

**SPECIAL MEETING OF THE TOWN COUNCIL AGENDA  
MARCH 16, 2026  
TOWN COUNCIL CHAMBERS, 110 EAST MAIN STREET,  
LOS GATOS, CA 95030  
APPROXIMATELY 7:00 PM  
FOLLOWING THE JOINT MEETING OF THE  
TOWN COUNCIL AND FINANCE COMMISSION**

*Rob Moore, Mayor  
Maria Ristow, Vice Mayor  
Mary Badame, Council Member  
Matthew Hudes, Council Member  
Rob Rennie, Council Member*

**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). You may watch the Council meeting without providing public comment on Comcast cable channel 15 or at [www.LosGatosCA.gov/TownYouTube](http://www.LosGatosCA.gov/TownYouTube). Members of the public may provide public comments for agenda items in-person or virtually by following the instructions listed at the end of the agenda.

**To watch and participate via Zoom, please go to:**

<https://losgatosca-gov.zoom.us/j/85488322698?pwd=7Sq4eCaTO82GZSxVmc2bKaNicYDDOu.1>

Enter Passcode: 652669

**CALL MEETING TO ORDER**

**ROLL CALL**

**VERBAL COMMUNICATIONS** *(Members of the public are welcome to address the Town Council only on matters listed on the agenda. Town resources may not be used to facilitate audio or visual presentations. Each speaker is limited to no more than three (3) minutes or such time as authorized by the Mayor.)*

**OTHER BUSINESS** *(Each speaker is limited to no more than three (3) minutes or such time as authorized by the Mayor.)*

**1. Discuss and Provide Direction on Potential Revenue Options.**

**RECOMMENDATION:** Provide Direction to Staff on Proceeding with Revenue Options Presented at the Joint Meeting of Town Council and Finance Commission.

**ADJOURNMENT** *(Council policy is to adjourn no later than midnight unless a majority of Council votes for an extension of time.)*

**ADA NOTICE** - In compliance with the Americans with Disabilities Act, if you require special assistance to participate in this meeting, please contact the Clerk's Office at (408) 354-6834. Please notify the Clerk's Office at least two (2) business days prior to the meeting so that reasonable arrangements can be made to ensure accessibility in compliance with 28 CFR §35.102-35.104 and related provisions.

**NOTICE REGARDING SUPPLEMENTAL MATERIALS** - Materials related to an item on this agenda submitted to the Town Council 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 the Town's website at [www.losgatosca.gov](http://www.losgatosca.gov). Town Council agendas and related materials can be viewed online at <https://losgatos-ca.municodemeetings.com/>.

### 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.gov.zoom.us/j/85488322698?pwd=7Sq4eCaTO82GZSxVmc2bKaNicYDDOu.1>  
Passcode: 652669. You can also type in 854 8832 2698 in the "Join a Meeting" page on the Zoom website at [zoom.us](http://zoom.us) and use passcode 652669. 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 1 (855) 758-1310 for US Toll-free or 1 (408) 961-3927 for US Toll. (Meeting ID: 854 8832 2698). If you are participating by calling in, press \*9 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 Mayor announces the item for which you wish to speak.

**NOTES:** Comments will be limited to three (3) minutes or less at the Mayor's discretion.

If you are unable to participate in real-time, you may email [Clerk@losgatosca.gov](mailto:Clerk@losgatosca.gov) with the subject line "Public Comment Item #\_\_" (insert the item number relevant to your comment).

Deadlines to submit written comments are:

- 3:00 p.m. the business day before the Council meeting for inclusion in an addendum.
- 11:00 a.m. on the day of the Council meeting for inclusion in a desk item.



**TOWN OF LOS GATOS  
COUNCIL AGENDA REPORT**

MEETING DATE: 03/16/2026

ITEM NO. 1.

ITEM NO: 1

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DATE: March 12, 2026  
TO: Mayor and Town Council  
FROM: Chris Constantin, Town Manager  
SUBJECT: **Discuss and Provide Direction on Potential Revenue Options**

**RECOMMENDATION:** Provide Direction to Staff on Proceeding with Revenue Options Presented at the Joint Meeting of Town Council and Finance Commission

**FISCAL IMPACT:**

There is no direct fiscal impact associated with this item. Potential fiscal impacts would result from future Town Council actions related to revenue measures or associated professional services, as described in the Town Council staff report included as Attachment 1.

