighted<br>Portfolio Yield<br>3.45% | Weighted<br>Portfolio Yield<br>3.36% | Weighted<br>Portfolio Yield<br>3.30% | Weighted<br>Portfolio Yield<br>3.30% |
| <b>Other Sources</b><br>Current baseline<br>set by FY 2024-<br>25 Year-End<br>Estimates               | Varies                               | Varies                               | Varies                               | Varies                               | Varies                               | Varies                               |

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                               |
|------------------------------------|---|---|---|---|---|---|
| <b>Salaries (TEA, Conf, Temp)*</b> | 3%  | 3%  | 2%  | 2%  | 2%  | 2%  |
| <b>Salaries (POA)*</b>             | 5%  | 4%  | 2%  | 2%  | 2%  | 2%  |
| <b>Salaries (AFSCME)*</b>          | 4%  | 4%  | 2%  | 2%  | 2%  | 2%  |
| <b>Salaries (Management)*</b>      | 3%  | 3%  | 2%  | 2%  | 2%  | 2%  |
| <b>Benefit - Medical**</b>         | 7%  | 7%  | 7%  | 7%  | 7%  | 7%  |
| <b>Vacancy Savings</b>             | 4.6%  | 4.6%  | 4.6%  | 4.6%  | 4.6%  | 4.6%  |
| <b>Operating Expenditures***</b>   | Varies  | 3%  | 3%  | 3%  | 3%  | 3%  |
| <b>Grants &amp; Awards</b>         | 0%  | 0%  | 0%  | 0%  | 0%  | 0%  |
| <b>Utilities***</b>                | Varies  | 3%  | 3%  | 3%  | 3%  | 3%  |
| <b>Internal Service Charges***</b> | 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 |
| <b>Debt Service</b>                | 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 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 |
|--|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Safety POA</b>  | 109.09%           | 109.92%             | 112.95%             | 121.16%             | 121.75%             | 124.52%             |
| <b>Safety Management POA</b>   | 112.09%           | 112.92%             | 115.95%             | 124.16%             | 124.75%             | 127.52%             |
| <b>Safety POA - PEPRA</b>  | 15.84%            | 14.96%              | 20.99%              | 21.74%              | 22.04%              | 25.76%              |
| <b>Miscellaneous TEA/Confidential/ Management</b>                              | 30.02%            | 30.52%              | 30.82%              | 31.78%              | 31.92%              | 32.21%              |
| <b>Miscellaneous TEA/Confidential/ Management PEPRA</b>                        |                   |                     |                     |                     |                     |                     |
| 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.*



| General Fund 5-Year Forecast<br>(in \$ million)   |                       |                                  |                         |                        |                        |                        |                        |                        |
|---|-----------------------|----------------------------------|-------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Revenue Category  | FY 2023-24<br>Actuals | FY 2024-25<br>Adjusted<br>Budget | FY 2024-25<br>Estimates | FY 2025-26<br>Forecast | FY 2026-27<br>Forecast | FY 2027-28<br>Forecast | FY 2028-29<br>Forecast | FY 2029-30<br>Forecast |
| Property Tax  | \$ 19.3               | \$ 20.2                          | \$ 20.0                 | \$ 20.6                | \$ 21.3                | \$ 22.0                | \$ 22.8                | \$ 23.6                |
| VLF Backfill Property Tax   | 4.9                   | 5.0                              | 5.1                     | 5.3                    | 5.5                    | 5.8                    | 6.0                    | 6.2                    |
| Sales & Use Tax   | 6.8                   | 6.6                              | 6.4                     | 6.6                    | 6.6                    | 6.8                    | 7.0                    | 7.0                    |
| Measure G District Sales Tax  | 1.3                   | 1.3                              | 1.3                     | 1.2                    | 1.3                    | 1.3                    | 1.3                    | 1.4                    |
| Franchise Fees  | 2.5                   | 1.0                              | 1.0                     | 1.0                    | 1.1                    | 1.1                    | 1.1                    | 1.2                    |
| Transient Occupancy Tax   | 2.4                   | 2.3                              | 2.3                     | 2.4                    | 2.5                    | 2.5                    | 2.6                    | 2.7                    |
| Business License Tax  | 1.5                   | 2.4                              | 2.8                     | 2.5                    | 2.6                    | 2.6                    | 2.7                    | 2.8                    |
| Licenses & Permits  | 3.3                   | 3.5                              | 3.5                     | 3.1                    | 3.2                    | 3.2                    | 3.3                    | 3.4                    |
| Intergovernmental   | 1.2                   | 1.1                              | 1.1                     | 0.8                    | 0.9                    | 0.9                    | 0.9                    | 0.9                    |
| Town Services   | 6.6                   | 7.0                              | 7.3                     | 6.6                    | 6.7                    | 6.8                    | 6.9                    | 7.0                    |
| Fines & Forfeitures   | 0.5                   | 0.3                              | 0.3                     | 0.3                    | 0.3                    | 0.3                    | 0.3                    | 0.3                    |
| Interest  | 2.6                   | 1.8                              | 1.4                     | 1.0                    | 1.0                    | 1.0                    | 0.7                    | 0.7                    |
| Other Sources   | 5.0                   | 4.1                              | 4.6                     | 3.1                    | 3.1                    | 3.2                    | 3.2                    | 2.0                    |
| Fund Transfers In   | 0.6                   | 0.6                              | 0.6                     | 0.6                    | 0.6                    | 0.6                    | 0.6                    | 0.6                    |
| <b>TOTAL OPERATING REVENUES &amp; TRANSFERS</b>   | <b>\$ 58.5</b>        | <b>\$ 57.2</b>                   | <b>\$ 57.7</b>          | <b>\$ 55.1</b>         | <b>\$ 56.7</b>         | <b>\$ 58.1</b>         | <b>\$ 59.4</b>         | <b>\$ 59.8</b>         |
| Use of Capital/Special Projects Reserve   | \$ 1.6                | \$ 2.7                           | \$ 2.7                  | \$ 1.1                 | \$ 1.1                 | \$ 1.1                 | \$ 1.1                 | \$ 1.1                 |
| Use of Measure G Sales Tax - Operating  | -                     | 0.6                              | 0.6                     | -                      | -                      | -                      | -                      | -                      |
| Use of Pension/OPEB Reserve   | 0.3                   | -                                | 0.3                     | -                      | -                      | -                      | -                      | -                      |
| Use of Council Priorities - Economic Recovery   | 1.5                   | -                                | -                       | -                      | -                      | -                      | -                      | -                      |
| <b>TOTAL REVENUES, TRANSFERS, AND USE OF RESERVES*</b>  | <b>\$ 61.9</b>        | <b>\$ 60.5</b>                   | <b>\$ 61.3</b>          | <b>\$ 56.2</b>         | <b>\$ 57.8</b>         | <b>\$ 59.2</b>         | <b>\$ 60.5</b>         | <b>\$ 60.9</b>         |
| Expenditure Category  | FY 2023-24<br>Actuals | FY 2024-25<br>Adjusted<br>Budget | FY 2024-25<br>Estimates | FY 2025-26<br>Forecast | FY 2026-27<br>Forecast | FY 2027-28<br>Forecast | FY 2028-29<br>Forecast | FY 2029-30<br>Forecast |
| Salary  | \$ 21.5               | \$ 25.2                          | \$ 22.6                 | \$ 26.0                | \$ 27.2                | \$ 27.7                | \$ 28.3                | \$ 28.9                |
| Overtime  | 1.3                   | 0.6                              | 1.5                     | 0.6                    | 0.7                    | 0.7                    | 0.7                    | 0.7                    |
| CalPERS Benefits  | 7.4                   | 8.8                              | 8.3                     | 9.5                    | 10.7                   | 10.9                   | 11.9                   | 12.1                   |
| All Other Benefits  | 4.3                   | 5.6                              | 4.9                     | 6.0                    | 6.3                    | 6.5                    | 6.6                    | 6.8                    |
| 4.6% Salary and Benefits Savings  | -                     | (1.8)                            | -                       | (1.9)                  | (2.1)                  | (2.1)                  | (2.2)                  | (2.2)                  |
| OPEB Pay as You Go  | 1.6                   | 1.7                              | 2.0                     | 2.3                    | 2.4                    | 2.5                    | 2.6                    | 2.7                    |
| Operating Expenditures  | 9.8                   | 9.2                              | 8.8                     | 8.2                    | 8.5                    | 8.6                    | 9.0                    | 9.1                    |
| Grants & Awards   | 0.7                   | 0.7                              | 0.7                     | 0.3                    | 0.3                    | 0.3                    | 0.3                    | 0.3                    |
| Utilities   | 0.7                   | 0.7                              | 0.7                     | 0.7                    | 0.7                    | 0.8                    | 0.8                    | 0.8                    |
| Internal Service Charges  | 3.2                   | 4.4                              | 4.1                     | 4.7                    | 4.9                    | 5.1                    | 5.3                    | 5.5                    |
| Debt Service  | 2.1                   | 2.1                              | 2.1                     | 2.1                    | 2.1                    | 2.1                    | 2.1                    | 0.8                    |
| <b>TOTAL OPERATING EXPENDITURES</b>   | <b>\$ 52.9</b>        | <b>\$ 57.2</b>                   | <b>\$ 55.7</b>          | <b>\$ 58.5</b>         | <b>\$ 61.7</b>         | <b>\$ 62.9</b>         | <b>\$ 65.3</b>         | <b>\$ 65.5</b>         |
| Additional Discretionary Payment - Pension  | 0.7                   | 0.4                              | 0.7                     | 0.4                    | 0.4                    | 0.4                    | 0.4                    | 0.4                    |
| <b>TOTAL OPERATING &amp; DISCRETIONARY EXPENDITURES</b>   | <b>\$ 53.6</b>        | <b>\$ 57.6</b>                   | <b>\$ 56.4</b>          | <b>\$ 58.9</b>         | <b>\$ 62.1</b>         | <b>\$ 63.3</b>         | <b>\$ 65.7</b>         | <b>\$ 65.9</b>         |
| Capital Transfers Out to GFAR   | \$ 1.6                | \$ 1.1                           | \$ 1.1                  | \$ 1.1                 | \$ 1.1                 | \$ 1.1                 | \$ 1.1                 | \$ 1.1                 |
| Transfer to General Liability   | 0.4                   | -                                | -                       | -                      | -                      | -                      | -                      | -                      |
| GASB 65   | 0.6                   | -                                | -                       | -                      | -                      | -                      | -                      | -                      |
| Fixed Assets/ Equipment   | 0.1                   | 0.5                              | 0.9                     | -                      | -                      | -                      | -                      | -                      |
| 1/2 of Measure G Proceeds to Capital  | 0.7                   | 0.6                              | 0.6                     | 0.6                    | 0.6                    | 0.6                    | 0.7                    | 0.7                    |
| Allocate to ERAF Risk Reserve   | 0.7                   | 0.8                              | 0.8                     | 0.8                    | 0.8                    | 0.8                    | 0.8                    | 0.8                    |
| Allocate to Pension Trust   | 0.7                   | 0.4                              | 0.7                     | 0.4                    | 0.4                    | 0.4                    | 0.4                    | 0.4                    |
| <b>TOTAL EXPENDITURES &amp; RESERVE ALLOCATIONS*</b>  | <b>\$ 57.7</b>        | <b>\$ 60.5</b>                   | <b>\$ 60.5</b>          | <b>\$ 61.8</b>         | <b>\$ 65.0</b>         | <b>\$ 66.2</b>         | <b>\$ 68.7</b>         | <b>\$ 68.9</b>         |
| <b>NET REVENUES , TRANSFERS IN, USE OF RESERVES LESS EXPENDITURES, TRANSFERS IN, AND RESERVE ALLOCATIONS</b>                | <b>\$ 4.2</b>         | <b>\$ -</b>                      | <b>\$ 0.8</b>           | <b>\$ (5.6)</b>        | <b>\$ (7.2)</b>        | <b>\$ (7.0)</b>        | <b>\$ (8.2)</b>        | <b>\$ (8.0)</b>        |
| * Due to rounding of individual categories total revenues, expenditures, and reserve allocations may include \$0.1 million. |                       |                                  |                         |                        |                        |                        |                        |                        |

| Type-of-Revenues                    | FY-2024-25<br>Estimates<br>Baseline  | FY-2025-26<br>Forecast                          | FY-2026-27<br>Forecast                          | FY-2027-28<br>Forecast                          | FY-2028-29<br>Forecast                          | FY-2029-30<br>Forecast                          |
|-------------------------------------|--|---|---|---|---|---|
| Property-Tax/VLF-Backfill           | Current-baseline-set-by-SCC-Assessor-Office-February-2025-report   | 4.1%  | 4.1%  | 4.1%  | 4.1%  | 4.1%  |
| Motor-Vehicle-License-in-Lieu-(VLF) | Current-baseline-set-by-SCC-Assessor-Office-February-2025-report   | 4.1%  | 4.1%  | 4.1%  | 4.1%  | 4.1%  |
| ERAF                                | Current-baseline-set-100%-of-SCC-Assessor-Office-February-2024-Update-Reserving-30%-to-ERAF-Risk-Reserve | \$1.83-million                                  | \$1.83-million                                  | \$1.83-million                                  | \$1.83-million                                  | \$1.83-million                                  |
| Sales-Tax                           | MuniServices-January-2025-Most-Likely-Estimates  | MuniServices-January-2025-Most-Likely-Estimates | MuniServices-January-2025-Most-Likely-Estimates | MuniServices-January-2025-Most-Likely-Estimates | MuniServices-January-2025-Most-Likely-Estimates | MuniServices-January-2025-Most-Likely-Estimates |
| Sales-Tax--Measure-G                | MuniServices-January-2025-Most-Likely-Estimates  | MuniServices-January-2025-Most-Likely-Estimates | MuniServices-January-2025-Most-Likely-Estimates | MuniServices-January-2025-Most-Likely-Estimates | MuniServices-January-2025-Most-Likely-Estimates | MuniServices-January-2025-Most-Likely-Estimates |
| Franchise-Fee                       | Current-baseline-set-by-FY2024-25-Estimates  | 3%  | 3%  | 3%  | 3%  | 3%  |
| Transient-Occupancy-Tax             | Current-baseline-set-by-FY-2024-25-Estimates   | 2%  | 2%  | 2%  | 2%  | 2%  |
| Business-License-Tax                | Current-baseline-set-by-FY-2024-25-Estimates   | 3%  | 3%  | 3%  | 3%  | 3%  |
| License-&Permits                    | Current-baseline-set-by-FY-2024-25-Estimates   | 3%  | 3%  | 3%  | 3%  | 3%  |

| Type of Revenues              | FY-2024-25<br>Estimates<br>Baseline          | FY-2025-26<br>Forecast | FY-2026-27<br>Forecast | FY-2027-28<br>Forecast | FY-2028-29<br>Forecast | FY-2029-30<br>Forecast |
|-------------------------------|--|------------------------|------------------------|------------------------|------------------------|------------------------|
| Town Services                 | Current baseline set by FY-2024-25 Estimates | 3%                     | 3%                     | 3%                     | 3%                     | 3%                     |
| Fine & Forfeitures            | Current baseline set by FY-2024-25 Estimates | Varies                 | Varies                 | Varies                 | Varies                 | Varies                 |
| Yield-to-Maturity Assumptions | Current baseline set by FY-2024-25 Actuals   | 3.51%                  | 3.45%                  | 3.37%                  | 3.31%                  | 3.28%                  |
| Other Sources                 | Current baseline set by FY-2024-25 Estimates | Varies                 | Varies                 | Varies                 | Varies                 | Varies                 |

EXPENDITURE BASELINE AND PROJECTION FACTORS (FY 2024-25 MID-YEAR REPORT AND FORECAST –  
PUBLISHED 2/7/2025)

Item 1.

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, 2024. Beginning FY 2023-24 the total salaries and benefits budget includes 4.6% vacancy factor.

| Type-of-Expenditures                                | FY-2024-25<br>Budget  | FY-2025-26<br>Forecast  | FY-2026-27<br>Forecast  | FY-2027-28<br>Forecast  | FY-2028-29<br>Forecast  | FY-2029-30<br>Forecast  |
|---|---|---|---|---|---|---|
| Salaries*(TEA)                                      | 5%  | 3%  | 3%  | 2%  | 2%  | 2%  |
| Salaries*(POA)                                      | 6.5%  | 5%  | 4%  | 2%  | 2%  | 2%  |
| Salaries*(AFSCME)                                   | 4%  | 4%  | 4%  | 2%  | 2%  | 2%  |
| Salaries*<br>(Management,<br>Confidential,<br>Temp) | 5%  | 3%  | 3%  | 2%  | 2%  | 2%  |
| Benefit--<br>Medical**                              | 4%  | 4%  | 4%  | 4%  | 4%  | 4%  |
| Operating-<br>Expenditures***                       | 3%  | 3%  | 3%  | 3%  | 3%  | 3%  |
| Grants-&Awards                                      | 0%  | 0%  | 0%  | 0%  | 0%  | 0%  |
| Utilities***  | Varies  | 3%  | 3%  | 3%  | 3%  | 3%  |
| Workers-Comp-<br>Charges                            | Based-on-<br>projected-<br>payroll                                | 3%  | 3%  | 3%  | 3%  | 3%  |
| General-Liability-<br>Charges                       | Based-on-<br>projected-<br>payroll                                | 3%  | 3%  | 3%  | 3%  | 3%  |
| Other-Internal-<br>Service-<br>Charges***           | Based-on-<br>operating-<br>cost-and-<br>scheduled-<br>replacement | Based-on-<br>operating-<br>cost-and-<br>scheduled-<br>replacement | Based-on-<br>operating-<br>cost-and-<br>scheduled-<br>replacement | Based-on-<br>operating-<br>cost-and-<br>scheduled-<br>replacement | Based-on-<br>operating-<br>cost-and-<br>scheduled-<br>replacement | Based-on-<br>operating-<br>cost-and-<br>scheduled-<br>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. Rates shown for FY 2024-25 are actual rates as prescribed by CalPERS. 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 6.1% investment return and forecasted payroll.

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.

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| Type-of-Expenditures   | FY-2024-25<br>Budget | FY-2025-26<br>Forecast | FY-2026-27<br>Forecast | FY-2027-28<br>Forecast | FY-2028-29<br>Forecast | FY-2029-30<br>Forecast |
|--|----------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| <b>Safety POA</b>  | 94.98%               | 98.72%                 | 102.27%                | 106.14%                | 115.00%                | 117.32%                |
| <b>Safety Management POA</b>   | 97.98%               | 101.72%                | 105.27%                | 109.14%                | 118.00%                | 120.32%                |
| <b>Safety POA--PEPRA</b>   | 15.56%               | 15.56%                 | 15.68%                 | 15.69%                 | 16.32%                 | 16.61%                 |
| <b>Miscellaneous TEA/AFSCME/Confidential/Management</b>                        | 30.62%               | 29.65%                 | 31.01%                 | 32.28%                 | 33.81%                 | 34.49%                 |
| <b>Miscellaneous TEA/AFSCME/Confidential/Management PEPRA</b>                  |                      |                        |                        |                        |                        |                        |
| Separate PEPRA rate for Miscellaneous has not been established yet by CalPERS. | 30.62%               | 29.65%                 | 31.01%                 | 32.28%                 | 33.81%                 | 34.49%                 |