**STRATEGIC PRIORITY:**

This item relates directly to the Town’s adopted 2025–2027 Strategic Priority of ensuring prudent financial management, including structurally balanced multi-year forecasts, sustainable service delivery, and adequately funded capital improvement and deferred maintenance programs.

**BACKGROUND:**

January 20, 2026, and Council approved preserving revenue options and not committing to a tax. In addition, Council authorized staff to engage with fiscal and legislative consultants and provided a budget adjustment to secure these services. Staff subsequently engaged Townsend Public Affairs to support pursuing legislative authority for additional sales tax bandwidth and Urban Futures Inc (UFI) to complete fiscal analysis on a variety of revenue options as shown in the attached presentation (attachment 1).

**PREPARED BY:** Kristina Alfaro  
Administrative Services Director

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Reviewed by: Town Manager, Assistant Town Manager, and Town Attorney

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SUBJECT: Potential Revenue Options

DATE: March 12, 2026

On March 16, 2026, the Town Council held a joint meeting with the Finance Commission to receive the revenue options presentation from UFI. The Finance Commission provided feedback to the Council.

DISCUSSION:

After receiving the presentation (Attachment 1) and the feedback from the Finance Commission, staff are requesting direction for how to proceed regarding revenue options. In particular, it would be helpful to receive Council direction on the following:

- Which of these options are more appealing to the Council? This will help focus efforts moving forward.
- Would the Council like staff to continue to proceed with preserving revenue options but postponing a decision until fiscal analysis work by NHA Advisors is complete?
- Is there any additional analysis or research that the Council would like to see?

CONCLUSION:

While the Town is able to pass balanced budgets using reserves in the near-term, current trends, including projected operating deficits, rising personnel costs, and significant unfunded capital and wildfire needs, show that the existing revenue structure will not sustain desired service levels over time. Continuing to proceed with a revenue option or additional research for revenue measures allows the Council to preserve options, rather than waiting until a structural crisis forces abrupt cuts or rushed measures.

ENVIRONMENTAL ASSESSMENT:

This is not a project defined under CEQA, and no further action is required.

Attachments:

1. Presentation
2. Draft FY 2026-27 Forecast with Forecast History

# TOWN OF LOS GATOS

## TAX REVENUE ANALYSIS

March 16, 2026



# Presentation Outline



<b>Summary of Town Operating &amp; Capital Needs</b>	<b>3</b>
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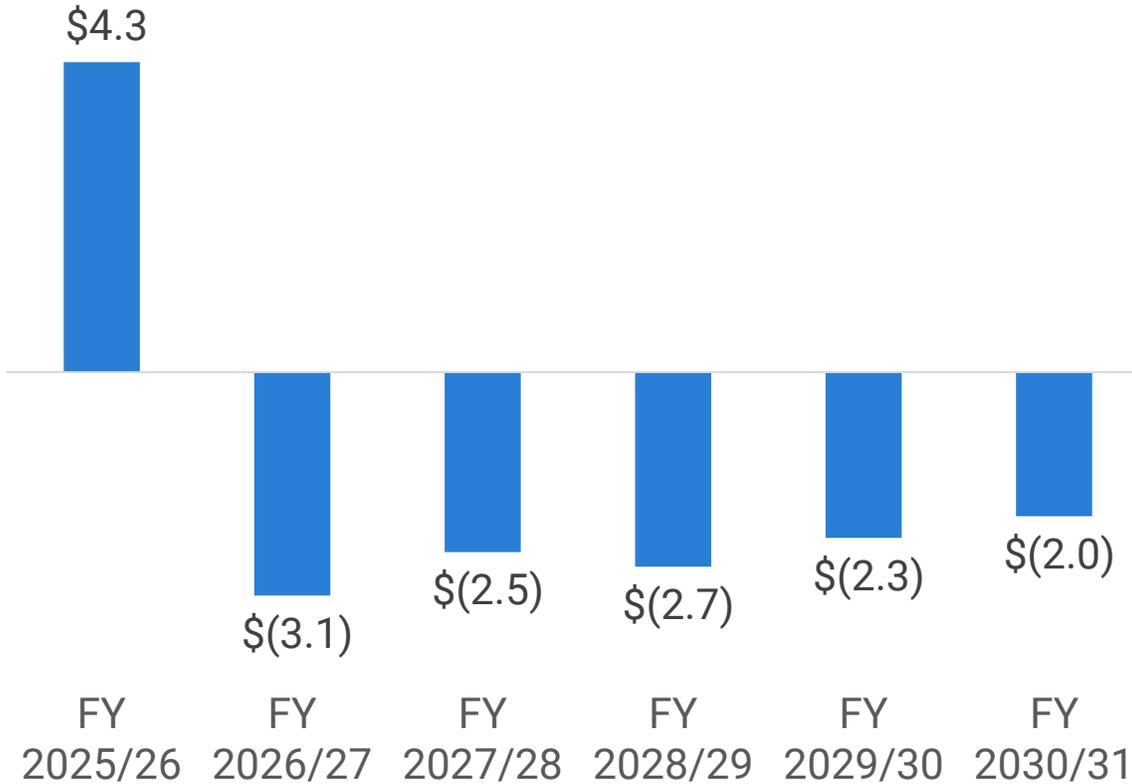