**General Fund 5-Year Forecast**  
(in \$ million)

| Revenue Category  | FY 2022/23<br>Actuals | FY 2023/24<br>Adjusted<br>Budget | FY 2023/24<br>Estimates | FY 2024/25<br>Budget | FY 2025/26<br>Forecast | FY 2026/27<br>Forecast | FY 2027/28<br>Forecast | FY 2028/29<br>Forecast | FY 2029/30<br>Forecast |
|---|-----------------------|----------------------------------|-------------------------|----------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Property Tax  | \$ 18.2               | \$ 19.0                          | \$ 19.0                 | \$ 20.2              | \$ 21.3                | \$ 22.5                | \$ 23.7                | \$ 25.0                | \$ 26.5                |
| VLF Backfill Property Tax   | 4.6                   | 4.9                              | 4.9                     | 5.0                  | 5.3                    | 5.6                    | 5.9                    | 6.3                    | 6.7                    |
| Sales & Use Tax   | 7.5                   | 7.0                              | 6.7                     | 6.6                  | 6.7                    | 6.9                    | 6.9                    | 7.0                    | 7.1                    |
| Measure G District Sales Tax  | 1.3                   | 1.2                              | 1.2                     | 1.3                  | 1.3                    | 1.3                    | 1.4                    | 1.4                    | 1.4                    |
| Franchise Fees  | 3.1                   | 3.3                              | 3.3                     | 1.0                  | 1.1                    | 1.1                    | 1.1                    | 1.2                    | 1.2                    |
| Transient Occupancy Tax   | 2.2                   | 2.3                              | 2.3                     | 2.3                  | 2.4                    | 2.4                    | 2.4                    | 2.4                    | 2.4                    |
| Business License Tax  | 2.4                   | 2.4                              | 2.4                     | 2.4                  | 2.5                    | 2.6                    | 2.6                    | 2.7                    | 2.8                    |
| Licenses & Permits  | 3.3                   | 3.3                              | 3.3                     | 3.0                  | 3.0                    | 3.1                    | 3.2                    | 3.3                    | 3.4                    |
| Intergovernmental   | 1.6                   | 1.3                              | 1.3                     | 1.4                  | 0.9                    | 1.0                    | 0.9                    | 0.9                    | 1.0                    |
| Town Services   | 4.6                   | 4.6                              | 5.0                     | 7.0                  | 6.7                    | 6.8                    | 7.0                    | 7.2                    | 7.4                    |
| Fines & Forfeitures   | 0.4                   | 0.4                              | 0.4                     | 0.3                  | 0.3                    | 0.3                    | 0.3                    | 0.3                    | 0.3                    |
| Interest  | 0.6                   | 1.6                              | 1.6                     | 1.8                  | 1.4                    | 1.3                    | 1.2                    | 1.1                    | 1.1                    |
| Other Sources   | 8.1                   | 4.0                              | 4.1                     | 3.5                  | 3.1                    | 3.2                    | 3.3                    | 3.2                    | 2.0                    |
| Fund Transfers In   | 0.5                   | 0.6                              | 0.6                     | 0.6                  | 0.6                    | 0.6                    | 0.6                    | 0.6                    | 0.6                    |
| <b>TOTAL OPERATING REVENUES &amp; TRANSFERS</b>   | <b>\$ 58.4</b>        | <b>\$ 55.9</b>                   | <b>\$ 56.1</b>          | <b>\$ 56.4</b>       | <b>\$ 56.6</b>         | <b>\$ 58.7</b>         | <b>\$ 60.5</b>         | <b>\$ 62.6</b>         | <b>\$ 63.9</b>         |
| Use of Capital/Special Projects Reserve   | \$ 2.4                | \$ 1.6                           | \$ 2.0                  | \$ 1.1               | \$ 1.1                 | \$ 1.1                 | \$ 1.1                 | \$ 1.1                 | \$ 1.1                 |
| Use of Measure G Sales Tax - Operating  | -                     | -                                | -                       | 0.6                  | -                      | -                      | -                      | -                      | -                      |
| Use of Pension/OPEB Reserve   | 0.3                   | 0.3                              | 0.3                     | -                    | -                      | -                      | -                      | -                      | -                      |
| Use of Council Priorities - Economic Recovery   | -                     | 1.5                              | 1.5                     | -                    | -                      | -                      | -                      | -                      | -                      |
| <b>TOTAL REVENUES, TRANSFERS, AND USE OF RESERVES*</b>  | <b>\$ 61.1</b>        | <b>\$ 59.3</b>                   | <b>\$ 59.9</b>          | <b>\$ 58.1</b>       | <b>\$ 57.7</b>         | <b>\$ 59.8</b>         | <b>\$ 61.6</b>         | <b>\$ 63.7</b>         | <b>\$ 65.0</b>         |
| Expenditure Category  | FY 2022/23<br>Actuals | FY 2023/24<br>Adjusted<br>Budget | FY 2023/24<br>Estimates | FY 2024/25<br>Budget | FY 2025/26<br>Forecast | FY 2026/27<br>Forecast | FY 2027/28<br>Forecast | FY 2028/29<br>Forecast | FY 2029/30<br>Forecast |
| Salary  | \$ 20.4               | \$ 21.3                          | \$ 21.9                 | \$ 23.6              | \$ 23.8                | \$ 24.5                | \$ 25.1                | \$ 25.7                | \$ 26.2                |
| Overtime  | 1.4                   | 0.6                              | 1.3                     | 0.6                  | 0.7                    | 0.7                    | 0.7                    | 0.7                    | 0.7                    |
| CalPERS Benefits  | 7.1                   | 8.2                              | 7.2                     | 8.8                  | 9.1                    | 9.7                    | 10.4                   | 11.2                   | 11.8                   |
| All Other Benefits  | 3.8                   | 4.7                              | 4.4                     | 5.6                  | 6.1                    | 6.3                    | 6.5                    | 6.7                    | 6.8                    |
| 4.6% Salary and Benefits Savings  | -                     | -                                | -                       | (1.8)                | (1.8)                  | (1.9)                  | (2.0)                  | (2.0)                  | (2.1)                  |
| OPEB Pay as You Go  | 1.5                   | 1.6                              | 1.6                     | 1.7                  | 1.9                    | 2.0                    | 2.0                    | 2.0                    | 2.0                    |
| Operating Expenditures  | 11.7                  | 11.0                             | 10.6                    | 8.8                  | 8.3                    | 8.6                    | 8.7                    | 9.0                    | 9.2                    |
| Grants & Awards   | 0.6                   | 1.0                              | 0.7                     | 0.3                  | 0.2                    | 0.2                    | 0.2                    | 0.2                    | 0.3                    |
| Utilities   | 0.6                   | 0.7                              | 0.7                     | 0.7                  | 0.7                    | 0.8                    | 0.8                    | 0.8                    | 0.8                    |
| Internal Service Charges  | 2.6                   | 3.4                              | 3.4                     | 4.4                  | 5.2                    | 5.4                    | 5.6                    | 5.8                    | 6.1                    |
| Debt Service  | 2.0                   | 2.1                              | 2.1                     | 2.1                  | 2.1                    | 2.1                    | 2.1                    | 2.1                    | 0.8                    |
| <b>TOTAL OPERATING EXPENDITURES</b>   | <b>\$ 51.8</b>        | <b>\$ 54.5</b>                   | <b>\$ 53.9</b>          | <b>\$ 54.8</b>       | <b>\$ 56.2</b>         | <b>\$ 58.4</b>         | <b>\$ 60.1</b>         | <b>\$ 62.2</b>         | <b>\$ 62.7</b>         |
| Additional Discretionary Payment - Pension  | 0.7                   | 0.7                              | 0.7                     | 0.4                  | 0.4                    | 0.4                    | 0.4                    | 0.4                    | 0.4                    |
| <b>TOTAL OPERATING &amp; DISCRETIONARY EXPENDITURES</b>   | <b>\$ 52.5</b>        | <b>\$ 55.2</b>                   | <b>\$ 54.6</b>          | <b>\$ 55.2</b>       | <b>\$ 56.6</b>         | <b>\$ 58.8</b>         | <b>\$ 60.5</b>         | <b>\$ 62.6</b>         | <b>\$ 63.1</b>         |
| Capital Transfers Out to GFAR   | \$ 2.4                | \$ 1.6                           | \$ 1.6                  | \$ 1.1               | \$ 1.1                 | \$ 1.1                 | \$ 1.1                 | \$ 1.1                 | \$ 1.1                 |
| Transfer to General Liability   | -                     | -                                | 0.4                     | -                    | -                      | -                      | -                      | -                      | -                      |
| 1/2 of Measure G Proceeds to Capital  | 0.6                   | 0.6                              | 0.7                     | 0.6                  | 0.6                    | 0.7                    | 0.7                    | 0.7                    | 0.7                    |
| Allocate to ERAF Risk Reserve   | 0.7                   | 0.7                              | 0.7                     | 0.8                  | 0.8                    | 0.8                    | 0.8                    | 0.8                    | 0.8                    |
| Allocate to Pension Trust   | 0.7                   | 0.7                              | 0.7                     | 0.4                  | 0.4                    | 0.4                    | 0.4                    | 0.4                    | 0.4                    |
| <b>TOTAL EXPENDITURES &amp; RESERVE ALLOCATIONS*</b>  | <b>\$ 56.2</b>        | <b>\$ 58.8</b>                   | <b>\$ 58.7</b>          | <b>\$ 58.1</b>       | <b>\$ 59.5</b>         | <b>\$ 61.8</b>         | <b>\$ 63.5</b>         | <b>\$ 65.6</b>         | <b>\$ 66.1</b>         |
| <b>NET REVENUES, TRANSFERS IN, USE OF RESERVES LESS EXPENDITURES, TRANSFERS IN, AND RESERVE ALLOCATIONS</b> | <b>\$ 4.9</b>         | <b>\$ 0.5</b>                    | <b>\$ 1.1</b>           | <b>\$ -</b>          | <b>\$ (1.8)</b>        | <b>\$ (2.0)</b>        | <b>\$ (1.9)</b>        | <b>\$ (1.9)</b>        | <b>\$ (1.1)</b>        |

\* Due to rounding of individual categories total revenues, expenditures, and reserve allocations may include \$0.1 million.

| Town of Los Gatos General Fund Historical Year-End Results<br>(in \$ million)  |  |                       |                       |                       |                       |                       |                       |                       |
|--|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Account  | Revenue Category                           | FY 2015/16<br>Actuals | FY 2016/17<br>Actuals | FY 2017/18<br>Actuals | FY 2018/19<br>Actuals | FY 2019/20<br>Actuals | FY 2020/21<br>Actuals | FY 2021/22<br>Actuals |
| 4100   | Property Tax                               | \$ 10.8               | \$ 11.5               | \$ 12.5               | \$ 13.6               | \$ 14.5               | \$ 15.8               | \$ 16.9               |
| 4110   | VLF Backfill Property Tax                  | 3.0                   | 3.2                   | 3.4                   | 3.7                   | 3.9                   | 4.1                   | 4.2                   |
| 4200   | Sales & Use Tax                            | 7.5                   | 9.2                   | 7.6                   | 8.0                   | 6.5                   | 6.8                   | 7.2                   |
| 4200   | Measure G District Sales Tax               | -                     | -                     | -                     | 0.2                   | 1.0                   | 1.1                   | 1.3                   |
| 4250   | Franchise Fees                             | 2.3                   | 2.4                   | 2.5                   | 2.5                   | 2.5                   | 2.5                   | 2.8                   |
| 4251   | Transient Occupancy Tax                    | 1.9                   | 2.3                   | 2.6                   | 2.7                   | 1.9                   | 1.0                   | 1.9                   |
| 4400   | Business License Tax                       | 1.5                   | 1.7                   | 1.7                   | 1.5                   | 1.4                   | 1.4                   | 1.5                   |
| 4400   | Licenses & Permits                         | 3.5                   | 3.0                   | 3.0                   | 3.1                   | 2.7                   | 3.1                   | 4.8                   |
| 4500   | Intergovernmental                          | 1.0                   | 0.9                   | 1.0                   | 0.9                   | 1.0                   | 1.6                   | 1.3                   |
| 4600   | Town Services                              | 4.0                   | 3.3                   | 4.4                   | 4.4                   | 4.4                   | 4.6                   | 5.3                   |
| 4700   | Fines & Forfeitures                        | 0.9                   | 0.9                   | 0.7                   | 0.5                   | 0.3                   | 0.1                   | 0.3                   |
| 4800   | Interest                                   | 0.6                   | 0.2                   | 0.2                   | 1.4                   | 2.2                   | 0.1                   | (1.4)                 |
| 4850   | Other Sources                              | 2.3                   | 4.3                   | 3.2                   | 4.6                   | 2.7                   | 3.7                   | 7.0                   |
| 4900   | Fund Transfers In                          | 2.4                   | 0.3                   | 0.8                   | 1.6                   | 0.6                   | 0.7                   | 0.6                   |
| <b>TOTAL OPERATING REVENUES &amp; TRANSFERS*</b>   |  | <b>\$ 41.7</b>        | <b>\$ 43.2</b>        | <b>\$ 43.6</b>        | <b>\$ 48.7</b>        | <b>\$ 45.6</b>        | <b>\$ 46.6</b>        | <b>\$ 53.7</b>        |
|  | Capital                                    | -                     | 1.4                   | 3.2                   | 2.8                   | 8.0                   | 3.4                   | 0.6                   |
|  | Use of Pension/OPEB Reserve                | -                     | -                     | -                     | -                     | -                     | 4.5                   | 0.3                   |
|  | Use of Property Surplus Reserve            | -                     | -                     | -                     | -                     | -                     | -                     | 1.2                   |
|  | Use of Almond Grove Reserve                | -                     | 5.9                   | -                     | -                     | -                     | -                     | -                     |
|  | Use of Measure G Reserve                   | -                     | -                     | -                     | -                     | -                     | -                     | 1.1                   |
| <b>TOTAL REVENUES, TRANSFERS, AND USE OF RESERVES</b>  |  | <b>\$ 41.7</b>        | <b>\$ 50.5</b>        | <b>\$ 46.8</b>        | <b>\$ 51.5</b>        | <b>\$ 53.6</b>        | <b>\$ 54.5</b>        | <b>\$ 56.9</b>        |
| Account  | Expenditure Category                       | FY 2015/16<br>Actuals | FY 2016/17<br>Actuals | FY 2017/18<br>Actuals | FY 2018/19<br>Actuals | FY 2019/20<br>Actuals | FY 2020/21<br>Actuals | 2021/22<br>Actuals    |
| 5110   | Salary                                     | 14.5                  | 14.8                  | 16.0                  | 17.9                  | 19.3                  | 20.2                  | 20.0                  |
| 5120   | CalPERS Benefits                           | 3.6                   | 3.9                   | 4.3                   | 5.3                   | 6.1                   | 6.4                   | 6.5                   |
| 5200   | All Other Benefits                         | 3.2                   | 3.2                   | 3.3                   | 3.6                   | 3.6                   | 3.7                   | 3.7                   |
| 6211   | OPEB Pay as You Go                         | 0.9                   | 1.0                   | 1.1                   | 1.2                   | 1.2                   | 1.3                   | 1.4                   |
| 6000   | Operating Expenditures                     | 4.7                   | 4.8                   | 5.0                   | 5.6                   | 5.1                   | 5.7                   | 10.4                  |
| 7200   | Grants & Awards                            | 0.7                   | 0.2                   | 0.2                   | 0.3                   | 0.3                   | 0.3                   | 1.8                   |
| 7400   | Utilities                                  | 0.4                   | 0.6                   | 0.5                   | 0.5                   | 0.5                   | 0.6                   | 0.6                   |
| 8060   | Internal Service Charges                   | 3.5                   | 3.6                   | 3.9                   | 2.5                   | 2.2                   | 2.3                   | 2.6                   |
| 8900   | Debt Service                               | 1.9                   | 1.9                   | 1.9                   | 1.9                   | 1.9                   | 2.0                   | 2.1                   |
| <b>TOTAL OPERATING EXPENDITURES</b>  |  | <b>\$ 33.6</b>        | <b>\$ 34.0</b>        | <b>\$ 36.2</b>        | <b>\$ 38.8</b>        | <b>\$ 40.2</b>        | <b>\$ 42.4</b>        | <b>\$ 49.0</b>        |
|  | GASB 45 Retiree Medical Actuarial          | 1.5                   | 2.6                   | 1.6                   | 1.1                   | 1.1                   | 0.6                   | 0.1                   |
|  | Additional Discretionary Payment - Pension | -                     | -                     | -                     | -                     | -                     | 5.6                   | 0.7                   |
| <b>TOTAL OPERATING &amp; DISCRETIONARY EXPENDITURES</b>  |  | <b>\$ 35.1</b>        | <b>\$ 36.6</b>        | <b>\$ 37.8</b>        | <b>\$ 39.9</b>        | <b>\$ 41.3</b>        | <b>\$ 48.6</b>        | <b>\$ 49.8</b>        |
|  | Capital Transfers Out to GFAR              | 0.5                   | 7.3                   | 2.6                   | 2.3                   | 7.0                   | 3.4                   | 1.2                   |
|  | Operating Transfer Out                     | 0.1                   | -                     | 0.6                   | 0.5                   | 1.1                   | -                     | -                     |
|  | 1/2 of Measure G Proceeds to Capital       | -                     | -                     | -                     | -                     | -                     | -                     | 0.7                   |
|  | Fixed Assets/ Equipment                    | 0.4                   | -                     | -                     | -                     | 0.1                   | -                     | -                     |
|  | Fund                                       | -                     | -                     | 1.2                   | 3.6                   | 0.4                   | -                     | -                     |
| <b>AMOUNTS AVAILABLE FOR RESERVE ALLOCATIONS</b>   |  | <b>\$ 5.6</b>         | <b>\$ 6.6</b>         | <b>\$ 4.6</b>         | <b>\$ 5.2</b>         | <b>\$ 3.7</b>         | <b>\$ 2.5</b>         | <b>\$ 5.9</b>         |
|  | Allocate to Almond Grove Reserve           | 2.5                   | -                     | -                     | -                     | -                     | -                     | -                     |
|  | Stabilization/Catastrophic                 | -                     | -                     | -                     | -                     | -                     | 0.1                   | 1.1                   |
|  | Allocate to Compensated Absences           | -                     | -                     | -                     | -                     | -                     | 0.1                   | (0.2)                 |
|  | Allocate to Market Fluctuations Reserve    | 0.3                   | 0.3                   | -                     | -                     | 1.2                   | -                     | (0.4)                 |
|  | Allocate to CalPERS/Pension Reserve        | -                     | 1.8                   | -                     | -                     | -                     | 0.3                   | 0.3                   |
|  | Allocate to Measure G Reserve              | -                     | -                     | -                     | -                     | 1.2                   | -                     | -                     |
|  | Allocate to VM & Stores Surplus Reserve    | -                     | -                     | -                     | 1.0                   | -                     | -                     | -                     |
|  | Allocate to Authorized Carryforwards       | 0.1                   | -                     | -                     | -                     | -                     | -                     | 0.03                  |
|  | Sales Tax Prior - Year Adjustments         | -                     | 0.4                   | -                     | -                     | -                     | -                     | -                     |
|  | Allocate to Property Surplus Reserve       | -                     | -                     | -                     | 1.9                   | -                     | 1.2                   | -                     |
| <b>TOTAL EXPENDITURES &amp; RESERVE ALLOCATIONS</b>  |  | <b>\$ 39.0</b>        | <b>\$ 46.4</b>        | <b>\$ 42.2</b>        | <b>\$ 49.2</b>        | <b>\$ 52.2</b>        | <b>\$ 53.7</b>        | <b>\$ 52.2</b>        |
| <b>NET REVENUES RESERVE TRANSFERS LESS EXPENDITURES &amp; RESERVE ALLOCATIONS FOR FINAL ALLOCATION AFTER YEAR END CLOSE</b>  |  | <b>\$ 2.7</b>         | <b>\$ 4.1</b>         | <b>\$ 4.6</b>         | <b>\$ 2.3</b>         | <b>\$ 1.4</b>         | <b>\$ 0.8</b>         | <b>\$ 4.7</b>         |
| * Due to rounding of individual categories Total Expenditures and Reserve Allocations may include \$0.1 million.<br>General Fund (111) Historical presentation does not include Pension Trusts activities. |  |                       |                       |                       |                       |                       |                       |                       |

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| Type-of-Revenue-Base-Line-Estimate¶                                     | FY2024/25¶<br>Budget¶  | FY-2025/26¶<br>Forecast¶                                       | FY-2026/27¶<br>Forecast¶                                       | FY2027/28¶<br>Forecast¶  | FY2028/29¶<br>Forecast¶  | FY-2029/30¶<br>Forecast¶                                       |
|---|--|--|--|--|--|--|
| <b>Property-Tax¶</b><br>SCC-Assessor-Office-February-2024-Report¶       | 6.6%¶  | 6.6%¶  | 6.6%¶  | 6.6%¶  | 6.6%¶  | 6.6%¶  |
| <b>VLF-Backfill¶</b><br>SCC-Assessor-Office-February-2024-Report¶       | 6.1%¶  | 6.1%¶  | 6.1%¶  | 6.1%¶  | 6.1%¶  | 6.1%¶  |
| <b>Other-Property-Tax¶</b><br>SCC-Assessor-Office-February-2024-Report¶ | 3.0%¶  | 3.0%¶  | 3.0%¶  | 3.0%¶  | 3.0%¶  | 3.0%¶  |
| <b>ERAF¶</b><br>SCC-Assessor-Office-March-2024-Notification¶            | \$2,534,820¶<br>Including-30%-to-Reserve¶                      | \$2,617,000¶<br>Including-30%-to-Reserve¶                      | \$2,617,000¶<br>Including-30%-to-Reserve¶                      | \$2,617,000¶<br>Including-30%-to-Reserve¶                      | \$2,617,000¶<br>Including-30%-to-Reserve¶                      | \$2,617,000¶<br>Including-30%-to-Reserve¶                      |
| <b>Sales-Tax¶</b>   | <u>MuniServices-March-2024¶</u><br>Most-Likely-¶<br>Estimates¶ | <u>MuniServices-March-2024¶</u><br>Most-Likely-¶<br>Estimates¶ | <u>MuniServices-March-2024¶</u><br>Most-Likely-¶<br>Estimates¶ | <u>MuniServices-March-2024¶</u><br>Most-Likely-¶<br>Estimates¶ | <u>MuniServices-March-2024¶</u><br>Most-Likely-¶<br>Estimates¶ | <u>MuniServices-March-2024¶</u><br>Most-Likely-¶<br>Estimates¶ |
| <b>Sales-Tax--Measure-G¶</b>  | <u>MuniServices-March-2024¶</u><br>Most-Likely-¶<br>Estimates¶ | <u>MuniServices-March-2024¶</u><br>Most-Likely-¶<br>Estimates¶ | <u>MuniServices-March-2024¶</u><br>Most-Likely-¶<br>Estimates¶ | <u>MuniServices-March-2024¶</u><br>Most-Likely-¶<br>Estimates¶ | <u>MuniServices-March-2024¶</u><br>Most-Likely-¶<br>Estimates¶ | <u>MuniServices-March-2024¶</u><br>Most-Likely-¶<br>Estimates¶ |
| <b>Franchise-Fee¶</b>   | Current-baseline-set-by-FY-2023/24-Year-End-Estimates-¶        | 3%¶  | 3%¶  | 3%¶  | 3%¶  | 3%¶  |
| <b>Encroachment-Permit-Fee-from-Waste-Hauler-Provider¶</b>              | Current-baseline-set-by-FY-2023/24-Year-End-Estimates-¶        | 3%¶  | 3%¶  | 3%¶  | 3%¶  | 3%¶  |



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| Type-of-Revenue-Base-Line-Estimates¶  | FY2024/25¶<br>Budget¶               | FY-2025/26¶<br>Forecast¶            | FY-2026/27¶<br>Forecast¶            | FY2027/28¶<br>Forecast¶             | FY2028/29¶<br>Forecast¶             | FY-2029/30¶<br>Forecast¶            |
|---|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| <b>Transient-Occupancy-Tax¶</b><br>Current-baseline-set-by-FY-2023/24-Year-End-Estimates¶ | 3%¶                                 | 3%¶                                 | 0%¶                                 | 0%¶                                 | 0%¶                                 | 0%¶                                 |
| <b>Business-License-Tax¶</b><br>Current-baseline-set-by-FY-2023/24-Year-End-Estimates¶    | 2%¶                                 | 2%¶                                 | 2%¶                                 | 2%¶                                 | 2%¶                                 | 2%¶                                 |
| <b>License-&amp;Permits¶</b><br>Current-baseline-set-by-FY-2023/24-Year-End-Estimates¶    | 3%¶                                 | 3%¶                                 | 3%¶                                 | 3%¶                                 | 3%¶                                 | 3%¶                                 |
| <b>Town-Services¶</b><br>Current-baseline-set-by-FY-2023/24-Year-End-Estimates¶           | 3%¶                                 | 3%¶                                 | 0%¶                                 | 3%¶                                 | 3%¶                                 | 3%¶                                 |
| <b>Fine-&amp;Forfeitures¶</b><br>Current-baseline-set-by-FY-2023/24-Year-End-Estimates¶   | 1%¶                                 | Varies¶                             | Varies¶                             | Varies¶                             | Varies¶                             | Varies¶                             |
| <b>Interest¶</b><br>Varies,based-on-Portfolio¶<br>¶                                       | Weighted-Portfolio-Yield¶<br>3.77%¶ | Weighted-Portfolio-Yield¶<br>3.59%¶ | Weighted-Portfolio-Yield¶<br>3.37%¶ | Weighted-Portfolio-Yield¶<br>3.05%¶ | Weighted-Portfolio-Yield¶<br>3.03%¶ | Weighted-Portfolio-Yield¶<br>3.01%¶ |
| <b>Other-Sources¶</b><br>Current-baseline-set-by-FY-2023/24-Year-End-Estimates¶           | Varies¶                             | Varies¶                             | Varies¶                             | Varies¶                             | Varies¶                             | Varies¶                             |

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Beginning in FY 2020/21, the Town is budgeting salaries at the actual salary plus a one-step increase. 71% 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, 2024, and rate is increasing in the actual anniversary date. The FY 2024/25 Budget and the FY 2025/26 – FY 29/30 Forecast includes 4.6% salary savings. ¶

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| Type of Expenditure         | FY2024/25 Budget                                  | FY 2025/26 Forecast                               | FY 2026/27 Forecast                               | FY2027/28 Forecast                                | FY2028/29 Forecast                                | FY 2029/30 Forecast                               |
|-----------------------------|---|---|---|---|---|---|
| Salaries (TEA, Conf, Temp)* | 0%  | 2%  | 2%  | 2%  | 2%  | 2%  |
| Salaries (POA)*             | 6.5%  | 5%  | 4%  | 2%  | 2%  | 2%  |
| Salaries (AFSCME)*          | 0%  | 2%  | 2%  | 2%  | 2%  | 2%  |
| Salaries (Management)*      | 0%  | 2%  | 2%  | 2%  | 2%  | 2%  |
| Benefit – Medical**         | 7%  | 7%  | 7%  | 7%  | 7%  | 7%  |
| Salary 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                            |   |   |   |   |   |

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\*Salary increases are based on actual step increases and approved Memoranda of Understanding with the bargaining units. 6.5% is effective from 4/1/2024. ¶

\*\*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 2024/25 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 6.1% investment return and forecasted payroll.

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.

| Type of Expenditure  | FY2024/25 Budget | FY2025/26 Forecast | FY2026/27 Forecast | FY2027/28 Forecast | FY2028/29 Forecast | FY2029/30 Forecast |
|--|------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Safety POA   | 94.98%           | 98.72%             | 102.27%            | 106.14%            | 115.00%            | 117.32%            |
| Safety Management POA  | 97.98%           | 101.72%            | 105.27%            | 109.14%            | 118.00%            | 122.32%            |
| Safety POA--PEPRA  | 15.56%           | 15.56%             | 15.68%             | 15.69%             | 16.32%             | 16.61%             |
| Miscellaneous TEA/Confidential/ Management                                     | 30.62%           | 29.65%             | 31.01%             | 32.28%             | 33.81%             | 34.49%             |
| 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.

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**SUMMARY OF CHANGES FY 2024-25  
FROM PROPOSED TO ADOPTED**

Per Measure A, the Finance Commission received the Proposed FY 2023/24 Operating and Capital Budgets 21 business days before May 16, 2023, which was the first meeting at which the Proposed Budgets were considered by the Town Council. The Finance Commission held three public meetings at which Commissioners discussed the Proposed Budgets and provided recommendations to the Town Council per Measures A and G. On May 16, 2023, the Town Council conducted a public hearing to discuss the proposed FY 2023/24 Operating and Capital Summary Budget and Proposed FY 2023/24 – 2027/28 Capital Improvement Program. The Town Council considered public testimony, discussed both documents, considered the Finance Commission recommendations, and directed staff to bring back the documents for final approval incorporating the Council recommendations.

The Town Council adopted a balanced budget on June 6, 2023. The Adopted Budget includes a 4.6% vacancy factor, while Council directed that staff continue to hire for all vacant positions. The 4.6% salary savings represents approximately \$1.7 million projected saving that eliminates a need for Other Post Employment Benefits (OPEB) Trust withdrawal. The Adopted Budget fully recognizes the Educational Revenue Augmentation Fund (ERAF) proceeds for FY 2023/24. The Council programmed 70% of the estimated revenue and reserved 30% as the “at risk” amount until the lawsuit between the State and the School Districts is resolved.

The following table represent the changes from the proposed budget to the adopted budget.

|  | 2023/24<br>Proposed<br>Budget | Estimated<br>Budget<br>Revision | 2023/24<br>Recommended<br>Budget |
|--|-------------------------------|---------------------------------|----------------------------------|
| <b>REVENUES</b>  |                               |                                 |                                  |
| General Fund   | \$54,130,896                  | \$ (914,326) (1)                | \$ 53,216,570                    |
| Special Revenue Funds  | 542,380                       | -                               | \$ 542,380                       |
| Internal Service Funds   | 4,947,389                     | -                               | \$ 4,947,389                     |
| Capital Project Funds (does not include carryforwards)                         | 8,547,920                     | -                               | \$ 8,547,920                     |
| Successor Agency Funds   | 3,811,664                     | -                               | \$ 3,811,664                     |
| <b>TOTAL REVENUES</b>  | <b>\$71,980,249</b>           | <b>\$ (914,326)</b>             | <b>\$ 71,065,923</b>             |
| <b>OTHER FUNDING SOURCES</b>   |                               |                                 |                                  |
| Designated One-Time Use of General Fund Reserves                               | 2,361,000                     | \$ 33,000                       | 2,394,000 (2)                    |
| <b>TOTAL TOWN REVENUES &amp; OTHER FUNDING SOURCES</b>                         | <b>\$74,341,249</b>           | <b>\$ (881,326)</b>             | <b>\$ 73,459,923</b>             |
| <b>TOTAL TOWN EXPENDITURES, TRANSFERS OUT &amp; CARRYFORWARD APPROPRIATION</b> |                               |                                 |                                  |
| General Fund   | \$56,101,896                  | \$ (1,586,649) (3)              | \$ 54,515,247                    |
| Special Revenue Funds  | 469,381                       | (9,794) (4)                     | 459,587                          |
| Internal Service Funds   | 6,132,798                     | -                               | 6,132,798                        |
| Capital Project Funds (does not include carryforwards)                         | 10,658,747                    | - (5)                           | 10,658,747                       |
| Successor Agency Funds   | 3,801,021                     | (87) (6)                        | 3,800,934                        |
| <b>TOTAL TOWN EXPENDITURE &amp; OTHER FUNDING USES</b>                         | <b>\$77,163,843</b>           | <b>\$ (1,596,530)</b>           | <b>\$ 75,567,313</b>             |
| GENERAL FUND SOURCE(USE) OF FUND BALANCES                                      | \$ 390,000                    | \$ 660,900                      | \$ 1,095,323                     |
| OTHER FUNDS SOURCE(USE) OF FUND BALANCES                                       | (3,212,594)                   |                                 | (3,202,713) (7)                  |
| <b>TOTAL SOURCE(USE) OF FUND BALANCES</b>                                      | <b>\$ (2,822,594)</b>         | <b>\$ 715,204</b>               | <b>\$ (2,107,390)</b>            |

## (1) Additional General Fund Revenues

\$1,608,226 Decreases OPEB Trust Reimbursement for Retiree Medical  
\$660,900 Increases Additional ERAF Proceeds to Reserve At Risk  
\$33,000 - Increase ARPA Replacement Pass Through Revenue - Tracking

## (2) Designated One-Time Use of the General Fund Reserves during FY 2023/24

\$1,615,000 - Transfer to Capital Projects (GFAR)  
\$779,000 - ARPA Revenue Replacement Tracking

## (3) General Fund Expenditures

\$1,663,649 - Decrease - 4.6% Salary Saving Factor  
\$11,000- Increase Project Based Boards and Commissions Support  
\$33,000 - Increase Chamber Agreement  
\$33,000 - Increase ARPA Replacement Pass Through Expenditure - Tracking

## (4) Special Revenue Fund Expenditures

\$9,794 - Decrease - 4.6% Salary Saving Factor

## (5) Capital Project Funds Expenditures

No Change in Total Expenditures, \$35,000 transferred from the Lynn Avenue Pedestrian Path  
Design Project (411-832-4510) to Emergency Preparedness Project (411-821-2012)

## (6) Successor Agency Funds Expenditures

\$87 - Decrease - 4.6% Salary Saving Factor

## (7) Other Funds Source (Use) represents planned one-time uses of Internal Service Funds, Special Revenue Funds, Trust Funds, and Capital Project Funds primary for infrastructure and equipment investment.

Numbers may differ between exhibits due to rounding.

While the Adopted Budget document reflects all of the approved changes, the Town Manager Transmittal Letter dated April 17, 2023 represents the proposed FY 2023/24 Operating and Capital Budgets as it was submitted on April 17, 2023. The five-year forecast on the following page has been updated to reflect the adjustments to revenues and expenditures in the FY 2023/24 Adopted Budget.

| Account   | Revenue Category                           | FY 2022/23<br>Adjusted<br>Budget | FY 2022/23<br>Estimates | FY 2023/24<br>Adopted<br>Budget | FY 2024/25<br>Forecast | FY 2025/26<br>Forecast | FY 2026/27<br>Forecast | FY 2027/28<br>Forecast | FY 2028/29<br>Forecast |
|---|--|----------------------------------|-------------------------|---------------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| 4100  | Property Tax                               | \$ 17.0                          | \$ 17.2                 | \$ 17.9                         | \$ 17.8                | \$ 18.5                | \$ 18.9                | \$ 19.5                | \$ 20.1                |
| 4110  | VLF Backfill Property Tax                  | 4.6                              | 4.6                     | 4.7                             | 4.8                    | 5.0                    | 5.1                    | 5.3                    | 5.4                    |
| 4200  | Sales & Use Tax                            | 7.5                              | 7.7                     | 7.9                             | 8.1                    | 8.5                    | 8.7                    | 9.0                    | 9.3                    |
| 4200  | Measure G District Sales Tax               | 1.3                              | 1.3                     | 1.3                             | 1.3                    | 1.3                    | 1.4                    | 1.4                    | 1.4                    |
| 4250  | Franchise Fees                             | 2.7                              | 2.7                     | 2.1                             | 1.9                    | 1.9                    | 1.9                    | 2.0                    | 2.0                    |
| 4251  | Transient Occupancy Tax                    | 2.0                              | 2.3                     | 2.4                             | 2.5                    | 2.6                    | 2.6                    | 2.6                    | 2.7                    |
| 4400  | Business License Tax                       | 2.4                              | 2.3                     | 2.4                             | 2.5                    | 2.5                    | 2.6                    | 2.6                    | 2.7                    |
| 4400  | Licenses & Permits                         | 2.9                              | 2.9                     | 2.9                             | 2.9                    | 3.0                    | 3.1                    | 3.2                    | 3.3                    |
| 4500  | Intergovernmental                          | 1.3                              | 1.3                     | 0.9                             | 0.9                    | 0.9                    | 1.0                    | 1.0                    | 1.0                    |
| 4600  | Town Services                              | 4.8                              | 5.1                     | 4.4                             | 4.2                    | 4.2                    | 4.3                    | 4.4                    | 4.6                    |
| 4700  | Fines & Forfeitures                        | 0.2                              | 0.2                     | 0.2                             | 0.2                    | 0.2                    | 0.2                    | 0.2                    | 0.2                    |
| 4800  | Interest                                   | 0.4                              | 0.7                     | 1.0                             | 0.9                    | 0.9                    | 0.9                    | 0.9                    | 0.9                    |
| 4850  | Other Sources                              | 3.5                              | 7.1                     | 3.6                             | 2.8                    | 2.8                    | 3.0                    | 2.9                    | 2.9                    |
| 4900  | Fund Transfers In                          | 0.5                              | 0.5                     | 0.5                             | 0.5                    | 0.5                    | 0.5                    | 0.5                    | 0.5                    |
| <b>TOTAL OPERATING REVENUES &amp; TRANSFERS*</b>  |  | <b>\$ 51.1</b>                   | <b>\$ 55.9</b>          | <b>\$ 52.2</b>                  | <b>\$ 51.3</b>         | <b>\$ 52.8</b>         | <b>\$ 54.2</b>         | <b>\$ 55.5</b>         | <b>\$ 57.0</b>         |
|   | Capital                                    | 2.4                              | 2.4                     | 1.6                             | 0.8                    | 0.8                    | 0.8                    | 0.8                    | 0.8                    |
|   | Use of Pension/OPEB Reserve                | 0.3                              | 0.3                     | -                               | -                      | -                      | -                      | -                      | -                      |
|   | Use of OPEB Trust                          | -                                | -                       | -                               | -                      | -                      | -                      | -                      | -                      |
|   | ARPA Replacement Revenue                   | 1.6                              | -                       | -                               | -                      | -                      | -                      | -                      | -                      |
|   | Vitalities                                 | -                                | 6.1                     | 0.7                             | -                      | -                      | -                      | -                      | -                      |
| <b>TOTAL REVENUES, TRANSFERS, AND USE OF RESERVES</b>   |  | <b>\$ 55.4</b>                   | <b>\$ 64.7</b>          | <b>\$ 54.5</b>                  | <b>\$ 52.1</b>         | <b>\$ 53.6</b>         | <b>\$ 55.0</b>         | <b>\$ 56.3</b>         | <b>\$ 57.8</b>         |
| Account   | Expenditure Category                       | FY 2022/23<br>Adjusted<br>Budget | FY 2022/23<br>Estimates | FY 2023/24<br>Adopted<br>Budget | FY 2024/25<br>Forecast | FY 2025/26<br>Forecast | FY 2026/27<br>Forecast | FY 2027/28<br>Forecast | FY 2028/29<br>Forecast |
| 5110  | Salary                                     | 23.0                             | 22.5                    | 23.2                            | 23.8                   | 24.4                   | 25.0                   | 25.5                   | 26.0                   |
| 5120  | CalPERS Benefits                           | 7.7                              | 6.8                     | 8.2                             | 8.6                    | 8.9                    | 9.6                    | 10.2                   | 11.1                   |
| 5200  | All Other Benefits                         | 4.6                              | 3.9                     | 4.7                             | 4.8                    | 4.9                    | 5.0                    | 5.1                    | 5.2                    |
|   | 4.6% Salary and Benefits Savings           | -                                | -                       | (1.7)                           | (1.7)                  | (1.8)                  | (1.8)                  | (1.9)                  | (1.9)                  |
| 6211  | OPEB Pay as You Go                         | 1.6                              | 1.6                     | 1.6                             | 1.8                    | 1.9                    | 2.0                    | 2.0                    | 2.0                    |
| 6000  | Operating Expenditures                     | 8.0                              | 11.7                    | 9.0                             | 8.8                    | 8.9                    | 9.2                    | 9.3                    | 9.7                    |
| 7200  | Grants & Awards                            | 0.5                              | 1.2                     | 0.8                             | 0.6                    | 0.6                    | 0.3                    | 0.3                    | 0.3                    |
| 7400  | Utilities                                  | 0.6                              | 0.6                     | 0.6                             | 0.6                    | 0.7                    | 0.7                    | 0.7                    | 0.7                    |
| 8060  | Internal Service Charges                   | 2.7                              | 2.6                     | 3.4                             | 3.6                    | 3.7                    | 3.9                    | 4.1                    | 4.2                    |
| 8900  | Debt Service                               | 2.0                              | 2.0                     | 2.1                             | 2.1                    | 2.1                    | 2.1                    | 2.1                    | 2.1                    |
| <b>TOTAL OPERATING EXPENDITURES</b>   |  | <b>\$ 50.8</b>                   | <b>\$ 53.0</b>          | <b>\$ 51.9</b>                  | <b>\$ 52.9</b>         | <b>\$ 54.2</b>         | <b>\$ 55.9</b>         | <b>\$ 57.4</b>         | <b>\$ 59.4</b>         |
|   | GASB 45 Retiree Medical Actuarial          | -                                | -                       | -                               | -                      | -                      | -                      | -                      | -                      |
|   | Additional Discretionary Payment - Pension | 0.7                              | 0.7                     | 0.4                             | 0.4                    | 0.4                    | 0.4                    | 0.4                    | 0.4                    |
| <b>TOTAL OPERATING &amp; DISCRETIONARY EXPENDITURES</b>   |  | <b>\$ 51.5</b>                   | <b>\$ 53.7</b>          | <b>\$ 52.3</b>                  | <b>\$ 53.3</b>         | <b>\$ 54.6</b>         | <b>\$ 56.3</b>         | <b>\$ 57.8</b>         | <b>\$ 59.8</b>         |
|   | Capital Transfers Out to GFAR              | 2.4                              | 2.4                     | 1.6                             | 1.1                    | 1.1                    | 1.1                    | 1.1                    | 1.1                    |
|   | 1/2 of Measure G Proceeds to Capital       | 0.6                              | 0.6                     | 0.6                             | 0.7                    | 0.7                    | 0.7                    | 0.7                    | 0.7                    |
|   | Fund                                       | 0.4                              | 0.7                     | -                               | -                      | -                      | -                      | -                      | -                      |
| <b>AMOUNTS AVAILABLE FOR RESERVE ALLOCATIONS</b>  |  | -                                | 5.7                     | -                               | -                      | -                      | -                      | -                      | -                      |
| <b>TOTAL EXPENDITURES &amp; RESERVE ALLOCATIONS</b>   |  | <b>\$ 54.9</b>                   | <b>\$ 63.1</b>          | <b>\$ 54.5</b>                  | <b>\$ 55.1</b>         | <b>\$ 56.4</b>         | <b>\$ 58.1</b>         | <b>\$ 59.6</b>         | <b>\$ 61.6</b>         |
| <b>NET REVENUES RESERVE TRANSFERS LESS EXPENDITURES &amp; RESERVE ALLOCATIONS FOR FINAL ALLOCATION AFTER YEAR END CLOSE</b>   |  | <b>\$ 0.5</b>                    | <b>\$ 1.6</b>           | <b>\$ -</b>                     | <b>\$ (3.0)</b>        | <b>\$ (2.8)</b>        | <b>\$ (3.1)</b>        | <b>\$ (3.3)</b>        | <b>\$ (3.8)</b>        |
| * Due to rounding of individual categories FY 2022/23 Estimated Total Expenditures and Reserve Allocations includes \$0.1 million. General Fund (111) Forecast does not include Pension Trust activities. |  |                                  |                         |                                 |                        |                        |                        |                        |                        |

The following table illustrates the previous projected deficits relative to the updated Forecast.

| Original 5 Year Forecast | 2024/25<br>Forecast<br>(\$M) | 2025/26<br>Forecast<br>(\$M) | 2026/27<br>Forecast<br>(\$M) | 2027/28<br>Forecast<br>(\$M) | 2028/29<br>Forecast<br>(\$M) |
|--------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Proposed Surplus/Deficit | (\$3.1)                      | (\$2.8)                      | (\$3.2)                      | (\$3.5)                      | (\$4.0)                      |
| Adopted Surplus/Deficit  | (\$3.0)                      | (\$2.8)                      | (\$3.1)                      | (\$3.3)                      | (\$3.8)                      |

**General Fund 5-Year Forecast - Base Case**  
(in \$ million)

| Revenue Category                                      | FY 2022/23<br>Actuals | FY 2023/24<br>Adjusted<br>Budget | FY 2023/24<br>Estimates | FY 2024/25<br>Forecast | FY 2025/26<br>Forecast | FY 2026/27<br>Forecast | FY 2027/28<br>Forecast | FY 2028/29<br>Forecast |
|---|-----------------------|----------------------------------|-------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Property Tax  | \$ 18.2               | \$ 18.6                          | \$ 19.0                 | \$ 18.6                | \$ 19.5                | \$ 20.4                | \$ 21.3                | \$ 22.3                |
| VLF Backfill Property Tax                             | 4.6                   | 4.7                              | 4.9                     | 4.9                    | 5.2                    | 5.4                    | 5.7                    | 6.0                    |
| Sales & Use Tax                                       | 7.5                   | 7.9                              | 7.0                     | 7.0                    | 7.2                    | 7.2                    | 7.3                    | 7.5                    |
| Measure G District Sales Tax                          | 1.3                   | 1.3                              | 1.2                     | 1.3                    | 1.3                    | 1.4                    | 1.4                    | 1.4                    |
| Franchise Fees  | 3.1                   | 2.1                              | 3.3                     | 3.4                    | 3.5                    | 3.6                    | 3.7                    | 3.8                    |
| Transient Occupancy Tax                               | 2.2                   | 2.4                              | 2.3                     | 2.3                    | 2.4                    | 2.5                    | 2.5                    | 2.6                    |
| Business License Tax                                  | 2.4                   | 2.4                              | 2.4                     | 2.5                    | 2.6                    | 2.7                    | 2.7                    | 2.8                    |
| Licenses & Permits                                    | 3.3                   | 2.9                              | 3.3                     | 2.9                    | 3.0                    | 3.1                    | 3.2                    | 3.3                    |
| Intergovernmental                                     | 1.6                   | 1.2                              | 1.4                     | 0.9                    | 0.9                    | 1.0                    | 0.9                    | 0.9                    |
| Town Services   | 4.6                   | 4.4                              | 5.1                     | 4.2                    | 4.3                    | 4.4                    | 4.5                    | 4.6                    |
| Fines & Forfeitures                                   | 0.4                   | 0.2                              | 0.4                     | 0.4                    | 0.4                    | 0.4                    | 0.4                    | 0.4                    |
| Interest  | 0.6                   | 1.0                              | 1.6                     | 1.7                    | 1.6                    | 1.5                    | 1.4                    | 1.3                    |
| Other Sources   | 8.1                   | 3.9                              | 4.1                     | 3.1                    | 3.1                    | 3.2                    | 3.3                    | 3.2                    |
| Fund Transfers In                                     | 0.5                   | 0.5                              | 0.6                     | 0.5                    | 0.5                    | 0.5                    | 0.5                    | 0.5                    |
| <b>TOTAL OPERATING REVENUES &amp; TRANSFERS*</b>      | <b>\$ 58.4</b>        | <b>\$ 53.5</b>                   | <b>\$ 56.6</b>          | <b>\$ 53.7</b>         | <b>\$ 55.5</b>         | <b>\$ 57.3</b>         | <b>\$ 58.8</b>         | <b>\$ 60.6</b>         |
| Use of Capital/Special Projects Reserve               | 2.4                   | 2.1                              | 0.8                     | 0.8                    | 0.8                    | 0.8                    | 0.8                    | 0.8                    |
| Use of Pension/OPEB Reserve                           | 0.3                   | -                                | 0.3                     | -                      | -                      | -                      | -                      | -                      |
| Use of Council Priorities - Economic Recovery         | -                     | 1.6                              | 1.5                     | -                      | -                      | -                      | -                      | -                      |
| <b>TOTAL REVENUES, TRANSFERS, AND USE OF RESERVES</b> | <b>\$ 61.1</b>        | <b>\$ 57.2</b>                   | <b>\$ 59.2</b>          | <b>\$ 54.5</b>         | <b>\$ 56.3</b>         | <b>\$ 58.1</b>         | <b>\$ 59.6</b>         | <b>\$ 61.4</b>         |

  

| Expenditure Category   | FY 2022/23<br>Actuals | FY 2023/24<br>Adjusted<br>Budget | FY 2023/24<br>Estimates | FY 2024/25<br>Forecast | FY 2025/26<br>Forecast | FY 2026/27<br>Forecast | FY 2027/28<br>Forecast | FY 2028/29<br>Forecast |
|--|-----------------------|----------------------------------|-------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Salary   | \$ 20.4               | 21.3                             | 21.5                    | 23.2                   | 23.7                   | 24.2                   | 24.8                   | 25.3                   |
| Overtime   | 1.4                   | 0.6                              | 1.2                     | 0.6                    | 0.6                    | 0.6                    | 0.6                    | 0.6                    |
| CalPERS Benefits   | 7.1                   | 8.2                              | 7.3                     | 9.0                    | 9.1                    | 9.7                    | 10.3                   | 11.2                   |
| All Other Benefits   | 3.8                   | 4.7                              | 4.2                     | 5.6                    | 5.8                    | 6.0                    | 6.2                    | 6.4                    |
| 4.6% Salary and Benefits Savings   | -                     | -                                | -                       | (1.8)                  | (1.8)                  | (1.9)                  | (1.9)                  | (2.0)                  |
| OPEB Pay as You Go   | 1.5                   | 1.6                              | 1.6                     | 1.8                    | 1.9                    | 2.0                    | 2.0                    | 2.0                    |
| Operating Expenditures   | 11.7                  | 10.0                             | 10.9                    | 8.7                    | 8.8                    | 9.2                    | 9.4                    | 9.7                    |
| Grants & Awards  | 0.6                   | 0.9                              | 0.9                     | 0.4                    | 0.3                    | 0.3                    | 0.3                    | 0.3                    |
| Utilities  | 0.6                   | 0.6                              | 0.7                     | 0.7                    | 0.7                    | 0.8                    | 0.8                    | 0.8                    |
| Internal Service Charges   | 2.6                   | 3.4                              | 3.3                     | 4.0                    | 4.2                    | 4.4                    | 4.6                    | 4.8                    |
| Debt Service   | 2.0                   | 2.1                              | 2.1                     | 2.1                    | 2.1                    | 2.1                    | 2.1                    | 2.1                    |
| <b>TOTAL OPERATING EXPENDITURES</b>  | <b>\$ 51.8</b>        | <b>\$ 53.4</b>                   | <b>\$ 53.8</b>          | <b>\$ 54.2</b>         | <b>\$ 55.5</b>         | <b>\$ 57.5</b>         | <b>\$ 59.1</b>         | <b>\$ 61.2</b>         |
| Additional Discretionary Payment - Pension   | 0.7                   | 0.4                              | 0.7                     | 0.4                    | 0.4                    | 0.4                    | 0.4                    | 0.4                    |
| <b>TOTAL OPERATING &amp; DISCRETIONARY</b>   | <b>\$ 52.5</b>        | <b>\$ 53.8</b>                   | <b>\$ 54.5</b>          | <b>\$ 54.6</b>         | <b>\$ 55.9</b>         | <b>\$ 57.9</b>         | <b>\$ 59.5</b>         | <b>\$ 61.6</b>         |
| Capital Transfers Out to GFAR  | 2.4                   | 1.6                              | 1.6                     | 1.1                    | 1.1                    | 1.1                    | 1.1                    | 1.1                    |
| Allocate ERAF Risk Reserve   | 0.7                   | 0.7                              | 0.8                     | -                      | -                      | -                      | -                      | -                      |
| Allocate to Pension Trust  | 0.7                   | 0.4                              | 0.7                     | 0.4                    | 0.4                    | 0.4                    | 0.4                    | 0.4                    |
| <b>TOTAL EXPENDITURES &amp; RESERVE ALLOCATIONS</b>  | <b>\$ 56.2</b>        | <b>\$ 57.2</b>                   | <b>\$ 57.5</b>          | <b>\$ 56.8</b>         | <b>\$ 58.1</b>         | <b>\$ 60.1</b>         | <b>\$ 61.7</b>         | <b>\$ 63.8</b>         |
| <b>NET REVENUES , TRANSFERS IN, USE OF RESERVES<br/>LESS EXPENDITURES, TRANSFERS IN, AND RESERVE<br/>ALLOCATIONS</b> | <b>\$ 4.9</b>         | <b>\$ -</b>                      | <b>\$ 1.7</b>           | <b>\$ (2.3)</b>        | <b>\$ (1.8)</b>        | <b>\$ (2.0)</b>        | <b>\$ (2.1)</b>        | <b>\$ (2.4)</b>        |