# Operating Deficit and Unfunded Capital Improvement Projects

ITEM NO. 1.

5 Year Forecast as of February 6, 2025

■ Estimated Fund Balance (Use of)



## UNFUNDED NEEDS (in millions)

CATEGORY	DESCRIPTION	EST COST 2025 DOLLARS
STREETS AND ROADS	PAVEMENT AND INFRASTRUCTURE	\$172.7M
PUBLIC SAFETY	NEW POLIC OPS BUILDING AND EOC	\$50.4M to \$66.0M
TOWN FACILITIES	BUILDING MAINTENANCE, REPAIRS, CAPITAL	\$22.7M
PARKS AND ASSETS	PARKS DEFERRED MAINTENANCE	\$29.3M
PARK REHABILITATION	SOCCER FILED TURF REHAB	~\$2.5M
WILDFIRE	CRITICAL INFRASTRUCTURE	\$6M TO \$11M
WILDFIRE OPERATIONS	COMPREHENSIVE WILDFIRE PROGRAM	\$2.1M TO \$3M
<b>TOTAL</b>		<b>\$285.7M TO \$307.2M</b>

# Tax Revenue Options & Analysis



## 1. Adequacy & Certainty (volatility)

- Sustainably generates annual needed revenue.
- Not subject to significant variation (low volatility).

## 2. Equity (who bears tax burden) & Competitiveness

- Fiscal burden appropriately spread.
- Proportionate to surrounding communities.
- Does not highly skew economic incentives.

## 3. Transparency & Voter Approval

- Easy to find information on the revenue/tax structure and understand how it operates.
- Likelihood of voter approval.

## 4. Simplicity

- Does not require multiple ballot measures (voter confusion and fatigue).
- Not highly burdensome, costly or complicated to administer (by Town or payors).



# General Fund Tax Revenue Options

ITEM NO. 1.

*Based on the need to find new revenue to cover operational gap and fund new capital, several revenue generation and capital financing options were reviewed to determine how best to align them with the Town's Goals*

## Recommended

- **Consider Transactions and Use Tax (TUT) or Parcel Tax for Operating Deficit**
- **Consider General Obligation Bond for Capital Projects**

## Not recommended at this time or recommended for further study.

- **Utility User Tax** – The voter approval in the state for this type of tax is low and considered regressive.
- **Transaction and Occupancy Tax** – Tax rate is currently at 12%; increasing the rate to generate adequate revenue would place the Town significantly beyond rates in surrounding communities.
- **Vacancy Tax** – Challenging to estimate and implement; more effective for disincentivizing vacancy rather than filling operating deficit.
- **Benefit Assessment** – Levied on real property to fund specific public improvements or expanded/new public services benefiting the properties assessed but cannot be used for funding current operating costs; consider studying for lighting and landscaping and/or storm drains.