\* Due to rounding of individual categories FY 2022/23 Actual total revenues, and FY 2023/24 Estimated total expenditures includes \$0.1 million.



| Type-of-Revenue                     | FY-2023/24<br>Estimates<br>Baseline  | FY-2024/25<br>Forecast                             | FY-2025/26<br>Forecast                             | FY-2026/27<br>Forecast                             | FY-2027/28<br>Forecast                             | FY-2028/29<br>Forecast                             |
|-------------------------------------|--|--|--|--|--|--|
| Property-Tax/VLF-Backfill           | Current-baseline-set-by-SCC-Assessor-Office-February-2024-report   | 5.1%   | 5.1%   | 5.1%   | 5.1%   | 5.1%   |
| Motor-Vehicle-License-in-Lieu-(VLF) | Current-baseline-set-by-SCC-Assessor-Office-February-2024-report   | 5.1%   | 5.1%   | 5.1%   | 5.1%   | 5.1%   |
| ERAF                                | Current-baseline-set-100%-of-SCC-Assessor-Office-November-2023-report-Reserving-30%-to-ERAF-Risk-Reserve | \$1.25-million                                     | \$1.25-million                                     | \$1.25-million                                     | \$1.25-million                                     | \$1.25-million                                     |
| Sales-Tax                           | MuniServices-January-2024<br>Most-Likely-Estimates   | MuniServices-January-2024<br>Most-Likely-Estimates | MuniServices-January-2024<br>Most-Likely-Estimates | MuniServices-January-2024<br>Most-Likely-Estimates | MuniServices-January-2024<br>Most-Likely-Estimates | MuniServices-January-2024<br>Most-Likely-Estimates |
| Sales-Tax--Measure-G                | MuniServices-January-2024<br>Most-Likely-Estimates   | MuniServices-January-2024<br>Most-Likely-Estimates | MuniServices-January-2024<br>Most-Likely-Estimates | MuniServices-January-2024<br>Most-Likely-Estimates | MuniServices-January-2024<br>Most-Likely-Estimates | MuniServices-January-2024<br>Most-Likely-Estimates |
| Franchise-Fee                       | Current-baseline-set-by-FY-2023/24-Estimates   | 3%   | 3%   | 3%   | 3%   | 3%   |
| Transient-Occupancy-Tax             | Current-baseline-set-by-FY-2023/24-Estimates   | 3%   | 3%   | 3%   | 3%   | 3%   |
| Business-License-Tax                | Current-baseline-set-by-FY-2023/24-Estimates   | 2%   | 2%   | 2%   | 2%   | 2%   |
| License-&Permits                    | Current-baseline-set-by-FY-2023/24-Estimates   | 3%   | 3%   | 3%   | 3%   | 3%   |



| Type of Revenue    | FY-2023/24 <sup>↵</sup><br>Estimates <sup>¶</sup><br>Baseline | FY-2024/25 <sup>↵</sup><br>Forecast | FY-2025/26 <sup>↵</sup><br>Forecast | FY-2026/27 <sup>↵</sup><br>Forecast | FY-2027/28 <sup>↵</sup><br>Forecast | FY-2028/29 <sup>↵</sup><br>Forecast |
|--------------------|---|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Town Services      | Current baseline set by FY-2023/24 Estimates                  | 3%                                  | 3%                                  | 3%                                  | 3%                                  | 3%                                  |
| Fine & Forfeitures | Current baseline set by FY-2023/24 Estimates                  | Varies                              | Varies                              | Varies                              | Varies                              | Varies                              |
| Interest           | Current baseline set by FY-2023/24 Actuals                    | 4%                                  | 4%                                  | 3%                                  | 3%                                  | 3%                                  |
| Other Sources      | Current baseline set by FY-2023/24 Estimates                  | Varies                              | Varies                              | Varies                              | Varies                              | Varies                              |

EXPENDITURE BASELINE AND PROJECTION FACTORS (FY 2023-24 MID-YEAR REPORT AND FORECAST – PUBLISHED 2/10/2024)

¶

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, 2023. Beginning FY 2023/24 the total budget includes 4.6% vacancy factor. ¶

| Type of Expenditure¶               | FY 2023/24¶<br>Budget¶                             | FY 2024/25¶<br>Forecast¶                           | FY 2025/26¶<br>Forecast¶                           | FY 2026/27¶<br>Forecast¶                           | FY 2027/28¶<br>Forecast¶                           | FY 2024/25¶<br>Forecast¶                           |
|------------------------------------|--|--|--|--|--|--|
| Salaries* (TEA, Conf, Temp)¶       | 3%¶  | 2%¶  | 2%¶  | 2%¶  | 2%¶  | 2%¶  |
| Salaries* (POA)¶                   | 3%¶  | 2%¶  | 2%¶  | 2%¶  | 2%¶  | 2%¶  |
| Salaries* (AFSCME)¶                | 3%¶  | 2%¶  | 2%¶  | 2%¶  | 2%¶  | 2%¶  |
| Salaries* (Management)¶            | 3%¶  | 2%¶  | 2%¶  | 2%¶  | 2%¶  | 2%¶  |
| Benefit-- Medical**¶               | 7%¶  | 7%¶  | 7%¶  | 7%¶  | 7%¶  | 7%¶  |
| 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¶                        | Additional \$0.5-M to the base¶                    | 3%¶  | 3%¶  | 3%¶  | 3%¶  |
| General Liability Charges¶         | Based on projected payroll¶                        | Additional \$0.45-M to the base¶                   | 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¶                            |  |  |  |  |  |

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\*Salary increases are based on actual step increases and approved Memoranda of Understanding with the bargaining units plus the Council's assumption of 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. 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 2022/23 CalPERS 6.1% investment return and forecasted payroll.

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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.

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| Type of Expenditure  | FY 2023/24 Forecast | FY 2024/25 Forecast | FY 2025/26 Forecast | FY 2026/27 Forecast | FY 2027/28 Forecast | FY 2028/29 Forecast |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Safety POA</b>  | 81.31%              | 96%                 | 98.7%               | 102.3%              | 106.1%              | 116.0%              |
| <b>Safety Management POA</b>   | 84.31%              | 99%                 | 101.7%              | 105.3%              | 109.1%              | 118%                |
| <b>Safety POA -- PEPRA</b>   | 14.5%               | 15.6%               | 15.6%               | 15.7%               | 16.0%               | 16.0%               |
| <b>Miscellaneous TEA/AFSCME/Confidential/Management</b>                        | 29.97%              | 30.6%               | 29.6%               | 31.0%               | 32.3%               | 33.8%               |
| <b>Miscellaneous TEA/AFSCME/Confidential/Management PEPRA</b>                  |                     |                     |                     |                     |                     |                     |
| Separate PEPRA rate for Miscellaneous has not been established yet by CalPERS. | 29.97%              | 30.6%               | 29.6%               | 31.0%               | 32.3%               | 33.8%               |

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**Town of Los Gatos General Fund 5-Year Forecast**  
(in \$ million)

| Account   | Revenue Category                           | FY 2022/23<br>Adjusted<br>Budget | FY 2022/23<br>Estimates | FY 2023/24<br>Proposed<br>Budget | FY 2024/25<br>Forecast | FY 2025/26<br>Forecast | FY 2026/27<br>Forecast | FY 2027/28<br>Forecast | FY 2028/29<br>Forecast |
|---|--|----------------------------------|-------------------------|----------------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| 4100  | Property Tax                               | \$ 17.0                          | \$ 17.2                 | \$ 17.9                          | \$ 17.8                | \$ 18.5                | \$ 18.9                | \$ 19.5                | \$ 20.1                |
| 4110  | VLF Backfill Property Tax                  | 4.6                              | 4.6                     | 4.7                              | 4.8                    | 5.0                    | 5.1                    | 5.3                    | 5.4                    |
| 4200  | Sales & Use Tax                            | 7.5                              | 7.7                     | 7.9                              | 8.1                    | 8.5                    | 8.7                    | 9.0                    | 9.3                    |
| 4200  | Measure G District Sales Tax               | 1.3                              | 1.3                     | 1.3                              | 1.3                    | 1.3                    | 1.4                    | 1.4                    | 1.4                    |
| 4250  | Franchise Fees                             | 2.7                              | 2.7                     | 2.1                              | 1.9                    | 1.9                    | 1.9                    | 2.0                    | 2.0                    |
| 4251  | Transient Occupancy Tax                    | 2.0                              | 2.3                     | 2.4                              | 2.5                    | 2.6                    | 2.6                    | 2.6                    | 2.7                    |
| 4400  | Business License Tax                       | 2.4                              | 2.3                     | 2.4                              | 2.5                    | 2.5                    | 2.6                    | 2.6                    | 2.7                    |
| 4400  | Licenses & Permits                         | 2.9                              | 2.9                     | 2.9                              | 2.9                    | 3.0                    | 3.1                    | 3.2                    | 3.3                    |
| 4500  | Intergovernmental                          | 1.3                              | 1.3                     | 0.9                              | 0.9                    | 0.9                    | 1.0                    | 1.0                    | 1.0                    |
| 4600  | Town Services                              | 4.8                              | 5.1                     | 4.4                              | 4.2                    | 4.2                    | 4.3                    | 4.4                    | 4.6                    |
| 4700  | Fines & Forfeitures                        | 0.2                              | 0.2                     | 0.2                              | 0.2                    | 0.2                    | 0.2                    | 0.2                    | 0.2                    |
| 4800  | Interest                                   | 0.4                              | 0.7                     | 1.0                              | 0.9                    | 0.9                    | 0.9                    | 0.9                    | 0.9                    |
| 4850  | Other Sources                              | 3.5                              | 7.1                     | 3.6                              | 2.8                    | 2.8                    | 3.0                    | 2.9                    | 2.9                    |
| 4900  | Fund Transfers In                          | 0.5                              | 0.5                     | 0.5                              | 0.5                    | 0.5                    | 0.5                    | 0.5                    | 0.5                    |
| <b>TOTAL OPERATING REVENUES &amp; TRANSFERS*</b>  |  | <b>\$ 51.1</b>                   | <b>\$ 55.9</b>          | <b>\$ 52.2</b>                   | <b>\$ 51.3</b>         | <b>\$ 52.8</b>         | <b>\$ 54.2</b>         | <b>\$ 55.5</b>         | <b>\$ 57.0</b>         |
|   | Capital                                    | 2.4                              | 2.4                     | 1.6                              | 0.8                    | 0.8                    | 0.8                    | 0.8                    | 0.8                    |
|   | Use of Pension/OPEB Reserve                | 0.3                              | 0.3                     | -                                | -                      | -                      | -                      | -                      | -                      |
|   | Use of OPEB Trust                          |                                  |                         | 1.6                              | -                      | -                      | -                      | -                      | -                      |
|   | ARPA Replacement Revenue                   | 1.6                              | -                       | -                                | -                      | -                      | -                      | -                      | -                      |
|   | Vitalities                                 | -                                | 6.1                     | 0.7                              | -                      | -                      | -                      | -                      | -                      |
| <b>TOTAL REVENUES, TRANSFERS, AND USE OF RESERVES</b>   |  | <b>\$ 55.4</b>                   | <b>\$ 64.7</b>          | <b>\$ 56.1</b>                   | <b>\$ 52.1</b>         | <b>\$ 53.6</b>         | <b>\$ 55.0</b>         | <b>\$ 56.3</b>         | <b>\$ 57.8</b>         |
| Account   | Expenditure Category                       | FY 2022/23<br>Adjusted<br>Budget | FY 2022/23<br>Estimates | FY 2023/24<br>Proposed<br>Budget | FY 2024/25<br>Forecast | FY 2025/26<br>Forecast | FY 2026/27<br>Forecast | FY 2027/28<br>Forecast | FY 2028/29<br>Forecast |
| 5110  | Salary                                     | 23.0                             | 22.5                    | 23.2                             | 23.8                   | 24.4                   | 25.0                   | 25.5                   | 26.0                   |
| 5120  | CalPERS Benefits                           | 7.7                              | 6.8                     | 8.2                              | 8.6                    | 8.9                    | 9.6                    | 10.2                   | 11.1                   |
| 5200  | All Other Benefits                         | 4.6                              | 3.9                     | 4.7                              | 4.8                    | 4.9                    | 5.0                    | 5.1                    | 5.2                    |
|   | 4% Salary and Benefits Savings             | -                                | -                       | -                                | (1.5)                  | (1.5)                  | (1.6)                  | (1.6)                  | (1.7)                  |
| 6211  | OPEB Pay as You Go                         | 1.6                              | 1.6                     | 1.6                              | 1.8                    | 1.9                    | 2.0                    | 2.0                    | 2.0                    |
| 6000  | Operating Expenditures                     | 8.0                              | 11.7                    | 8.9                              | 8.7                    | 8.9                    | 9.2                    | 9.3                    | 9.7                    |
| 7200  | Grants & Awards                            | 0.5                              | 1.2                     | 0.7                              | 0.6                    | 0.3                    | 0.2                    | 0.2                    | 0.3                    |
| 7400  | Utilities                                  | 0.6                              | 0.6                     | 0.6                              | 0.6                    | 0.7                    | 0.7                    | 0.7                    | 0.7                    |
| 8060  | Internal Service Charges                   | 2.7                              | 2.6                     | 3.4                              | 3.6                    | 3.7                    | 3.9                    | 4.1                    | 4.2                    |
| 8900  | Debt Service                               | 2.0                              | 2.0                     | 2.1                              | 2.1                    | 2.1                    | 2.1                    | 2.1                    | 2.1                    |
| <b>TOTAL OPERATING EXPENDITURES</b>   |  | <b>\$ 50.8</b>                   | <b>\$ 53.0</b>          | <b>\$ 53.5</b>                   | <b>\$ 53.0</b>         | <b>\$ 54.2</b>         | <b>\$ 56.0</b>         | <b>\$ 57.6</b>         | <b>\$ 59.6</b>         |
|   | GASB 45 Retiree Medical Actuarial          | -                                | -                       | -                                | -                      | -                      | -                      | -                      | -                      |
|   | Additional Discretionary Payment - Pension | 0.7                              | 0.7                     | 0.4                              | 0.4                    | 0.4                    | 0.4                    | 0.4                    | 0.4                    |
| <b>TOTAL OPERATING &amp; DISCRETIONARY EXPENDITURES</b>   |  | <b>\$ 51.5</b>                   | <b>\$ 53.7</b>          | <b>\$ 53.9</b>                   | <b>\$ 53.4</b>         | <b>\$ 54.6</b>         | <b>\$ 56.4</b>         | <b>\$ 58.0</b>         | <b>\$ 60.0</b>         |
|   | Capital Transfers Out to GFAR              | 2.4                              | 2.4                     | 1.6                              | 1.1                    | 1.1                    | 1.1                    | 1.1                    | 1.1                    |
|   | 1/2 of Measure G Proceeds to Capital       | 0.6                              | 0.6                     | 0.6                              | 0.7                    | 0.7                    | 0.7                    | 0.7                    | 0.7                    |
|   | Fund                                       | 0.4                              | 0.7                     | -                                | -                      | -                      | -                      | -                      | -                      |
| <b>AMOUNTS AVAILABLE FOR RESERVE ALLOCATIONS</b>  |  |                                  |                         |                                  |                        |                        |                        |                        |                        |
|   | Recovery                                   | -                                | 5.7                     | -                                | -                      | -                      | -                      | -                      | -                      |
| <b>TOTAL EXPENDITURES &amp; RESERVE ALLOCATIONS</b>   |  | <b>\$ 54.9</b>                   | <b>\$ 63.1</b>          | <b>\$ 56.1</b>                   | <b>\$ 55.2</b>         | <b>\$ 56.4</b>         | <b>\$ 58.2</b>         | <b>\$ 59.8</b>         | <b>\$ 61.8</b>         |
| <b>NET REVENUES RESERVE TRANSFERS LESS EXPENDITURES &amp; RESERVE ALLOCATIONS FOR FINAL ALLOCATION AFTER YEAR END CLOSE</b>   |  | <b>\$ 0.5</b>                    | <b>\$ 1.6</b>           | <b>\$ -</b>                      | <b>\$ (3.1)</b>        | <b>\$ (2.8)</b>        | <b>\$ (3.2)</b>        | <b>\$ (3.5)</b>        | <b>\$ (4.0)</b>        |
| * Due to rounding of individual categories FY 2022/23 Estimated Total Expenditures and Reserve Allocations includes \$0.1 million. General Fund (111) Forecast does not include Pension Trust activities. |  |                                  |                         |                                  |                        |                        |                        |                        |                        |

| 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                           |
|--|---|---|---|---|---|---|
| <b>Property Tax/VLF Backfill</b><br>SCC Assessor Office January 2023 report. | 3%  | 3%  | 3%  | 3%  | 3%  | 3%  |
| <b>North 40 Property Sales Additional</b>                                    | \$187K  | \$327K Cumulative                             | \$467K Cumulative                             | 3%  | 3%  | 3%  |
| <b>ERAF</b><br>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 |
| <b>Sales Tax</b>   | 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 |
| <b>Sales Tax - Measure G</b>   | 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 |
| <b>Franchise Fee (Not Including Garbage Franchise Fees)</b>                  | Current baseline set by FY 2022/23 Year End Estimates   | 3%  | 3%  | 3%  | 3%  | 3%  |
| <b>Garbage Franchise Fee</b>   | 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 |

| 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 |
|---|---------------------------|---------------------|---------------------|---------------------|--------------------|---------------------|
| <b>Transient Occupancy Tax</b><br>Current baseline set by FY 2022/23 Year End Estimates | 3%                        | 3%                  | 3%                  | 3%                  | 1%                 | 1%                  |
| <b>Business License Tax</b><br>Current baseline set by FY 2022/23 Year End Estimates    | 2%                        | 2%                  | 2%                  | 2%                  | 2%                 | 2%                  |
| <b>License &amp; Permits</b><br>Current baseline set by FY 2022/23 Year End Estimates   | 4.4%                      | 3%                  | 3%                  | 3%                  | 3%                 | 3%                  |
| <b>Town Services</b><br>Current baseline set by FY 2022/23 Year End Estimates           | 3%                        | 3%                  | 0%                  | 3%                  | 3%                 | 3%                  |
| <b>Fine &amp; Forfeitures</b><br>Current baseline set by FY 2022/23 Year End Estimates  | 1%                        | Varies              | Varies              | Varies              | Varies             | Varies              |
| <b>Interest</b>   | Varies based on portfolio | 1%                  | 1%                  | 1%                  | 1%                 | 1%                  |
| <b>Other Sources</b><br>Current baseline set by FY 2022/23 Year End Estimates           | Varies                    | Varies              | Varies              | Varies              | Varies             | Varies              |

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.



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 |
|--|------------------|---------------------|---------------------|---------------------|--------------------|---------------------|
| <b>Safety POA</b>  | 81.30%           | 87.00%              | 90.90%              | 90.80%              | 99.30%             | 108.40%             |
| <b>Safety Management POA</b>   | 84.30%           | 90.00%              | 93.90%              | 93.80%              | 102.30%            | 111.40%             |
| <b>Safety POA - PEPRA</b>  | 14.50%           | 14.70%              | 15.00%              | 15.40%              | 15.90%             | 16.40%              |
| <b>Miscellaneous TEA/Confidential/ Management</b>                              | 29.97%           | 29.20%              | 28.30%              | 29.80%              | 31.00%             | 32.50%              |
| <b>Miscellaneous TEA/Confidential/ Management PEPRA</b>                        |                  |                     |                     |                     |                    |                     |
| 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.*



**Town of Los Gatos General Fund 5-Year Forecast - Base Case**  
(in \$ million)

| Account   | Revenue Category                           | 2021/22<br>Actuals | 2022/23<br>Adjusted<br>Budget | 2022/23<br>Estimates | 2023/24<br>Forecast | 2024/25<br>Forecast | 2025/26<br>Forecast | 2026/27<br>Forecast | 2027/28<br>Forecast |
|---|--|--------------------|-------------------------------|----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| 4100  | Property Tax                               | \$ 16.9            | \$ 16.6                       | \$ 17.0              | \$ 16.3             | \$ 16.8             | \$ 17.3             | \$ 17.8             | \$ 18.4             |
| 4110  | VLF Backfill Property Tax                  | 4.2                | 4.4                           | 4.6                  | 4.5                 | 4.6                 | 4.8                 | 4.9                 | 5.1                 |
| 4200  | Sales & Use Tax                            | 7.2                | 7.9                           | 7.5                  | 7.7                 | 8.0                 | 8.2                 | 8.4                 | 8.7                 |
| 4200  | Measure G District Sales Tax               | 1.3                | 1.3                           | 1.3                  | 1.3                 | 1.3                 | 1.3                 | 1.4                 | 1.4                 |
| 4250  | Franchise Fees                             | 2.8                | 2.5                           | 2.7                  | 2.7                 | 2.8                 | 2.9                 | 3.0                 | 3.1                 |
| 4251  | Transient Occupancy Tax                    | 1.9                | 1.6                           | 2.0                  | 2.1                 | 2.2                 | 2.2                 | 2.3                 | 2.4                 |
| 4400  | Business License Tax                       | 1.5                | 1.4                           | 2.4                  | 2.5                 | 2.5                 | 2.6                 | 2.6                 | 2.7                 |
| 4400  | Licenses & Permits                         | 4.8                | 2.8                           | 2.9                  | 2.9                 | 3.0                 | 3.1                 | 3.2                 | 3.3                 |
| 4500  | Intergovernmental                          | 1.3                | 1.1                           | 1.3                  | 1.0                 | 1.0                 | 1.0                 | 1.2                 | 1.1                 |
| 4600  | Town Services                              | 5.3                | 4.4                           | 5.1                  | 3.8                 | 3.8                 | 3.9                 | 4.0                 | 4.1                 |
| 4700  | Fines & Forfeitures                        | 0.3                | 0.2                           | 0.2                  | 0.2                 | 0.2                 | 0.2                 | 0.3                 | 0.3                 |
| 4800  | Interest                                   | (1.4)              | 0.4                           | 0.5                  | 0.4                 | 0.4                 | 0.4                 | 0.4                 | 0.4                 |
| 4850  | Other Sources                              | 7.0                | 3.2                           | 2.5                  | 2.2                 | 2.2                 | 2.2                 | 2.3                 | 2.2                 |
| 4900  | Fund Transfers In                          | 0.6                | 0.5                           | 0.5                  | 0.5                 | 0.5                 | 0.5                 | 0.5                 | 0.5                 |
| <b>TOTAL OPERATING REVENUES &amp; TRANSFERS*</b>  |  | <b>\$ 53.7</b>     | <b>\$ 48.3</b>                | <b>\$ 50.5</b>       | <b>\$ 48.1</b>      | <b>\$ 49.3</b>      | <b>\$ 50.6</b>      | <b>\$ 52.3</b>      | <b>\$ 53.7</b>      |
|   | Capital                                    | 0.6                | 2.4                           | 2.4                  | 0.8                 | 0.8                 | 0.8                 | 0.8                 | 0.8                 |
|   | Use of Pension/OPEB Reserve                | 0.3                | 0.3                           | 0.3                  | -                   | -                   | -                   | -                   | -                   |
|   | Use of Property Surplus Reserve            | 1.2                | 1.2                           | -                    | -                   | -                   | -                   | -                   | -                   |
|   | Use of Measure G Reserve                   | 1.1                | 0.7                           | -                    | -                   | -                   | -                   | -                   | -                   |
|   | ARPA Replacement Revenue                   | -                  | 1.6                           | -                    | -                   | -                   | -                   | -                   | -                   |
| <b>TOTAL REVENUES, TRANSFERS, AND USE OF RESERVES</b>   |  | <b>\$ 56.9</b>     | <b>\$ 54.5</b>                | <b>\$ 53.2</b>       | <b>\$ 48.9</b>      | <b>\$ 50.1</b>      | <b>\$ 51.4</b>      | <b>\$ 53.1</b>      | <b>\$ 54.5</b>      |
| Account   | Expenditure Category                       | 2021/22<br>Actuals | 2022/23<br>Adjusted<br>Budget | 2022/23<br>Estimates | 2023/24<br>Forecast | 2024/25<br>Forecast | 2025/26<br>Forecast | 2026/27<br>Forecast | 2027/28<br>Forecast |
| 5110  | Salary                                     | 20.0               | 23.3                          | 22.0                 | 23.1                | 23.6                | 24.1                | 24.6                | 25.2                |
| 5120  | CalPERS Benefits                           | 6.5                | 7.7                           | 7.1                  | 8.1                 | 8.4                 | 8.5                 | 9.0                 | 9.4                 |
| 5200  | All Other Benefits                         | 3.7                | 4.6                           | 3.9                  | 4.4                 | 4.5                 | 4.6                 | 4.7                 | 4.8                 |
| 6211  | OPEB Pay as You Go                         | 1.4                | 1.5                           | 1.6                  | 1.5                 | 1.6                 | 1.7                 | 1.8                 | 1.9                 |
| 6000  | Operating Expenditures                     | 10.4               | 7.1                           | 7.8                  | 6.9                 | 7.2                 | 7.3                 | 7.6                 | 7.7                 |
| 7200  | Grants & Awards                            | 1.8                | 0.2                           | 0.6                  | 0.2                 | 0.2                 | 0.2                 | 0.2                 | 0.3                 |
| 7400  | Utilities                                  | 0.6                | 0.6                           | 0.6                  | 0.6                 | 0.7                 | 0.7                 | 0.7                 | 0.7                 |
| 8060  | Internal Service Charges                   | 2.6                | 2.7                           | 2.4                  | 2.9                 | 3.1                 | 3.3                 | 3.7                 | 3.8                 |
| 8900  | Debt Service                               | 2.1                | 1.9                           | 2.0                  | 2.1                 | 2.1                 | 2.1                 | 1.9                 | 2.1                 |
| <b>TOTAL OPERATING EXPENDITURES</b>   |  | <b>\$ 49.0</b>     | <b>\$ 49.5</b>                | <b>\$ 48.1</b>       | <b>\$ 49.8</b>      | <b>\$ 51.3</b>      | <b>\$ 52.5</b>      | <b>\$ 54.3</b>      | <b>\$ 55.8</b>      |
|   | GASB 45 Retiree Medical Actuarial          | 0.1                | -                             | -                    | -                   | -                   | -                   | -                   | -                   |
|   | Additional Discretionary Payment - Pension | 0.7                | 0.4                           | 0.7                  | 0.4                 | 0.4                 | 0.4                 | 0.4                 | 0.4                 |
| <b>TOTAL OPERATING &amp; DISCRETIONARY EXPENDITURES</b>   |  | <b>\$ 49.8</b>     | <b>\$ 49.9</b>                | <b>\$ 48.8</b>       | <b>\$ 50.2</b>      | <b>\$ 51.7</b>      | <b>\$ 52.9</b>      | <b>\$ 54.7</b>      | <b>\$ 56.2</b>      |
|   | Capital Transfers Out to GFAR              | 1.2                | 2.3                           | 2.4                  | 0.8                 | 0.8                 | 0.8                 | 0.8                 | 0.8                 |
|   | 1/2 of Measure G Proceeds to Capital       | 0.6                | 0.7                           | 0.6                  | 0.6                 | 0.7                 | 0.7                 | 0.7                 | 0.7                 |
|   | Fund                                       | -                  | 0.4                           | 0.7                  | -                   | -                   | -                   | -                   | -                   |
| <b>AMOUNTS AVAILABLE FOR RESERVE ALLOCATIONS</b>  |  |                    |                               |                      |                     |                     |                     |                     |                     |
|   | Stabilization/Catastrophic                 | 1.1                | -                             | -                    | -                   | -                   | -                   | -                   | -                   |
|   | Allocate to Compensated Absences           | (0.2)              | -                             | -                    | -                   | -                   | -                   | -                   | -                   |
|   | Allocate to Market Fluctuation             | (0.4)              | -                             | -                    | -                   | -                   | -                   | -                   | -                   |
|   | Allocate to CalPERS/Pension                | 0.3                | -                             | -                    | -                   | -                   | -                   | -                   | -                   |
|   | Allocate from CalPERS/Pension              | (0.3)              | -                             | -                    | -                   | -                   | -                   | -                   | -                   |
|   | Allocate to Authorized Carryforwards       | 0.03               | -                             | -                    | -                   | -                   | -                   | -                   | -                   |
| <b>TOTAL EXPENDITURES &amp; RESERVE ALLOCATIONS</b>   |  | <b>\$ 52.1</b>     | <b>\$ 53.3</b>                | <b>\$ 52.5</b>       | <b>\$ 51.6</b>      | <b>\$ 53.2</b>      | <b>\$ 54.4</b>      | <b>\$ 56.2</b>      | <b>\$ 57.7</b>      |
| <b>NET REVENUES RESERVE TRANSFERS LESS EXPENDITURES &amp; RESERVE ALLOCATIONS FOR FINAL ALLOCATION AFTER YEAR END CLOSE</b>   |  | <b>\$ 4.7</b>      | <b>\$ 1.2</b>                 | <b>\$ 0.7</b>        | <b>\$ (2.7)</b>     | <b>\$ (3.1)</b>     | <b>\$ (3.0)</b>     | <b>\$ (3.1)</b>     | <b>\$ (3.2)</b>     |
| * Due to rounding of individual categories FY 2022/23 Estimated Total Expenditures and Reserve Allocations includes \$0.1 million.<br>General Fund (111) Forecast does not include Pension Trusts activities. |  |                    |                               |                      |                     |                     |                     |                     |                     |

| Type of Revenue                  | FY 2022/23 Estimates Baseline  | FY 2023/24 Forecast                                    | FY 2024/25 Forecast                                    | FY 2025/26 Forecast                                    | FY 2026/27 Forecast                                    | FY 2027/28 Forecast                                    |
|----------------------------------|--|--|--|--|--|--|
| <b>Property Tax/VLF Backfill</b> | Current baseline set by SCC Assessor Office November 2022 report     | 3%   | 3%   | 3%   | 3%   | 3%   |
| <b>ERAF</b>                      | Current baseline set 70% of SCC Assessor Office November 2022 report | \$400K   | \$400K   | \$400K   | \$400K   | \$400K   |
| <b>Sales Tax</b>                 | <u>MuniServices</u> January 2023 Most Likely Estimates               | <u>MuniServices</u> January 2023 Most Likely Estimates | <u>MuniServices</u> January 2023 Most Likely Estimates | <u>MuniServices</u> January 2023 Most Likely Estimates | <u>MuniServices</u> January 2023 Most Likely Estimates | <u>MuniServices</u> January 2023 Most Likely Estimates |
| <b>Sales Tax - Measure G</b>     | <u>MuniServices</u> January 2023 Most Likely Estimates               | <u>MuniServices</u> January 2023 Most Likely Estimates | <u>MuniServices</u> January 2023 Most Likely Estimates | <u>MuniServices</u> January 2023 Most Likely Estimates | <u>MuniServices</u> January 2023 Most Likely Estimates | <u>MuniServices</u> January 2023 Most Likely Estimates |
| <b>Franchise Fee</b>             | Current baseline set by FY 2022/23 Estimates                         | 3%   | 3%   | 3%   | 3%   | 3%   |
| <b>Transient Occupancy Tax</b>   | Current baseline set by FY 2022/23 Estimates                         | 5%   | 3%   | 3%   | 3%   | 3%   |
| <b>Business License Tax</b>      | Current baseline set by FY 2022/23 Estimates                         | 2%   | 2%   | 2%   | 2%   | 2%   |
| <b>License &amp; Permits</b>     | Current baseline set by FY 2022/23 Estimates                         | 3%   | 3%   | 3%   | 3%   | 3%   |
| <b>Town Services</b>             | Current baseline set by FY 2022/23 Estimates                         | 3%   | 3%   | 3%   | 3%   | 3%   |

| Type of Revenue               | FY 2022/23<br>Estimates<br>Baseline          | FY 2023/24<br>Forecast | FY 2024/25<br>Forecast | FY 2025/26<br>Forecast | FY 2026/27<br>Forecast | FY 2027/28<br>Forecast |
|-------------------------------|--|------------------------|------------------------|------------------------|------------------------|------------------------|
| <b>Fine &amp; Forfeitures</b> | Current baseline set by FY 2022/23 Estimates | Varies                 | Varies                 | Varies                 | Varies                 | Varies                 |
| <b>Interest</b>               | Current baseline set by FY 2021/22 Actuals   | 1%                     | 1%                     | 1%                     | 1%                     | 1%                     |
| <b>Other Sources</b>          | Current baseline set by FY 2022/23 Estimates | Varies                 | Varies                 | Varies                 | Varies                 | Varies                 |

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 January 20, 2023, 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*(TEA, Conf, Temp)  | 3-8%  | 3%  | 2%  | 2%  | 2%  | 2%  |
| Salaries *(POA)             | 7.25%   | 3%  | 2%  | 2%  | 2%  | 2%  |
| Salaries*(AFSCME)           | 7.5%  | 3%  | 2%  | 2%  | 2%  | 2%  |
| Salaries * (Management)     | 3%  | 3%  | 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 plus the Council's assumption of 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. Rates shown for FY 2023/24 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 as adjusted by the impact related to the FY 2021/22 CalPERS negative 7.5% investment return and forecasted payroll.

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.

| 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 |
|--|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Safety POA</b>  | 69.44%            | 81.31%              | 86.65%              | 90.15%              | 93.71%              | 96.09%              |
| <b>Safety Management POA</b>   | 72.44%            | 84.31%              | 89.65%              | 93.15%              | 96.71%              | 99.09%              |
| <b>Safety POA - PEPRA</b>  | 14.62%            | 14.5%               | 14.5%               | 14.5%               | 14.5%               | 14.5%               |
| <b>Miscellaneous TEA/AFSCME/Confidential/Management</b>                        | 29.92%            | 29.97%              | 28.67%              | 27.53%              | 28.58%              | 29.06%              |
| <b>Miscellaneous TEA/AFSCME/Confidential/Management PEPRA</b>                  |                   |                     |                     |                     |                     |                     |
| Separate PEPRA rate for Miscellaneous has not been established yet by CalPERS. | 29.92%            | 29.97%              | 28.67%              | 27.53%              | 28.58%              | 29.06%              |

| Account   | Revenue Category                           | 2021/22<br>Adjusted<br>Budget | 2021/22<br>Estimates | 2022/23<br>Proposed<br>Budget | 2023/24<br>Forecast | 2024/25<br>Forecast | 2025/26<br>Forecast | 2026/27<br>Forecast | 2027/28<br>Forecast |
|---|--|-------------------------------|----------------------|-------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| 4100  | Property Tax                               | \$ 15.4                       | \$ 15.7              | \$ 16.6                       | \$ 15.7             | \$ 16.1             | \$ 16.6             | \$ 17.1             | \$ 17.6             |
| 4110  | VLF Backfill Property Tax                  | 4.2                           | 4.2                  | 4.4                           | 4.5                 | 4.6                 | 4.8                 | 4.9                 | 5.1                 |
| 4200  | Sales & Use Tax                            | 7.0                           | 7.5                  | 7.9                           | 8.2                 | 8.5                 | 8.8                 | 9.1                 | 9.3                 |
| 4200  | Measure G District Sales Tax               | 1.2                           | 1.2                  | 1.3                           | 1.4                 | 1.4                 | 1.5                 | 1.5                 | 1.5                 |
| 4250  | Franchise Fees                             | 2.5                           | 2.4                  | 2.5                           | 2.6                 | 2.6                 | 2.7                 | 2.8                 | 2.9                 |
| 4251  | Transient Occupancy Tax                    | 1.4                           | 1.4                  | 1.6                           | 1.7                 | 1.8                 | 1.9                 | 1.9                 | 2.0                 |
| 4400  | Business License Tax                       | 1.3                           | 1.3                  | 1.3                           | 1.3                 | 1.3                 | 1.3                 | 1.3                 | 1.3                 |
| 4400  | Licenses & Permits                         | 3.1                           | 3.1                  | 2.8                           | 2.8                 | 2.9                 | 3.0                 | 3.1                 | 3.2                 |
| 4500  | Intergovernmental                          | 4.0                           | 1.1                  | 1.1                           | 1.0                 | 1.0                 | 1.0                 | 1.2                 | 1.1                 |
| 4600  | Town Services                              | 4.2                           | 4.3                  | 4.2                           | 4.0                 | 4.1                 | 4.1                 | 4.2                 | 4.3                 |
| 4700  | Fines & Forfeitures                        | 0.2                           | 0.2                  | 0.2                           | 0.2                 | 0.2                 | 0.2                 | 0.2                 | 0.2                 |
| 4800  | Interest                                   | 0.4                           | 0.4                  | 0.4                           | 0.3                 | 0.3                 | 0.3                 | 0.3                 | 0.3                 |
| 4850  | Other Sources                              | 2.6                           | 2.4                  | 2.2                           | 2.2                 | 2.2                 | 2.2                 | 2.3                 | 2.2                 |
| 4900  | Fund Transfers In                          | 0.6                           | 0.6                  | 0.5                           | 0.5                 | 0.5                 | 0.5                 | 0.5                 | 0.5                 |
| <b>TOTAL OPERATING REVENUES &amp; TRANSFERS*</b>  |  | <b>\$ 48.1</b>                | <b>\$ 45.8</b>       | <b>\$ 47.0</b>                | <b>\$ 46.4</b>      | <b>\$ 47.5</b>      | <b>\$ 48.9</b>      | <b>\$ 50.4</b>      | <b>\$ 51.5</b>      |
|   | Capital                                    | 0.6                           | 0.6                  | 2.4                           | 0.8                 | 0.8                 | 0.8                 | 0.8                 | 0.8                 |
|   | Use of Pension/OPEB Reserve                | -                             | 0.3                  | -                             | -                   | -                   | -                   | -                   | -                   |
|   | Use of Property Surplus Reserve            | 1.2                           | 1.2                  | -                             | -                   | -                   | -                   | -                   | -                   |
|   | Use of Measure G Reserve                   | 1.1                           | 1.1                  | -                             | -                   | -                   | -                   | -                   | -                   |
|   | ARPA Replacement Revenue                   | -                             | -                    | 1.0                           | -                   | -                   | -                   | -                   | -                   |
| <b>TOTAL REVENUES, TRANSFERS, AND USE OF RESERVES</b>   |  | <b>\$ 51.0</b>                | <b>\$ 49.0</b>       | <b>\$ 50.4</b>                | <b>\$ 47.2</b>      | <b>\$ 48.3</b>      | <b>\$ 49.7</b>      | <b>\$ 51.2</b>      | <b>\$ 52.3</b>      |
| Account   | Expenditure Category                       | 2021/22<br>Adjusted<br>Budget | 2021/22<br>Estimates | 2022/23<br>Proposed<br>Budget | 2023/24<br>Forecast | 2024/25<br>Forecast | 2025/26<br>Forecast | 2026/27<br>Forecast | 2027/28<br>Forecast |
| 5110  | Salary                                     | 20.9                          | 19.2                 | 21.5                          | 21.6                | 22.2                | 22.5                | 23.0                | 23.5                |
| 5120  | CalPERS Benefits                           | 7.3                           | 6.2                  | 7.3                           | 7.5                 | 7.8                 | 7.7                 | 8.0                 | 8.1                 |
| 5200  | All Other Benefits                         | 4.2                           | 3.4                  | 4.4                           | 4.6                 | 4.7                 | 4.8                 | 5.0                 | 5.1                 |
| 6211  | OPEB Pay as You Go                         | 1.5                           | 1.5                  | 1.5                           | 1.5                 | 1.6                 | 1.7                 | 1.8                 | 1.9                 |
| 6000  | Operating Expenditures                     | 6.4                           | 7.0                  | 6.9                           | 6.8                 | 7.1                 | 7.1                 | 7.4                 | 7.5                 |
| 7200  | Grants & Awards                            | 1.0                           | 0.8                  | 0.2                           | 0.2                 | 0.2                 | 0.2                 | 0.2                 | 0.3                 |
| 7400  | Utilities                                  | 0.6                           | 0.6                  | 0.6                           | 0.6                 | 0.7                 | 0.7                 | 0.7                 | 0.7                 |
| 8060  | Internal Service Charges                   | 2.7                           | 2.6                  | 2.7                           | 2.9                 | 3.1                 | 3.4                 | 3.7                 | 3.8                 |
| 8900  | Debt Service                               | 1.9                           | 1.9                  | 1.9                           | 1.9                 | 1.9                 | 1.9                 | 1.9                 | 1.9                 |
| <b>TOTAL OPERATING EXPENDITURES</b>   |  | <b>\$ 46.6</b>                | <b>\$ 43.3</b>       | <b>\$ 47.0</b>                | <b>\$ 47.5</b>      | <b>\$ 49.3</b>      | <b>\$ 50.1</b>      | <b>\$ 51.7</b>      | <b>\$ 52.9</b>      |
|   | GASB 45 Retiree Medical Actuarial          | 0.1                           | 0.1                  | -                             | -                   | -                   | -                   | -                   | -                   |
|   | Additional Discretionary Payment - Pension | 0.4                           | 0.7                  | 0.4                           | 0.4                 | 0.4                 | 0.4                 | 0.4                 | 0.4                 |
| <b>TOTAL OPERATING &amp; DISCRETIONARY EXPENDITURES</b>   |  | <b>\$ 47.1</b>                | <b>\$ 44.1</b>       | <b>\$ 47.4</b>                | <b>\$ 47.9</b>      | <b>\$ 49.7</b>      | <b>\$ 50.5</b>      | <b>\$ 52.1</b>      | <b>\$ 53.3</b>      |
|   | Capital Transfers Out to GFAR              | 2.8                           | 2.8                  | 2.3                           | 0.8                 | 0.8                 | 0.8                 | 0.8                 | 0.8                 |
|   | Proceeds                                   | 0.6                           | 0.6                  | 0.7                           | 0.7                 | 0.7                 | 0.7                 | 0.8                 | 0.8                 |
| <b>AMOUNTS AVAILABLE FOR RESERVE ALLOCATIONS</b>  |  |                               |                      |                               |                     |                     |                     |                     |                     |
|   | Stabilization/Catastrophic                 | -                             | 0.5                  | -                             | -                   | -                   | -                   | -                   | -                   |
|   | Allocate to Compensated Absences           | -                             | -                    | -                             | -                   | -                   | -                   | -                   | -                   |
|   | Allocate to Market Fluctuation             | -                             | -                    | -                             | -                   | -                   | -                   | -                   | -                   |
|   | Allocate to CalPERS/Pension                | -                             | 0.3                  | -                             | -                   | -                   | -                   | -                   | -                   |
| <b>TOTAL EXPENDITURES &amp; RESERVE ALLOCATIONS</b>   |  | <b>\$ 50.5</b>                | <b>\$ 48.3</b>       | <b>\$ 50.4</b>                | <b>\$ 49.4</b>      | <b>\$ 51.2</b>      | <b>\$ 52.0</b>      | <b>\$ 53.7</b>      | <b>\$ 54.9</b>      |
| <b>NET REVENUES RESERVE TRANSFERS LESS EXPENDITURES &amp; RESERVE ALLOCATIONS FOR FINAL ALLOCATION AFTER YEAR END CLOSE</b>   |  | <b>\$ 0.5</b>                 | <b>\$ 0.6</b>        | <b>\$ -</b>                   | <b>\$ (2.2)</b>     | <b>\$ (2.9)</b>     | <b>\$ (2.3)</b>     | <b>\$ (2.5)</b>     | <b>\$ (2.6)</b>     |
| * Due to rounding of individual categories FY 2021/22 Total Expenditures and Reserve Allocations includes \$0.1 million.<br>General Fund (111) Forecast does not include Pension Trusts activities. |  |                               |                      |                               |                     |                     |                     |                     |                     |

| 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                          |
|---|---|--|--|--|--|--|
| <b>Property Tax/VLF Backfill</b><br>SCC Assessor Office January 2022 report.            | 3%  | 3%   | 3%   | 3%   | 3%   | 3%   |
| <b>North 40 Property Sales</b><br>Starting in FY 2021/22                                | North 40 Sales  | 3%   | 3%   | 3%   | 3%   | 3%   |
| <b>ERAF</b><br>SCC Assessor Office March 2022 report                                    | SCCA recommend 70% of FY 2021/22 anticipated proceeds | \$400K                                       | \$400K                                       | \$400K                                       | \$400K                                       | \$400K                                       |
| <b>Sales Tax</b>  | 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 |
| <b>Sales Tax - Measure G</b>  | 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 |
| <b>Franchise Fee</b><br>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%   |
| <b>Transient Occupancy Tax</b><br>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%   |

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



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.

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 |
|--|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Safety POA</b>  | 69.44%            | 72.01%              | 74.61%              | 75.68%              | 76.69%              | 76.66%              |
| <b>Safety Management POA</b>   | 72.44%            | 75.01%              | 77.61%              | 78.68%              | 79.69%              | 79.66%              |
| <b>Safety POA - PEPRA</b>  | 14.62%            | 14.65%              | 13.78%              | 13.75%              | 13.76%              | 13.76%              |
| <b>Miscellaneous TEA/Confidential/ Management</b>                              | 29.92%            | 30.04%              | 30.64%              | 28.45%              | 28.73%              | 28.42%              |
| <b>Miscellaneous TEA/Confidential/ Management PEPRA</b>                        |                   |                     |                     |                     |                     |                     |
| 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.*

**Town of Los Gatos General Fund 5-Year Forecast**  
(in \$ million)

| Account   | Revenue Category                           | 2020/21<br>Actuals | 2021/22<br>Adjusted<br>Budget | 2021/22<br>Estimates | 2022/23<br>Forecast | 2023/24<br>Forecast | 2024/25<br>Forecast | 2025/26<br>Forecast | 2026/27<br>Forecast |
|---|--|--------------------|-------------------------------|----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| 4100  | Property Tax                               | \$ 15.8            | \$ 15.9                       | \$ 15.4              | \$ 15.5             | \$ 15.7             | \$ 16.1             | \$ 16.6             | \$ 17.1             |
| 4110  | VLF Backfill Property Tax                  | 4.1                | 4.2                           | 4.2                  | 4.4                 | 4.5                 | 4.6                 | 4.8                 | 4.9                 |
| 4200  | Sales & Use Tax                            | 6.8                | 7.2                           | 7.0                  | 7.5                 | 7.7                 | 7.9                 | 8.1                 | 8.2                 |
| 4200  | Measure G District Sales Tax               | 1.1                | 1.0                           | 1.2                  | 1.2                 | 1.2                 | 1.3                 | 1.3                 | 1.4                 |
| 4250  | Franchise Fees                             | 2.5                | 2.6                           | 2.5                  | 2.6                 | 2.7                 | 2.7                 | 2.8                 | 2.9                 |
| 4251  | Transient Occupancy Tax                    | 1.0                | 0.9                           | 1.4                  | 1.4                 | 1.5                 | 1.5                 | 1.6                 | 1.6                 |
| 4400  | Business License Tax                       | 1.4                | 1.3                           | 1.3                  | 1.3                 | 1.4                 | 1.4                 | 1.4                 | 1.4                 |
| 4400  | Licenses & Permits                         | 3.1                | 2.7                           | 3.2                  | 2.8                 | 2.9                 | 3.0                 | 3.0                 | 3.1                 |
| 4500  | Intergovernmental                          | 1.6                | 4.4                           | 1.6                  | 1.0                 | 1.0                 | 1.0                 | 1.0                 | 1.1                 |
| 4600  | Town Services                              | 4.6                | 3.6                           | 3.9                  | 3.4                 | 3.5                 | 3.6                 | 3.7                 | 3.7                 |
| 4700  | Fines & Forfeitures                        | 0.1                | 0.2                           | 0.2                  | 0.2                 | 0.2                 | 0.2                 | 0.2                 | 0.2                 |
| 4800  | Interest                                   | 0.1                | 0.4                           | 0.4                  | 0.2                 | 0.2                 | 0.2                 | 0.2                 | 0.2                 |
| 4850  | Other Sources                              | 3.7                | 2.3                           | 2.5                  | 2.2                 | 2.2                 | 2.2                 | 2.2                 | 2.3                 |
| 4900  | Fund Transfers In                          | 0.7                | 0.6                           | 0.6                  | 0.5                 | 0.5                 | 0.5                 | 0.5                 | 0.5                 |
| <b>TOTAL OPERATING REVENUES &amp; TRANSFERS*</b>  |  | \$ 46.6            | \$ 47.3                       | \$ 45.4              | \$ 44.2             | \$ 45.2             | \$ 46.2             | \$ 47.4             | \$ 48.6             |
|   | Capital                                    | 3.4                | 0.6                           | 0.6                  | 0.8                 | 0.8                 | 0.8                 | 0.8                 | 0.8                 |
|   | Use of Pension/OPEB Reserve                | 4.5                | -                             | -                    | -                   | -                   | -                   | -                   | -                   |
|   | Other                                      | -                  | -                             | 0.3                  | -                   | -                   | -                   | -                   | -                   |
|   | Use of Property Surplus Reserve            | -                  | 1.2                           | 1.2                  | -                   | -                   | -                   | -                   | -                   |
|   | Use of Measure G Reserve                   | -                  | 0.6                           | 0.6                  | 0.6                 | 0.6                 | 0.6                 | 0.7                 | 0.7                 |
|   | ARPA Replacement Revenue                   | -                  | -                             | 1.4                  | -                   | -                   | -                   | -                   | -                   |
| <b>TOTAL REVENUES, TRANSFERS, AND USE OF RESERVES</b>   |  | \$ 54.5            | \$ 49.7                       | \$ 49.2              | \$ 45.6             | \$ 46.6             | \$ 47.6             | \$ 48.9             | \$ 50.1             |
| Account   | Expenditure Category                       | 2020/21<br>Actuals | 2020/21<br>Budget             | 2021/22<br>Estimates | 2022/23<br>Forecast | 2023/24<br>Forecast | 2024/25<br>Forecast | 2025/26<br>Forecast | 2026/27<br>Forecast |
| 5110  | Salary                                     | 20.2               | 20.8                          | 20.6                 | 20.6                | 21.2                | 21.8                | 22.3                | 22.8                |
| 5120  | CalPERS Benefits                           | 6.4                | 7.3                           | 6.6                  | 6.9                 | 7.3                 | 7.7                 | 7.6                 | 7.9                 |
| 5200  | All Other Benefits                         | 3.7                | 4.2                           | 3.8                  | 4.0                 | 4.1                 | 4.2                 | 4.3                 | 4.4                 |
| 6211  | OPEB Payas You Go                          | 1.3                | 1.3                           | 1.5                  | 1.5                 | 1.6                 | 1.8                 | 1.9                 | 1.9                 |
| 6000  | Operating Expenditures                     | 5.7                | 6.2                           | 6.6                  | 6.3                 | 6.3                 | 6.5                 | 6.5                 | 6.8                 |
| 7200  | Grants & Awards                            | 0.3                | 1.0                           | 1.1                  | 0.2                 | 0.2                 | 0.3                 | 0.3                 | 0.3                 |
| 7400  | Utilities                                  | 0.6                | 0.6                           | 0.6                  | 0.6                 | 0.6                 | 0.7                 | 0.7                 | 0.7                 |
| 8060  | Internal Service Charges                   | 2.3                | 2.7                           | 2.6                  | 2.9                 | 3.1                 | 3.2                 | 3.5                 | 3.6                 |
| 8900  | Debt Service                               | 2.0                | 1.9                           | 1.9                  | 1.9                 | 1.9                 | 1.9                 | 1.9                 | 1.9                 |
| <b>TOTAL OPERATING EXPENDITURES</b>   |  | \$ 42.4            | \$ 46.1                       | \$ 45.3              | \$ 45.0             | \$ 46.5             | \$ 48.0             | \$ 48.9             | \$ 50.3             |
|   | GASB 45 Retiree Medical Actuarial          | 0.6                | 0.1                           | 0.1                  | 0.4                 | 0.3                 | 0.2                 | 0.2                 | 0.2                 |
|   | Additional Discretionary Payment - Pension | 5.6                | 0.4                           | 0.4                  | 0.4                 | 0.4                 | 0.4                 | 0.4                 | 0.4                 |
| <b>TOTAL OPERATING &amp; DISCRETIONARY EXPENDITURES</b>   |  | \$ 48.6            | \$ 46.6                       | \$ 45.8              | \$ 45.8             | \$ 47.2             | \$ 48.6             | \$ 49.5             | \$ 50.9             |
|   | Capital Transfers Out to GFAR              | 3.4                | 2.8                           | 2.8                  | 1.4                 | 1.4                 | 1.4                 | 1.5                 | 1.5                 |
| <b>AMOUNTS AVAILABLE FOR RESERVE ALLOCATIONS</b>  |  |                    |                               |                      |                     |                     |                     |                     |                     |
|   | Stabilization/Catastrophic                 | 0.1                | -                             | -                    | -                   | -                   | -                   | -                   | -                   |
|   | Allocate to Compensated Absences           | 0.1                | -                             | -                    | -                   | -                   | -                   | -                   | -                   |
|   | Allocate to Property Surplus Reserve       | 1.2                | -                             | -                    | -                   | -                   | -                   | -                   | -                   |
|   | Allocate to CalPERS/Pension                | 0.3                | -                             | -                    | -                   | -                   | -                   | -                   | -                   |
|   | Allocate to Measure G - Capital            | -                  | 0.5                           | 0.6                  | -                   | -                   | -                   | -                   | -                   |
|   | Allocate to ARPA Reserve                   | -                  | -                             | -                    | -                   | -                   | -                   | -                   | -                   |
| <b>TOTAL EXPENDITURES &amp; RESERVE ALLOCATIONS</b>   |  | \$ 53.7            | \$ 49.9                       | \$ 49.2              | \$ 47.2             | \$ 48.6             | \$ 50.0             | \$ 51.0             | \$ 52.4             |
| <b>NET REVENUES RESERVE TRANSFERS LESS EXPENDITURES &amp; RESERVE ALLOCATIONS FOR FINAL ALLOCATION AFTER YEAR END CLOSE</b>   |  | \$ 0.8             | \$ (0.2)                      | \$ -                 | \$ (1.6)            | \$ (2.0)            | \$ (2.4)            | \$ (2.1)            | \$ (2.3)            |
| * Due to rounding of individual categories FY 2021/22 Total Expenditures and Reserve Allocations includes \$0.1 million.<br>General Fund (111) Forecast does not include Pension Trusts activities. (\$37,810 in interest proceeds in FY 2020/21) |  |                    |                               |                      |                     |                     |                     |                     |                     |

| Type of Revenue           | Base Line Estimate  | FY 2022/23 Forecast                          | FY 2023/24 Forecast                          | FY 2024/25 Forecast                          | FY 2025/26 Forecast                          | FY 2026/27 Forecast                          |
|---------------------------|---|--|--|--|--|--|
| Property Tax/VLF Backfill | Current baseline set by SCC Assessor Office 2/4 2022 report     | 3%   | 3%   | 3%   | 3%   | 3%   |
| North 40 Property Sales   | Starting in 2021/22   | North 40 Phase 1 Sales                       | 3%   | 3%   | 3%   | 3%   |
| ERAF                      | Current baseline set 70% of SCC Assessor Office 2/4 2022 report | \$400K                                       | \$400K                                       | \$400K                                       | \$400K                                       | \$400K                                       |
| Sales Tax                 | MuniServices 1/11/2022 Most Likely Estimates                    | MuniServices 1/11/2022 Most Likely Estimates | MuniServices 1/11/2022 Most Likely Estimates | MuniServices 1/11/2022 Most Likely Estimates | MuniServices 1/11/2022 Most Likely Estimates | MuniServices 1/11/2022 Most Likely Estimates |
| Sales Tax - Measure G     | MuniServices 1/11/2022 Most Likely Estimates                    | MuniServices 1/11/2022 Most Likely Estimates | MuniServices 1/11/2022 Most Likely Estimates | MuniServices 1/11/2022 Most Likely Estimates | MuniServices 1/11/2022 Most Likely Estimates | MuniServices 1/11/2022 Most Likely Estimates |
| Franchise Fee             | Current baseline set by FY 2021/22 Estimates                    | 3%   | 3%   | 3%   | 3%   | 3%   |
| Transient Occupancy Tax   | Current baseline set by FY 2021/22 actual estimated proceeds    | 3%   | 3%   | 3%   | 3%   | 3%   |
| Business License Tax      | Current baseline set by FY 2021/22 Estimates                    | 5%   | 5%   | 0%   | 0%   | 0%   |
| License & Permits         | Current baseline set by FY 2021/22 Estimates                    | 3%   | 3%   | 3%   | 3%   | 3%   |

|                               |  |        |        |        |        |        |
|-------------------------------|--|--------|--------|--------|--------|--------|
| <b>Town Services</b>          | Current baseline set by FY 2021/22 Estimates   | 3%     | 3%     | 3%     | 3%     | 3%     |
| <b>Fine &amp; Forfeitures</b> | Current baseline set by FY 2021/22 Estimates   | Varies | Varies | Varies | Varies | Varies |
| <b>Interest</b>               | Based on Portfolio Analysis and Current and Expected Yields during the forecast period | \$217K | \$222K | \$227K | \$232K | \$237K |
| <b>Other Sources</b>          | Current baseline set by FY 2021/22 Estimates   | Varies | Varies | Varies | Varies | Varies |

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

| Type of Expenditure                | FY 2022/23 Forecast                               | FY 2023/24 Forecast                               | FY 2024/25 Forecast                               | FY 2025/26 Forecast                               | FY 2026/27 Forecast                               |
|------------------------------------|---|---|---|---|---|
| <b>Salaries*</b>                   | 2%  | 2%  | 2%  | 2%  | 2%  |
| <b>Benefit - Medical**</b>         | 3%  | 3%  | 3%  | 3%  | 3%  |
| <b>Operating Expenditures***</b>   | 3%  | 3%  | 3%  | 3%  | 3%  |
| <b>Grants &amp; Awards</b>         | 0%  | 0%  | 0%  | 0%  | 0%  |
| <b>Utilities***</b>                | 3%  | 3%  | 3%  | 3%  | 3%  |
| <b>Internal Service Charges***</b> | 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 |
| <b>Debt Service</b>                | Debt Service Schedules                            |   |   |   |   |

\*Salary increases are based on actual step increases and approved Memoranda of Understanding with the bargaining units plus the Council's assumption of 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 estimates provided by each plan's most recent actuarial valuation received from CalPERS. The employer contribution rates illustrated below reflect percentages of covered payroll. Beginning in FY 2021/22, the estimates of employer contributions were credited with an anticipated reduction associated with the approximate \$5.6M 2015 unfunded amortization base were paid off in early FY 2020/21.

| Type of Expenditure                                    | FY 2022/23 Forecast | FY 2023/24 Forecast | FY 2024/25 Forecast | FY 2025/26 Forecast | FY 2026/27 Forecast |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Safety POA</b>                                      | 69.44%              | 72.01%              | 74.61%              | 75.68%              | 76.66%              |
| <b>Safety Management POA</b>                           | 72.44%              | 75.01%              | 77.61%              | 78.68%              | 79.66%              |
| <b>Safety POA - PEPRA</b>                              | 14.62%              | 14.65%              | 13.78%              | 13.75%              | 13.76%              |
| <b>Miscellaneous TEA/Confidential/Management</b>       | 29.43%              | 30.04%              | 30.64%              | 28.45%              | 28.73%              |
| <i>Miscellaneous TEA/Confidential/Management PEPRA</i> | <i>29.43%</i>       | <i>30.04%</i>       | <i>30.64%</i>       | <i>28.45%</i>       | <i>28.73%</i>       |

*\*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.*



| Account   | Revenue Category                           | 2020/21<br>Adjusted<br>Budget | 2020/21<br>Estimates | 2021/22<br>Proposed<br>Budget | 2022/23<br>Forecast | 2023/24<br>Forecast | 2024/25<br>Forecast | 2025/26<br>Forecast | 2026/27<br>Forecast |
|---|--|-------------------------------|----------------------|-------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| 4100  | Property Tax                               | \$ 13.9                       | \$ 14.7              | \$ 15.7                       | \$ 15.8             | \$ 16.3             | \$ 16.8             | \$ 17.3             | \$ 17.8             |
| 4110  | VLF Backfill Property Tax                  | 4.1                           | 4.1                  | 4.2                           | 4.3                 | 4.4                 | 4.5                 | 4.7                 | 4.8                 |
| 4200  | Sales & Use Tax                            | 6.7                           | 6.2                  | 7.2                           | 7.4                 | 7.7                 | 7.8                 | 8.0                 | 8.2                 |
| 4200  | Measure G District Sales Tax               | 1.0                           | 0.9                  | 1.0                           | 1.0                 | 1.0                 | 1.1                 | 1.1                 | 1.1                 |
| 4250  | Franchise Fees                             | 2.5                           | 2.5                  | 2.6                           | 2.7                 | 2.8                 | 2.8                 | 2.9                 | 3.0                 |
| 4251  | Transient Occupancy Tax                    | 0.7                           | 0.7                  | 0.9                           | 1.1                 | 1.2                 | 1.3                 | 1.4                 | 1.5                 |
| 4400  | Business License Tax                       | 1.1                           | 1.3                  | 1.3                           | 1.3                 | 1.4                 | 1.4                 | 1.4                 | 1.4                 |
| 4400  | Licenses & Permits                         | 3.0                           | 3.0                  | 2.7                           | 2.8                 | 2.9                 | 3.0                 | 3.0                 | 3.1                 |
| 4500  | Intergovernmental                          | 1.5                           | 4.3                  | 3.9                           | 0.9                 | 0.9                 | 0.9                 | 0.9                 | 0.9                 |
| 4600  | Town Services                              | 3.9                           | 3.7                  | 3.6                           | 3.4                 | 3.5                 | 3.6                 | 3.7                 | 3.8                 |
| 4700  | Fines & Forfeitures                        | 0.1                           | 0.1                  | 0.2                           | 0.2                 | 0.2                 | 0.2                 | 0.2                 | 0.2                 |
| 4800  | Interest                                   | 0.6                           | 0.6                  | 0.4                           | 0.3                 | 0.2                 | 0.2                 | 0.2                 | 0.2                 |
| 4850  | Other Sources                              | 3.4                           | 3.5                  | 2.4                           | 2.3                 | 2.3                 | 2.2                 | 2.2                 | 2.2                 |
| 4900  | Fund Transfers In                          | 0.6                           | 0.6                  | 0.6                           | 0.6                 | 0.6                 | 0.6                 | 0.6                 | 0.6                 |
| <b>TOTAL OPERATING REVENUES &amp; TRANSFERS*</b>  |  | <b>\$ 43.1</b>                | <b>\$ 46.2</b>       | <b>\$ 46.7</b>                | <b>\$ 44.1</b>      | <b>\$ 45.4</b>      | <b>\$ 46.4</b>      | <b>\$ 47.6</b>      | <b>\$ 48.8</b>      |
|   | Capital                                    | 3.4                           | 3.4                  | 0.6                           | 0.8                 | 0.8                 | 0.8                 | 0.8                 | 0.8                 |
|   | Use of Pension/OPEB Reserve                | 4.5                           | 4.5                  | -                             | -                   | -                   | -                   | -                   | -                   |
|   | Other                                      | 0.9                           | 0.9                  | -                             | -                   | -                   | -                   | -                   | -                   |
| <b>TOTAL REVENUES, TRANSFERS, AND USE OF RESERVES</b>   |  | <b>\$ 51.9</b>                | <b>\$ 55.0</b>       | <b>\$ 47.3</b>                | <b>\$ 44.9</b>      | <b>\$ 46.2</b>      | <b>\$ 47.2</b>      | <b>\$ 48.4</b>      | <b>\$ 49.6</b>      |
|   |  |                               |                      |                               |                     |                     |                     |                     | 0                   |
|   |  |                               |                      |                               |                     |                     |                     |                     | -                   |
| Account   | Expenditure Category                       | 2020/21<br>Adjusted<br>Budget | 2020/21<br>Estimates | 2021/22<br>Proposed<br>Budget | 2022/23<br>Forecast | 2023/24<br>Forecast | 2024/25<br>Forecast | 2025/26<br>Forecast | 2026/27<br>Forecast |
| 5110  | Salary                                     | 20.3                          | 20.6                 | 20.2                          | 20.0                | 20.1                | 20.2                | 20.4                | 20.4                |
| 5120  | CalPERS Benefits                           | 7.3                           | 6.4                  | 7.3                           | 7.5                 | 7.9                 | 8.2                 | 8.0                 | 8.2                 |
| 5200  | All Other Benefits                         | 4.1                           | 3.8                  | 4.2                           | 3.9                 | 4.0                 | 4.1                 | 4.2                 | 4.2                 |
| 6211  | OPEB Pay as You Go                         | 1.3                           | 1.3                  | 1.3                           | 1.4                 | 1.5                 | 1.7                 | 1.8                 | 1.9                 |
| 6000  | Operating Expenditures                     | 6.6                           | 6.1                  | 6.1                           | 6.1                 | 6.1                 | 6.4                 | 6.4                 | 6.7                 |
| 7200  | Grants & Awards                            | 0.2                           | 0.6                  | 0.5                           | 0.2                 | 0.3                 | 0.3                 | 0.3                 | 0.3                 |
| 7400  | Utilities                                  | 0.6                           | 0.6                  | 0.6                           | 0.6                 | 0.6                 | 0.7                 | 0.7                 | 0.7                 |
| 8060  | Internal Service Charges                   | 2.4                           | 2.4                  | 2.7                           | 2.9                 | 3.1                 | 3.3                 | 3.4                 | 3.4                 |
| 8900  | Debt Service                               | 1.9                           | 1.9                  | 1.9                           | 1.9                 | 1.9                 | 1.9                 | 1.9                 | 1.9                 |
| <b>TOTAL OPERATING EXPENDITURES</b>   |  | <b>\$ 44.6</b>                | <b>\$ 43.7</b>       | <b>\$ 44.9</b>                | <b>\$ 44.6</b>      | <b>\$ 45.5</b>      | <b>\$ 46.6</b>      | <b>\$ 46.9</b>      | <b>\$ 47.7</b>      |
|   | GASB 45 Retiree Medical Actuarial          | 0.6                           | 0.6                  | 0.5                           | 0.4                 | 0.3                 | 0.2                 | 0.2                 | 0.2                 |
|   | Additional Discretionary Payment - Pension | 4.9                           | 4.9                  | 0.4                           | 0.4                 | 0.4                 | 0.4                 | 0.4                 | 0.4                 |
| <b>TOTAL OPERATING &amp; DISCRETIONARY EXPENDITURES</b>   |  | <b>\$ 50.1</b>                | <b>\$ 49.2</b>       | <b>\$ 45.8</b>                | <b>\$ 45.4</b>      | <b>\$ 46.2</b>      | <b>\$ 47.2</b>      | <b>\$ 47.5</b>      | <b>\$ 48.3</b>      |
|   | Capital Transfers Out to GFAR              | 3.4                           | 3.4                  | 0.6                           | 0.8                 | 0.8                 | 0.8                 | 0.8                 | 0.8                 |
|   | Allocate to Property Surplus Reserve       | 1.2                           | 1.2                  | -                             | -                   | -                   | -                   | -                   | -                   |
|   | Allocate to ARPA Reserve                   | -                             | 1.2                  | 0.9                           | -                   | -                   | -                   | -                   | -                   |
| <b>TOTAL EXPENDITURES &amp; RESERVE ALLOCATIONS</b>   |  | <b>\$ 54.7</b>                | <b>\$ 55.0</b>       | <b>\$ 47.3</b>                | <b>\$ 46.2</b>      | <b>\$ 47.0</b>      | <b>\$ 48.0</b>      | <b>\$ 48.3</b>      | <b>\$ 49.1</b>      |
| <b>NET REVENUES RESERVE TRANSFERS LESS EXPENDITURES &amp; RESERVE ALLOCATIONS FOR FINAL ALLOCATION AFTER YEAR END CLOSE</b> |  | <b>\$ (2.8)</b>               | <b>\$ -</b>          | <b>\$ -</b>                   | <b>\$ (1.3)</b>     | <b>\$ (0.8)</b>     | <b>\$ (0.8)</b>     | <b>\$ 0.1</b>       | <b>\$ 0.5</b>       |

\* Due to rounding of individual categories FY 2021/22 Total Expenditures and Reserve Allocations includes \$0.1 million.  
General Fund (111) Forecast does not include Pension Trusts activities.



| Type of Revenue           | Base Line Estimate   | FY 2021/22 Budget                                     | FY 2022/23 Forecast                          | FY 2023/24 Forecast                          | FY 2024/25 Forecast                          | FY 2025/26 Forecast                          |
|---------------------------|--|---|--|--|--|--|
| Property Tax/VLF Backfill | Current baseline set by SCC Assessor Office January 2020 report. | 3%  | 3%   | 3%   | 3%   | 3%   |
| North 40 Property Sales   | Starting in FY 2021/22   | North 40 Phase 1 Sales                                | 3%   | 3%   | 3%   | 3%   |
| ERAF                      | Current baseline set by SCC Assessor Office March 2021 report    | SCCA recommend 50% of FY 2020/21 anticipated proceeds | \$400K                                       | \$400K                                       | \$400K                                       | \$400K                                       |
| Sales Tax                 | MuniServices 3/19/2021   | MuniServices 3/19/2021 Optimistic Estimates           | MuniServices 3/19/2021 Most Likely Estimates | MuniServices 3/19/2021 Most Likely Estimates | MuniServices 3/19/2021 Most Likely Estimates | MuniServices 3/19/2021 Most Likely Estimates |
| Sales Tax - Measure G     | MuniServices 3/19/2021   | MuniServices 3/19/2021 Most Likely Estimates          | MuniServices 3/19/2021 Most Likely Estimates | MuniServices 3/19/2021 Most Likely Estimates | MuniServices 3/19/2021 Most Likely Estimates | MuniServices 3/19/2021 Most Likely Estimates |
| Franchise Fee             | Current baseline set by FY 2020/21 Year End Estimates            | 3%  | 3%   | 3%   | 3%   | 3%   |
| Transient Occupancy Tax   | Current baseline set by FY 2020/21 Year End Estimates            | 20%   | 10%  | 10%  | 5%   | 5%   |

| Type of Revenue               | Base Line Estimate                                    | FY 2021/22 Budget | FY 2022/23 Forecast | FY 2023/24 Forecast | FY 2024/25 Forecast | FY 2025/26 Forecast |
|-------------------------------|---|-------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Business License Tax</b>   | Current baseline set by FY 2020/21 Year End Estimates | 5%                | 5%                  | 0%                  | 0%                  | 0%                  |
| <b>License &amp; Permits</b>  | Current baseline set by FY 2020/21 Year End Estimates | 3%                | 3%                  | 3%                  | 3%                  | 3%                  |
| <b>Town Services</b>          | Current baseline set by FY 2020/21 Year End Estimates | 3%                | 0%                  | 3%                  | 3%                  | 3%                  |
| <b>Fine &amp; Forfeitures</b> | Current baseline set by FY 2020/21 Year End Estimates | Varies            | Varies              | Varies              | Varies              | Varies              |
| <b>Interest</b>               | Current baseline set by FY 2020/21 Year End Estimates | 0%                | 0%                  | 0%                  | 0%                  | 0%                  |
| <b>Other Sources</b>          | Current baseline set by FY 2020/21 Year End Estimates | Varies            | Varies              | Varies              | Varies              | Varies              |

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 top step or one step below top step. As of mid-April 2021, the Town has nine vacant positions and is actively recruiting eight of these positions. In the Five-Year Forecast, positions are forecasted at the actual rate of pay including salaries and benefits as of April 1, 2021 and rate is increasing in the actual anniversary date.

| Type of Expenditure         | FY 2021/22 Budget                                 | FY 2022/23 Forecast                               | FY 2023/24 Forecast                               | FY 2024/25 Forecast                               | FY 2025/26 Forecast                               | FY 2026/27 Forecast                               |
|-----------------------------|---|---|---|---|---|---|
| Salaries*                   | 0%  | 0%  | 0%  | 0%  | 0%  | 0%  |
| 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 estimates provided by each pension plan's most recent actuarial valuation received from CalPERS. The employer contribution rates illustrated below reflect percentages of covered payroll. Rates shown for FY 2021/22 are actual rates as prescribed by CalPERS. Forecasted rates for FY 2022/23 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 2020/21 which are presently expected to exceed the 7% discount rate.

Beginning in FY 2021/22, the estimates of employer contributions were credited with an anticipated reductions associated with the approximate \$4.8M 2016 unfunded amortization base paid off in October 2019 and the total of approximately \$5.8 million (2013 partial and 2015) unfunded 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, lowering its discount rate from the present rate of 7.0% to 6.6% as of the 6/30/27 actuarial valuation. 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 2021/22 Budget | FY 2022/23 Forecast | FY 2023/24 Forecast | FY 2024/25 Forecast | FY 2025/26 Forecast | FY 2026/27 Forecast |
|--|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Safety POA</b>  | 62.94%            | 74.89%              | 78.61%              | 82.33%              | 84.63%              | 86.78%              |
| <b>Safety Management POA</b>   | 65.94%            | 77.89%              | 81.61%              | 85.33%              | 87.63%              | 89.78%              |
| <b>Safety POA - PEPRA</b>  | 15.74%            | 15.07%              | 15.07%              | 14.03%              | 14.05%              | 14.06%              |
| <b>Miscellaneous TEA/Confidential/ Management</b>                              | 33.54%            | 31.37%              | 32.29%              | 33.31%              | 31.25%              | 31.94%              |
| <b>Miscellaneous TEA/Confidential/ Management PEPRA</b>                        |                   |                     |                     |                     |                     |                     |
| Separate PEPRA rate for Miscellaneous has not been established yet by CalPERS. | 33.54%            | 31.37%              | 32.29%              | 33.31%              | 31.25%              | 31.94%              |

\*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.

| Town of Los Gatos General Fund 5-Year Forecast<br>(in \$ million)   |  |                   |                      |                     |                     |                     |                     |                     |
|---|--|-------------------|----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Account   | Revenue Category                                   | 2020/21<br>Budget | 2020/21<br>Estimates | 2021/22<br>Forecast | 2022/23<br>Forecast | 2023/24<br>Forecast | 2024/25<br>Forecast | 2025/26<br>Forecast |
| 4100  | Property Tax                                       | \$ 14.7           | \$ 13.9              | \$ 14.1             | \$ 15.2             | \$ 15.6             | \$ 16.2             | \$ 16.6             |
| 4110  | VLF Backfill Property Tax                          | 4.0               | 4.1                  | 4.2                 | 4.3                 | 4.4                 | 4.5                 | 4.7                 |
| 4200  | Sales & Use Tax                                    | 7.0               | 6.7                  | 7.3                 | 7.5                 | 7.7                 | 7.8                 | 7.9                 |
| 4200  | Measure G District Sales Tax                       | 1.0               | 1.0                  | 1.0                 | 1.0                 | 1.1                 | 1.1                 | 1.1                 |
| 4250  | Franchise Fees                                     | 2.5               | 2.5                  | 2.6                 | 2.7                 | 2.8                 | 2.8                 | 2.8                 |
| 4251  | Transient Occupancy Tax                            | 2.3               | 0.7                  | 1.0                 | 1.1                 | 1.2                 | 1.2                 | 1.3                 |
| 4400  | Business License Tax                               | 1.3               | 1.1                  | 1.2                 | 1.2                 | 1.2                 | 1.2                 | 1.2                 |
| 4400  | Licenses & Permits                                 | 3.1               | 3.0                  | 2.9                 | 2.9                 | 3.0                 | 3.1                 | 3.1                 |
| 4500  | Intergovernmental                                  | 1.0               | 1.3                  | 0.7                 | 0.8                 | 0.8                 | 0.8                 | 0.9                 |
| 4600  | Town Services                                      | 4.0               | 3.8                  | 3.5                 | 3.5                 | 3.5                 | 3.5                 | 3.6                 |
| 4700  | Fines & Forfeitures                                | 0.4               | 0.1                  | 0.3                 | 0.3                 | 0.3                 | 0.3                 | 0.3                 |
| 4800  | Interest   | 0.6               | 0.6                  | 0.5                 | 0.3                 | 0.2                 | 0.2                 | 0.3                 |
| 4850  | Other Sources                                      | 2.3               | 3.5                  | 2.3                 | 2.3                 | 2.3                 | 2.3                 | 2.3                 |
| 4900  | Fund Transfers In                                  | 0.6               | 0.6                  | 0.5                 | 0.5                 | 0.5                 | 0.5                 | 0.5                 |
| <b>TOTAL OPERATING REVENUES &amp; TRANSFERS*</b>  |  | <b>\$ 44.8</b>    | <b>\$ 42.9</b>       | <b>\$ 42.1</b>      | <b>\$ 43.6</b>      | <b>\$ 44.5</b>      | <b>\$ 45.5</b>      | <b>\$ 46.6</b>      |
|   | Use of Capital/Special Project Reserve - Capital   | 3.4               | 3.4                  | 0.6                 | 0.6                 | 0.6                 | 0.6                 | 0.6                 |
|   | Use of Pension/OPEB Reserve                        | 4.2               | 4.5                  | 0                   | 0                   | 0                   | 0                   | 0                   |
|   | Use of Capital/Special Project Reserve - Other     | 0.9               | 0.9                  | 0                   | 0                   | 0                   | 0                   | 0                   |
| <b>TOTAL REVENUES, TRANSFERS, AND USE OF RESERVES</b>   |  | <b>\$ 53.3</b>    | <b>\$ 51.7</b>       | <b>\$ 42.7</b>      | <b>\$ 44.2</b>      | <b>\$ 45.1</b>      | <b>\$ 46.1</b>      | <b>\$ 47.2</b>      |
| Account   | Expenditure Category                               | 2020/21<br>Budget | 2020/21<br>Estimates | 2021/22<br>Forecast | 2022/23<br>Forecast | 2023/24<br>Forecast | 2024/25<br>Forecast | 2025/26<br>Forecast |
| 5110  | Salary   | 20.2              | 20.3                 | 19.7                | 19.7                | 19.9                | 20.1                | 20.2                |
| 5120  | CalPERS Benefits                                   | 7.3               | 6.4                  | 7.5                 | 7.5                 | 7.2                 | 7.5                 | 7.6                 |
| 5200  | All Other Benefits                                 | 4.1               | 3.7                  | 3.9                 | 3.9                 | 4.0                 | 4.1                 | 4.2                 |
| 6211  | OPEB Pay as You Go                                 | 1.3               | 1.3                  | 1.4                 | 1.4                 | 1.4                 | 1.5                 | 1.8                 |
| 6000  | Operating Expenditures                             | 6.7               | 6.1                  | 5.4                 | 5.4                 | 5.6                 | 5.7                 | 5.8                 |
| 7200  | Grants & Awards                                    | 0.2               | 0.2                  | 0.2                 | 0.2                 | 0.2                 | 0.2                 | 0.3                 |
| 7400  | Utilities  | 0.6               | 0.6                  | 0.6                 | 0.6                 | 0.6                 | 0.6                 | 0.6                 |
| 8060  | Internal Service Charges                           | 2.4               | 2.4                  | 2.6                 | 2.6                 | 2.8                 | 3.0                 | 3.2                 |
| 8900  | Debt Service                                       | 1.9               | 1.9                  | 1.9                 | 1.9                 | 1.9                 | 1.9                 | 1.9                 |
| <b>TOTAL OPERATING EXPENDITURES</b>   |  | <b>\$ 44.7</b>    | <b>\$ 42.8</b>       | <b>\$ 43.1</b>      | <b>\$ 43.1</b>      | <b>\$ 43.7</b>      | <b>\$ 44.6</b>      | <b>\$ 45.7</b>      |
|   | GASB 45 Retiree Medical Actuarial                  | 0.6               | 0.6                  | 0.6                 | 0.5                 | 0.4                 | 0.3                 | 0.2                 |
|   | Additional Discretionary Payment - Pension         | 4.6               | 4.9                  | 0.4                 | 0.4                 | 0.4                 | 0.4                 | 0.4                 |
| <b>TOTAL OPERATING &amp; DISCRETIONARY EXPENDITURES</b>   |  | <b>\$ 49.9</b>    | <b>\$ 48.3</b>       | <b>\$ 44.1</b>      | <b>\$ 44.0</b>      | <b>\$ 44.5</b>      | <b>\$ 45.3</b>      | <b>\$ 46.3</b>      |
|   | Capital Transfers Out to GFAR                      | 3.4               | 3.4                  | 0.6                 | 0.6                 | 0.6                 | 0.6                 | 0.6                 |
|   | Transfer to Internal Service Funds                 | 0                 | 0                    | 0                   | 0                   | 0                   | 0                   | 0                   |
|   | Pension/OPEB Transfer to Pension Trust Fund        | 0                 | 0                    | 0                   | 0                   | 0                   | 0                   | 0                   |
|   | Allocate to Compensated Absences                   | 0                 | 0                    | 0                   | 0                   | 0                   | 0                   | 0                   |
|   | Allocate to Vehicle Maintenance and Stores Surplus | 0                 | 0                    | 0                   | 0                   | 0                   | 0                   | 0                   |
|   | Allocate to Property Surplus Reserve               | 0                 | 1.2                  | 0                   | 0                   | 0                   | 0                   | 0                   |
| <b>TOTAL EXPENDITURES &amp; RESERVE ALLOCATIONS</b>   |  | <b>\$ 53.3</b>    | <b>\$ 52.9</b>       | <b>\$ 44.7</b>      | <b>\$ 44.6</b>      | <b>\$ 45.1</b>      | <b>\$ 45.9</b>      | <b>\$ 46.9</b>      |
| <b>NET REVENUES RESERVE TRANSFERS LESS EXPENDITURES &amp; RESERVE ALLOCATIONS</b>                                     |  | <b>\$ -</b>       | <b>\$ (1.2)</b>      | <b>\$ (2.0)</b>     | <b>\$ (0.4)</b>     | <b>\$ -</b>         | <b>\$ 0.2</b>       | <b>\$ 0.3</b>       |
| * Due to rounding of individual categories FY 2020/21 Total Expenditures and Reserve Allocations omits \$0.1 million. |  |                   |                      |                     |                     |                     |                     |                     |

REVENUE BASELINE AND PROJECTION FACTORS (FY 2020-21 MID-YEAR AND FORECAST - PUBLISHED 2/12/2021)

Item 1.

| Type-of-Revenue           | Base-Line-Estimate  | FY-2021/22 Forecast                           | FY-2022/23 Forecast                           | FY-2023/24 Forecast                           | FY-2024/25 Forecast                           | FY-2025/26 Forecast                           |
|---------------------------|---|---|---|---|---|---|
| Property-Tax/VLF-Backfill | Current-baseline-set-by-SCC-Assessor-Office-2/14-2020-report                                  | 2.5%  | 2.5%  | 3%  | 3%  | 3%  |
| North-40 Property-Sales   | Starting-in-2021/22   | North-40-Phase-1-Sales                        | North-40-Phase-1-Sales                        | 3%  | 3%  | 3%  |
| ERAF                      | Current-baseline-set-50%-of-SCC-Assessor-Office-February-6-2021-report                        | \$400K  | \$400K  | \$400K  | \$400K  | \$400K  |
| Sales-Tax                 | MuniServices-1/29/2021-Conservative-Estimates   | MuniServices-1/29/2021-Conservative-Estimates | MuniServices-1/29/2021-Conservative-Estimates | MuniServices-1/29/2021-Conservative-Estimates | MuniServices-1/29/2021-Conservative-Estimates | MuniServices-1/29/2021-Conservative-Estimates |
| Sales-Tax--Measure-G      | MuniServices-Date-Conservative-Estimates  | MuniServices-1/29/2021-Conservative-Estimates | MuniServices-1/29/2021-Conservative-Estimates | MuniServices-1/29/2021-Conservative-Estimates | MuniServices-1/29/2021-Conservative-Estimates | MuniServices-1/29/2021-Conservative-Estimates |
| Franchise-Fee             | Current-baseline-set-by-FY-2020/21-Estimates  | 3%  | 3%  | 3%  | 3%  | 3%  |
| Transient-Occupancy-Tax   | Current-baseline-set-by-FY-2020/21 actual-estimated-proceeds 69%-decrease-from-adopted-budget | 30%   | 20%   | 5%  | 5%  | 5%  |
| Business-License-Tax      | Current-baseline-set-by-FY-2020/21-Activities   | 5%  | 5%  | 0%  | 0%  | 0%  |

| Type of Revenue    | Base-Line Estimate   | FY-2021/22 Forecast | FY-2022/23 Forecast | FY-2023/24 Forecast | FY-2024/25 Forecast | FY-2025/26 Forecast |
|--------------------|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| License & Permits  | Current baseline set by FY-2020/21 Estimates   | 0%                  | 3%                  | 3%                  | 3%                  | 3%                  |
| Town Services      | Current baseline set by FY-2020/21 Estimates   | 0%                  | 3%                  | 3%                  | 3%                  | 3%                  |
| Fine & Forfeitures | Current baseline set by FY-2020/21 Estimates   | Varies              | Varies              | Varies              | Varies              | Varies              |
| Interest           | Based on Portfolio Analysis and Current and Expected Yields during the forecast period | \$400K              | \$300K              | \$250K              | \$250K              | \$250K              |
| Other Sources      | Current baseline set by FY-2020/21 Estimates   | Varies              | Varies              | Varies              | Varies              | Varies              |
|                    |  |                     |                     |                     |                     |                     |

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 top step or one step below to step. Currently the Town has five vacant positions and is actively recruiting of these positions. In the Five-Year Forecast, positions are forecasted at the actual rate of pay including salaries and benefits as of December 31, 2020 and rate is increasing in the actual anniversary date.

| Type of Expenditure         | FY 2021/22 Forecast                               | FY 2022/23 Forecast                               | FY 2023/24 Forecast                               | FY 2024/25 Forecast                               | FY 2025/26 Forecast                               |
|-----------------------------|---|---|---|---|---|
| Salaries                    | 0%  | 0%  | 0%  | 0%  | 0%  |
| Benefit-- Medical**         | 7%  | 7%  | 7%  | 7%  | 7%  |
| Operating Expenditures***   | 3%  | 3%  | 3%  | 3%  | 3%  |
| Grants & Awards             | 0%  | 0%  | 0%  | 0%  | 0%  |
| Utilities***                | 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 |
| 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 estimates provided by each plan's most recent actuarial valuation received from CalPERS. The employer contribution rates illustrated below reflect percentages of covered payroll. Beginning in FY 2021/22, the estimates of employer contributions were credited with an anticipated reduction associated with the approximate \$4.8M 2016 unfunded amortization base paid off in October 2019 and the approximate \$3.7M 2015 unfunded amortization base expected to be paid off in early FY 2020/21.

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| Type of Expenditure                            | FY 2021/22 Forecast | FY 2022/23 Forecast | FY 2023/24 Forecast | FY 2024/25 Forecast | FY 2025/26 Forecast |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| Safety POA                                     | 69.36%              | 69.41%              | 71.79%              | 75.01%              | 76.79%              |
| Safety Management POA                          | 72.36%              | 72.41%              | 74.79%              | 78.01%              | 79.79%              |
| Safety POA - PEPR                              | 15.04%              | 15.06%              | 15.05%              | 14.01%              | 14.01%              |
| Miscellaneous TEA/Confidential/Management      | 33.54%              | 30.87%              | 31.67%              | 32.69%              | 30.69%              |
| Miscellaneous TEA/Confidential/Management PEPR | 33.54%              | 30.87%              | 31.67%              | 32.69%              | 30.69%              |

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\*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.

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| Town of Los Gatos General Fund 5-Year Forecast<br>(in \$ million)   |  |                   |                     |                     |                     |                     |                     |
|---|--|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Account   | Revenue Category                                 | 2020/21<br>Budget | 2021/22<br>Forecast | 2022/23<br>Forecast | 2023/24<br>Forecast | 2024/25<br>Forecast | 2025/26<br>Forecast |
| 4100  | Property Tax                                     | \$ 14.7           | \$ 15.1             | \$ 15.8             | \$ 16.2             | \$ 16.7             | \$ 16.5             |
| 4110  | VLF Backfill Property Tax                        | 4.0               | 4.0                 | 4.1                 | 4.2                 | 4.3                 | 4.3                 |
| 4200  | Sales & Use Tax                                  | 8.0               | 8.1                 | 8.2                 | 8.4                 | 8.5                 | 8.6                 |
| 4250  | Franchise Fees                                   | 2.5               | 2.6                 | 2.7                 | 2.8                 | 2.9                 | 2.9                 |
| 4251  | Transient Occupancy Tax                          | 2.3               | 2.2                 | 2.2                 | 2.2                 | 2.2                 | 2.2                 |
| 4400  | Business License Tax                             | 1.3               | 1.3                 | 1.3                 | 1.4                 | 1.4                 | 1.4                 |
| 4400  | Licenses & Permits                               | 3.1               | 2.9                 | 3.0                 | 3.0                 | 3.1                 | 3.1                 |
| 4500  | Intergovernmental                                | 1.0               | 0.7                 | 0.8                 | 0.8                 | 0.9                 | 0.9                 |
| 4600  | Business License Tax                             | 4.0               | 4.1                 | 4.2                 | 4.2                 | 4.2                 | 4.3                 |
| 4700  | Fines & Forfeitures                              | 0.4               | 0.4                 | 0.4                 | 0.5                 | 0.5                 | 0.5                 |
| 4800  | Interest   | 0.6               | 0.8                 | 0.2                 | 0.7                 | 0.2                 | 0.2                 |
| 4850  | Other Sources                                    | 2.3               | 2.2                 | 2.2                 | 2.2                 | 2.2                 | 2.2                 |
| 4900  | Fund Transfers In                                | 0.6               | 0.5                 | 0.5                 | 0.5                 | 0.5                 | 0.5                 |
| <b>TOTAL OPERATING REVENUES &amp; TRANSFERS*</b>  |  | <b>\$ 44.8</b>    | <b>\$ 44.9</b>      | <b>\$ 45.6</b>      | <b>\$ 47.1</b>      | <b>\$ 47.6</b>      | <b>\$ 47.6</b>      |
|   | Use of Capital/Special Project Reserve - Capital | 3.4               | 0.6                 | 0.6                 | 0.6                 | 0.6                 | 0.6                 |
|   | Use of Pension/OPEB Reserve                      | 4.2               | 0                   | 0                   | 0                   | 0                   | 0                   |
|   | Use of Capital/Special Project Reserve - Other   | 0.8               | 0                   | 0                   | 0                   | 0                   | 0                   |
| <b>TOTAL REVENUES, TRANSFERS, AND USE OF RESERVES</b>   |  | <b>\$ 53.2</b>    | <b>\$ 45.5</b>      | <b>\$ 46.2</b>      | <b>\$ 47.7</b>      | <b>\$ 48.2</b>      | <b>\$ 48.2</b>      |
| Account   | Expenditure Category                             | 2020/21<br>Budget | 2021/22<br>Forecast | 2022/23<br>Forecast | 2023/24<br>Forecast | 2024/25<br>Forecast | 2025/26<br>Forecast |
| 5110  | Salary   | 20.2              | 19.9                | 19.9                | 20.0                | 20.1                | 20.1                |
| 5120  | CalPERS Benefits                                 | 7.3               | 7.3                 | 8.2                 | 8.7                 | 9.0                 | 9.0                 |
| 5200  | All Other Benefits                               | 4.1               | 4.1                 | 4.2                 | 4.3                 | 4.4                 | 4.5                 |
| 6211  | OPEB Pay as You Go                               | 1.3               | 1.4                 | 1.4                 | 1.5                 | 1.7                 | 1.8                 |
| 6000  | Operating Expenditures                           | 6.6               | 5.8                 | 6.1                 | 6.2                 | 6.5                 | 6.5                 |
| 7200  | Grants & Awards                                  | 0.2               | 0.2                 | 0.3                 | 0.3                 | 0.3                 | 0.3                 |
| 7400  | Utilities  | 0.6               | 0.6                 | 0.6                 | 0.7                 | 0.7                 | 0.7                 |
| 8060  | Internal Service Charges                         | 2.4               | 2.7                 | 2.8                 | 3.0                 | 3.2                 | 3.4                 |
| 8900  | Debt Service                                     | 1.9               | 1.9                 | 1.9                 | 1.9                 | 1.9                 | 1.9                 |
| <b>TOTAL OPERATING EXPENDITURES</b>   |  | <b>\$ 44.6</b>    | <b>\$ 44.0</b>      | <b>\$ 45.4</b>      | <b>\$ 46.5</b>      | <b>\$ 47.7</b>      | <b>\$ 48.1</b>      |
|   | GASB 45 Retiree Medical Actuarial                | 0.6               | 0.5                 | 0.4                 | 0.3                 | 0.2                 | 0.2                 |
|   | Additional Discretionary Payment - Pension       | 4.6               | 0.4                 | 0.4                 | 0.4                 | 0.4                 | 0.4                 |
| <b>TOTAL OPERATING &amp; DISCRETIONARY EXPENDITURES</b>   |  | <b>\$ 49.8</b>    | <b>\$ 44.9</b>      | <b>\$ 46.2</b>      | <b>\$ 47.2</b>      | <b>\$ 48.3</b>      | <b>\$ 48.7</b>      |
|   | Capital Transfers Out to GFAR                    | 3.4               | 0.6                 | 0.6                 | 0.6                 | 0.6                 | 0.6                 |
|   | Transfer to Internal Service Funds               | 0                 | 0                   | 0                   | 0                   | 0                   | 0                   |
|   | Pension/OPEB Transfer to Pension Trust Fund      | 0                 | 0                   | 0                   | 0                   | 0                   | 0                   |
|   | Allocate to Compensated Absences                 | 0                 | 0                   | 0                   | 0                   | 0                   | 0                   |
|   | Surplus  | 0                 | 0                   | 0                   | 0                   | 0                   | 0                   |
|   | Allocate to Property Surplus Reserve             | 0                 | 0                   | 0                   | 0                   | 0                   | 0                   |
| <b>TOTAL EXPENDITURES &amp; RESERVE ALLOCATIONS</b>   |  | <b>\$ 53.2</b>    | <b>\$ 45.5</b>      | <b>\$ 46.8</b>      | <b>\$ 47.8</b>      | <b>\$ 48.9</b>      | <b>\$ 49.3</b>      |
| <b>NET REVENUES RESERVE TRANSFERS LESS EXPENDITURES &amp; RESERVE ALLOCATIONS</b>                                     |  | <b>\$ -</b>       | <b>\$ -</b>         | <b>\$ (0.6)</b>     | <b>\$ (0.1)</b>     | <b>\$ (0.7)</b>     | <b>\$ (1.1)</b>     |
| * Due to rounding of individual categories FY 2020/21 Total Expenditures and Reserve Allocations omits \$0.1 million. |  |                   |                     |                     |                     |                     |                     |

| Type of Revenue                  | Base Line Estimate  | FY 2020/21 Forecast                                   | FY 2021/22 Forecast                      | FY 2022/23 Forecast                      | FY 2023/24 Forecast                      | FY 2024/25 Forecast                      |
|----------------------------------|---|---|--|--|--|--|
| <b>Property Tax/VLF Backfill</b> | Current baseline set by SCC Assessor Office May 2020 report.            | 2%  | 0%                                       | 3%                                       | 3%                                       | 3%                                       |
| <b>Annexation Additional</b>     | \$1,000,000 starting FY 2020/21   | 0%  | 0%                                       | 3%                                       | 3%                                       | 3%                                       |
| <b>North 40 Property Sales</b>   | Starting in 2021/22   | N/A   | North 40 Phase 1 Sales                   | North 40 Phase 1 Sales                   | 3%                                       | 3%                                       |
| <b>ERAF</b>                      | Current baseline set by SCC Assessor Office May 2020 report 40% decline | SCCA recommend 50% of FY 2019/20 anticipated proceeds | \$400K                                   | \$400K                                   | \$400K                                   | \$400K                                   |
| <b>Sales Tax</b>                 | MuniServices 5/1/2020 COVID-19 Estimates                                | MuniServices 5/1/2020 COVID-19 Estimates              | MuniServices 5/1/2020 COVID-19 Estimates | MuniServices 5/1/2020 COVID-19 Estimates | MuniServices 5/1/2020 COVID-19 Estimates | MuniServices 5/1/2020 COVID-19 Estimates |
| <b>Sales Tax - Measure G</b>     | MuniServices 5/1/2020 COVID-19 Estimates                                | MuniServices 5/1/2020 COVID-19 Estimates              | MuniServices 5/1/2020 COVID-19 Estimates | MuniServices 5/1/2020 COVID-19 Estimates | MuniServices 5/1/2020 COVID-19 Estimates | MuniServices 5/1/2020 COVID-19 Estimates |
| <b>Franchise Fee</b>             | Current baseline set by FY 2019/20 Adopted Budget.                      | 3%  | 3%                                       | 3%                                       | 3%                                       | 3%                                       |
| <b>Transient Occupancy Tax</b>   | Current baseline set by FY 2018/19 actual proceeds                      | -15%  | -5%                                      | 0%                                       | 0%                                       | 0%                                       |

| Type of Revenue               | Base Line Estimate                                 | FY 2020/21 Forecast | FY 2021/22 Forecast | FY 2022/23 Forecast | FY 2023/24 Forecast | FY 2024/25 Forecast |
|-------------------------------|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Business License Tax</b>   | Current baseline set by FY 2019/20 Activity        | 0%                  | 0%                  | 3%                  | 3%                  | 3%                  |
| <b>License &amp; Permits</b>  | Current baseline set by FY 2019/20 Adopted Budget. | -8.7%               | 0%                  | 3%                  | 3%                  | 3%                  |
| <b>Town Services</b>          | Current baseline set by FY 2019/20 Adopted Budget. | -7.3%               | 0%                  | 3%                  | 3%                  | 3%                  |
| <b>Fine &amp; Forfeitures</b> | Current baseline set by FY 2019/20 Adopted Budget. | Varies              | Varies              | Varies              | Varies              | Varies              |
| <b>Interest</b>               | Current baseline set by FY 2019/20 Adopted Budget. | 1%                  | 1%                  | 2%                  | 2%                  | 2%                  |
| <b>Other Sources</b>          | Current baseline set by FY 2019/20 Adopted Budget. | Varies              | Varies              | Varies              | Varies              | Varies              |

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 top step or one step below to step. Currently the Town has nine vacant positions and is actively recruiting eight of these positions. In the Five-Year Forecast, positions are forecasted at the actual rate of pay including salaries and benefits as of April 1, 2020 and rate is increasing in the actual anniversary date.

| Type of Expenditure         | FY 2020/21 Forecast                               | FY 2021/22 Forecast                               | FY 2022/23 Forecast                               | FY 2023/24 Forecast                               | FY 2024/25 Forecast                               | FY 2025/26 Forecast                               |
|-----------------------------|---|---|---|---|---|---|
| Salaries*                   | 1% increase & 2% Non-PERSable Cash Bonus          | 0%  | 0%  | 0%  | 0%  | 0%  |
| 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 estimates provided by each plan's most recent actuarial valuation received from CalPERS. The employer contribution rates illustrated below reflect percentages of covered payroll. All plans reflect estimates of increased contributions beginning in FY 2022/23 related to the current estimate of zero return on investments for FY 2019/20. Beginning in FY 2021/22, the estimates of employer contributions were credited with an anticipated reduction associated with the approximate \$4.8M 2016 unfunded amortization base paid off in October 2019 and the approximate \$3.7M 2015 unfunded amortization base expected to be paid off in early FY 2020/21.

| Type of Expenditure                                    | FY 2020/21 Budget  | FY 2021/22 Forecast | FY 2022/23 Forecast | FY 2023/24 Forecast | FY 2024/25 Forecast | FY 2025/26 Forecast |
|--|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Safety POA</b>                                      | 58.98%   | 67.67%              | 72.14%              | 75.91%              | 79.46%              | 81.56%              |
| <b>Safety Management POA</b>                           | 61.98%   | 66.67%              | 75.14%              | 78.91%              | 82.46%              | 84.56%              |
| <b>Safety POA - PEPRA</b>                              | 15.95%   | 15.99%              | 16.58%              | 17.14%              | 15.29%              | 15.71%              |
| <b>Miscellaneous TEA/Confidential/Management</b>       | 34.23%   | 31.59%              | 33.66%              | 35.46%              | 37.12%              | 35.50%              |
| <b>Miscellaneous TEA/Confidential/Management PEPRA</b> | 37.43%<br>Separate PEPRA rate for Miscellaneous has not been established yet by CalPERS. | 36.30%              | 36.30%              | 36.30%              | 42.43%              | 40.82%              |

\*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.

| FY 2025-26 5-Year Forecast<br>(in Thousands) | FY 2023-24<br>Actual | FY 2024-25<br>Estimated | FY 2025-26<br>Budgeted | FY 2026-27<br>Forecasted | FY 2027-28<br>Forecasted | FY 2028-29<br>Forecasted | FY 2029-30<br>Forecasted | FY 2030-31<br>Forecasted |
|--|----------------------|-------------------------|------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| <b>Revenues</b>                              |                      |                         |                        |                          |                          |                          |                          |                          |
| <b>Property Taxes</b>                        |                      |                         |                        |                          |                          |                          |                          |                          |
| >Property Tax                                | \$ 16,787            | \$ 17,376               | \$ 18,011              | \$ 18,961                | \$ 19,831                | \$ 20,744                | \$ 21,700                | \$ 22,703                |
| >ERAF  | 2,534                | 2,617                   | 3,220                  | 3,220                    | 3,220                    | 3,220                    | 3,220                    | 3,220                    |
| >VLF Backfill Property Tax                   | 4,906                | 5,109                   | 5,377                  | 5,688                    | 5,946                    | 6,237                    | 6,542                    | 6,863                    |
| <b>Total Property Tax</b>                    | <b>\$ 24,227</b>     | <b>\$ 25,102</b>        | <b>\$ 26,608</b>       | <b>\$ 27,869</b>         | <b>\$ 28,997</b>         | <b>\$ 30,201</b>         | <b>\$ 31,462</b>         | <b>\$ 32,786</b>         |
| <b>Sales Tax</b>                             |                      |                         |                        |                          |                          |                          |                          |                          |
| >Sales Tax *                                 | \$ 6,795             | \$ 6,419                | \$ 6,639               | \$ 6,767                 | \$ 6,913                 | \$ 7,050                 | \$ 7,170                 | \$ 7,275                 |
| >Measure G Sales Tax*                        | 1,277                | 1,243                   | 1,299                  | 1,337                    | 1,375                    | 1,414                    | 1,450                    | 1,484                    |
| <b>Total Sales Tax</b>                       | <b>\$ 8,072</b>      | <b>\$ 7,662</b>         | <b>\$ 7,938</b>        | <b>\$ 8,104</b>          | <b>\$ 8,288</b>          | <b>\$ 8,464</b>          | <b>\$ 8,620</b>          | <b>\$ 8,759</b>          |
| <b>Transient Occupancy Tax</b>               | <b>\$ 2,368</b>      | <b>\$ 2,332</b>         | <b>\$ 2,402</b>        | <b>\$ 2,402</b>          | <b>\$ 2,402</b>          | <b>\$ 2,402</b>          | <b>\$ 2,402</b>          | <b>\$ 2,402</b>          |
| <b>Other Taxes</b>                           | <b>\$ 5</b>          | <b>\$ 7</b>             | <b>\$ 7</b>            | <b>\$ 7</b>              | <b>\$ 7</b>              | <b>\$ 8</b>              | <b>\$ 8</b>              | <b>\$ 8</b>              |
| <b>Licenses and Permits</b>                  |                      |                         |                        |                          |                          |                          |                          |                          |
| >Planning & Building Permit Fees             | \$ 2,211             | \$ 2,936                | \$ 2,240               | \$ 2,307                 | \$ 2,376                 | \$ 2,448                 | \$ 2,521                 | \$ 2,597                 |
| >Business Licenses                           | 1,519                | 2,839                   | 2,384                  | 2,456                    | 2,529                    | 2,605                    | 2,683                    | 2,763                    |
| >Waste Hauler Encroachment Permit **         | 766                  | 2,298                   | 2,966                  | 2,966                    | 2,966                    | 2,966                    | 2,966                    | 2,966                    |
| >Engineering Permits                         | 199                  | 330                     | 338                    | 348                      | 359                      | 368                      | 380                      | 392                      |
| >Waste Hauler Admin and Tree Trimming Fees   | 508                  | 142                     | 142                    | 146                      | 150                      | 155                      | 160                      | 164                      |
| >Other                                       | 310                  | 389                     | 383                    | 394                      | 406                      | 418                      | 430                      | 443                      |
| <b>Total Licenses and Permits</b>            | <b>\$ 5,513</b>      | <b>\$ 8,934</b>         | <b>\$ 8,453</b>        | <b>\$ 8,617</b>          | <b>\$ 8,786</b>          | <b>\$ 8,960</b>          | <b>\$ 9,140</b>          | <b>\$ 9,325</b>          |
| <b>Intergovernmental</b>                     |                      |                         |                        |                          |                          |                          |                          |                          |
| >State                                       | \$ 1,073             | \$ 1,069                | \$ 772                 | \$ 1,033                 | \$ 1,066                 | \$ 1,077                 | \$ 1,087                 | \$ 1,095                 |
| >Federal                                     | 21                   | 20                      | 13                     | 8                        | 8                        | 8                        | 8                        | 8                        |
| >County                                      | 63                   | 114                     | 54                     | 0                        | 0                        | 0                        | 0                        | 0                        |
| <b>Total Intergovernmental</b>               | <b>\$ 1,157</b>      | <b>\$ 1,203</b>         | <b>\$ 839</b>          | <b>\$ 1,041</b>          | <b>\$ 1,074</b>          | <b>\$ 1,085</b>          | <b>\$ 1,095</b>          | <b>\$ 1,103</b>          |
| <b>Charges for Services</b>                  |                      |                         |                        |                          |                          |                          |                          |                          |
| >Special Monte Sereno Police Agreement       | \$ 1,071             | \$ 1,136                | \$ 1,425               | \$ 1,468                 | \$ 1,512                 | \$ 1,557                 | \$ 1,604                 | \$ 1,652                 |
| >Other PD Services                           | 364                  | 193                     | 238                    | 192                      | 193                      | 193                      | 195                      | 195                      |
| >Planning Fees                               | 838                  | 778                     | 779                    | 750                      | 773                      | 796                      | 820                      | 845                      |
| >Engineering Fees                            | 1,166                | 793                     | 1,018                  | 1,035                    | 1,063                    | 1,092                    | 1,122                    | 1,152                    |
| >Parks                                       | 62                   | 82                      | 92                     | 70                       | 72                       | 74                       | 76                       | 78                       |
| >General Plan                                | 692                  | 60                      | 200                    | 206                      | 212                      | 219                      | 225                      | 232                      |
| >Below Market Housing Program -Pass Through  | 285                  | 204                     | 155                    | 159                      | 165                      | 171                      | 177                      | 183                      |
| >Community Development - Pass Through        | 575                  | 573                     | 573                    | 533                      | 533                      | 533                      | 533                      | 533                      |
| >Parks and Public Works - Pass Through       | 455                  | 870                     | 785                    | 183                      | 183                      | 183                      | 183                      | 183                      |
| >Other                                       | 405                  | 293                     | 302                    | 235                      | 235                      | 237                      | 237                      | 239                      |
| <b>Total Charges for Services</b>            | <b>\$ 5,913</b>      | <b>\$ 4,982</b>         | <b>\$ 5,567</b>        | <b>\$ 4,831</b>          | <b>\$ 4,941</b>          | <b>\$ 5,055</b>          | <b>\$ 5,172</b>          | <b>\$ 5,292</b>          |
| <b>Fines and Forfeitures</b>                 | <b>\$ 481</b>        | <b>\$ 385</b>           | <b>\$ 315</b>          | <b>\$ 315</b>            | <b>\$ 311</b>            | <b>\$ 311</b>            | <b>\$ 320</b>            | <b>\$ 330</b>            |
| <b>Franchise Fees</b>                        |                      |                         |                        |                          |                          |                          |                          |                          |
| >Garbage franchise fee                       | \$ 1,493             | \$ -                    | \$ -                   | \$ -                     | \$ -                     | \$ -                     | \$ -                     | \$ -                     |
| >Other franchise fees                        | 1,054                | 1,013                   | 1,044                  | 1,075                    | 1,107                    | 1,141                    | 1,175                    | 1,210                    |
| <b>Total Franchise Fees</b>                  | <b>\$ 2,547</b>      | <b>\$ 1,013</b>         | <b>\$ 1,044</b>        | <b>\$ 1,075</b>          | <b>\$ 1,107</b>          | <b>\$ 1,141</b>          | <b>\$ 1,175</b>          | <b>\$ 1,210</b>          |
| <b>Interest</b>                              |                      |                         |                        |                          |                          |                          |                          |                          |
| >Investment Income                           | \$ 886               | \$ 1,427                | \$ 1,387               | \$ 1,550                 | \$ 1,478                 | \$ 1,217                 | \$ 1,099                 | \$ 1,483                 |
| >Pension Trust Earning                       | 101                  | 0                       | 0                      | 0                        | 0                        | 0                        | 0                        | 0                        |
| >Mark to Market - GASB 31                    | 1,712                | 0                       | 0                      | (500)                    | (500)                    | (500)                    | (500)                    | (500)                    |
| <b>Total Interest</b>                        | <b>\$ 2,699</b>      | <b>\$ 1,427</b>         | <b>\$ 1,387</b>        | <b>\$ 1,050</b>          | <b>\$ 978</b>            | <b>\$ 717</b>            | <b>\$ 599</b>            | <b>\$ 983</b>            |
| <b>Use of Property</b>                       | <b>\$ 35</b>         | <b>\$ 46</b>            | <b>\$ 46</b>           | <b>\$ 46</b>             | <b>\$ 46</b>             | <b>\$ 46</b>             | <b>\$ 46</b>             | <b>\$ 46</b>             |
| <b>Other</b>                                 | <b>\$ 516</b>        | <b>\$ 525</b>           | <b>\$ 233</b>          | <b>\$ 141</b>            | <b>\$ 143</b>            | <b>\$ 146</b>            | <b>\$ 148</b>            | <b>\$ 151</b>            |
| <b>Revenues without COPs</b>                 | <b>53,533</b>        | <b>53,618</b>           | <b>54,839</b>          | <b>55,498</b>            | <b>57,080</b>            | <b>58,536</b>            | <b>60,187</b>            | <b>62,395</b>            |
| <i>COP Lease (Eliminated in ACFR)</i>        | <i>\$ 1,895</i>      | <i>\$ 1,902</i>         | <i>\$ 1,902</i>        | <i>\$ 1,908</i>          | <i>\$ 1,916</i>          | <i>\$ 1,923</i>          | <i>\$ 668</i>            | <i>\$ 668</i>            |
| <b>Total Revenues</b>                        | <b>\$ 55,428</b>     | <b>\$ 55,520</b>        | <b>\$ 56,741</b>       | <b>\$ 57,406</b>         | <b>\$ 58,996</b>         | <b>\$ 60,459</b>         | <b>\$ 60,855</b>         | <b>\$ 63,063</b>         |
| <b>Operating Expenditures</b>                |                      |                         |                        |                          |                          |                          |                          |                          |
| Salaries and Wages                           | \$ 22,864            | \$ 24,147               | \$ 26,091              | \$ 27,459                | \$ 28,123                | \$ 28,737                | \$ 29,174                | \$ 29,918                |
| Retirement Benefits                          | 7,431                | 8,272                   | 9,907                  | 10,686                   | 11,371                   | 12,248                   | 12,390                   | 12,694                   |
| Other Employee Benefits                      | 4,275                | 4,879                   | 6,270                  | 6,288                    | 6,668                    | 6,972                    | 7,399                    | 6,972                    |
| 4.6% Vacancy Factor                          |                      |                         | (1,944)                | (2,044)                  | (2,124)                  | (2,206)                  | (2,252)                  | (2,281)                  |
| <b>Total Wages and Benefits</b>              | <b>\$ 34,570</b>     | <b>\$ 37,298</b>        | <b>\$ 40,324</b>       | <b>\$ 42,389</b>         | <b>\$ 44,038</b>         | <b>\$ 45,751</b>         | <b>\$ 46,711</b>         | <b>\$ 47,303</b>         |
| <b>Operating Expenditures</b>                | <b>\$ 14,012</b>     | <b>\$ 16,705</b>        | <b>\$ 17,360</b>       | <b>\$ 17,254</b>         | <b>\$ 17,810</b>         | <b>\$ 18,507</b>         | <b>\$ 18,985</b>         | <b>\$ 19,704</b>         |
| <b>Capital Outlay</b>                        | <b>\$ 708</b>        | <b>\$ 886</b>           | <b>\$ -</b>            | <b>\$ -</b>              | <b>\$ -</b>              | <b>\$ -</b>              | <b>\$ -</b>              | <b>\$ -</b>              |
| <b>Debt Service</b>                          |                      |                         |                        |                          |                          |                          |                          |                          |
| >Principal                                   | \$ 225               | \$ 156                  | \$ 156                 | \$ 156                   | \$ 156                   | \$ 156                   | \$ 156                   | \$ 156                   |
| >Interest and Fees                           | 4                    | 0                       | 0                      | 0                        | 0                        | 0                        | 0                        | 0                        |
| <b>Expenditures without COPs</b>             | <b>\$ 49,519</b>     | <b>\$ 55,045</b>        | <b>\$ 57,840</b>       | <b>\$ 59,799</b>         | <b>\$ 62,004</b>         | <b>\$ 64,414</b>         | <b>\$ 65,852</b>         | <b>\$ 67,163</b>         |
| <i>COP Lease Transfer (Eliminated in FS)</i> | <i>1,895</i>         | <i>1,902</i>            | <i>1,902</i>           | <i>1,908</i>             | <i>1,916</i>             | <i>1,923</i>             | <i>668</i>               | <i>668</i>               |
| <b>Total Expenditures</b>                    | <b>\$ 51,414</b>     | <b>\$ 56,947</b>        | <b>\$ 59,742</b>       | <b>\$ 61,707</b>         | <b>\$ 63,920</b>         | <b>\$ 66,337</b>         | <b>\$ 66,520</b>         | <b>\$ 67,831</b>         |
| <b>Excess (Deficiency) of Revenues</b>       | <b>4,014</b>         | <b>(1,428)</b>          | <b>(3,001)</b>         | <b>(4,301)</b>           | <b>(4,924)</b>           | <b>(5,878)</b>           | <b>(5,665)</b>           | <b>(4,768)</b>           |
| <b>Other Financing Sources (Uses)</b>        |                      |                         |                        |                          |                          |                          |                          |                          |
| >Subscriptions                               | \$ 707               | \$ -                    | \$ -                   | \$ -                     | \$ -                     | \$ -                     | \$ -                     | \$ -                     |
| >Sale of capital assets                      | 0                    | 822                     | 1                      | 1                        | 1                        | 1                        | 1                        | 1                        |
| >Transfers In                                | 2,333                | 1,849                   | 2,169                  | 2,251                    | 2,287                    | 2,322                    | 2,356                    | 2,382                    |
| >Transfers (out)                             | (5,520)              | (3,118)                 | (1,607)                | (1,689)                  | (1,725)                  | (1,760)                  | (1,794)                  | (1,820)                  |
| <b>Total Other Financing Sources (Uses)</b>  | <b>(2,480)</b>       | <b>(447)</b>            | <b>563</b>             | <b>563</b>               | <b>563</b>               | <b>563</b>               | <b>563</b>               | <b>563</b>               |
| <b>Net Change In Fund Balances</b>           | <b>1,534</b>         | <b>(1,875)</b>          | <b>(2,438)</b>         | <b>(3,738)</b>           | <b>(4,361)</b>           | <b>(5,315)</b>           | <b>(5,102)</b>           | <b>(4,205)</b>           |
| <b>Beginning Fund Balance</b>                | <b>29,528</b>        | <b>31,062</b>           | <b>29,188</b>          | <b>26,750</b>            | <b>23,012</b>            | <b>18,651</b>            | <b>13,336</b>            | <b>8,234</b>             |
| <b>Ending Fund Balance</b>                   | <b>\$ 31,062</b>     | <b>\$ 29,188</b>        | <b>\$ 26,750</b>       | <b>\$ 23,012</b>         | <b>\$ 18,651</b>         | <b>\$ 13,336</b>         | <b>\$ 8,234</b>          | <b>\$ 4,029</b>          |

\* MuniServices/Avenu 4/22/2025 Report (Estimated \$131,490 Sales Tax, and \$31,269 Measure G Sales Tax increase in FY 2025-26)  
\*\* Increased Encrachment Fee Based on New Proposed WasheHauler Rate (Estimated \$668,000 increase in FY 2025-26)