# Transaction and Use Tax (TUT)



## Basics of a TUT

- Functionally similar to state Sales Tax – tax on sale or use of goods – but based on point of receipt or use (not point of sale).
- Excludes “Necessities of Life” including most food products and medicines. Value of these exemptions in 2024 was equivalent to 56% of total sales tax collected. For individuals and families, exemption shifts incident of tax burden more towards controllable or discretionary goods and items.
- State law requires supermajority approval by city council (2/3 vote) to place TUT measure on ballot
  - 50% + 1 voter approval for general purpose
  - 2/3rds voter approval for special purpose

Los Gatos	9.875%*	Expires
<b>State Sales Tax</b>	<b>6.00%</b>	--
<b>Bradley-Burns Local Share</b>	<b>1.25%</b>	--
<b>Local/Regional TUT (2.0% total cap)</b>		
San Clara County Transit District (1976) – Measure A	0.50%	--
San Clara County VTA (2000) – Measure A	0.50%	2036
Santa Clara VTA BART Operations & Maintenance TUT (2008)	0.125%	2042
Santa Clara County Retail TUT (2013)	0.125%	--
Silicon Valley Transportation Solutions Tax (2016) – Measure B	0.50%	2047
<b>Los Gatos TUT (2018) – Measure G</b>	<b>0.125%</b>	<b>2038</b>
<b>Special Legislation</b>		
Peninsula Corridor JPA Retail Transactions and Use Tax (2021)	0.125%	2051
<b>County Temporary Measure*</b>		
Santa Clara County Measure A (2025)	0.625%*	2031

\*Effective April 2026.



# Transaction & Use Tax (TUT)

## Los Gatos Current Rate – 9.875%\*

### Special Considerations

- Under the state 2.0% “cap” on local TUTs, Los Gatos can only add 0.125% to its TUT, state legislature must authorize any additional TUT by special legislation. Town Council has given direction to pursue legislative authorization.
- Senate Bill 63 authorized 0.50% sales tax measure for transit (BART) on the Nov. 2026 ballot (in five Bay Area counties).

**Estimated Additional TUT Annual Revenue @ 0.50% tax rate = \$5.3 million annually beginning in 4Q FY 2027.**

- Total New Rate = 10.375%\*

### Voter approval rates of new or increased TUTs for general purposes (majority vote) in California

- 80% for 2024 Election (63 of 79)
- 73% for 2022 Election (30 of 41)
- 74% for 2020 Election (65 of 88)

City/Area	Current Rate
<b>Santa Clara Countywide</b>	<b>9.75%*</b>
Campbell	10.5%*
<b>Los Gatos</b>	<b>9.875%*</b>
Milpitas	10.0%*
San Jose	10.0%*
<b>Santa Cruz Countywide</b>	<b>8.50%</b>
Capitola	9.25%
Santa Cruz	9.75%
Santa Cruz (unincorporated)	9.50%
Scotts Valley	9.75%
Watsonville	9.75%
<b>San Mateo County</b>	<b>9.375 to 9.875%</b>
<b>San Francisco County</b>	<b>8.625%</b>
<b>Alameda County</b>	<b>10.25 to 10.75%</b>
<b>Contra Costa County</b>	<b>9.25 to 10.25%</b>

*\*Rates effective as of April 2026 to include Santa Clara County 2025 Measure A (0.625%).*



# Transaction & Use Tax (TUT)

## ➤ Pros:

- ✓ **Voter Approval.** TUT measures in last three election cycles (2020, 2022, and 2024) have high approval rates (74%, 73%, and 80% respectively) despite economic volatility due to Covid-19 pandemic and recent high inflation.
- ✓ **Adequacy & Certainty.** Estimated annual revenues with expected growth at or above estimated inflation.
- ✓ **Equity.** Tax burden spread across businesses, residents, and visitors.

## ➤ Cons:

- **Certainty (volatility).** Sales tax is more volatile (elastic) than UUT or parcel tax because generally correlates with overall economic trends.
- **Competitiveness.** Additional 0.50% TUT puts Town at 10.375% total sales tax rate, placing it above all other cities on peninsula side of the Bay Area except Campbell.
- **Special Considerations.** For 0.50% TUT, requires state legislature to enact special legislation authorizing an additional 0.375% TUT.



## Basics of Parcel Tax

- Non-ad valorem (non-value based) tax levied on parcels of property.
- Methodology: Either a fixed/flat amount per-parcel or a fixed rate depending on the size, use, or number of units on the parcel.
  - Can establish different amount/rate based on property use but must be applied uniformly and roughly proportional to demand for service.
- Can include inflationary index.
- Parcel taxes are considered special taxes requiring 2/3 voter approval (Govt. Code s. 50077).

## Statewide Facts - Parcel Tax

- Since 2010, largest percentage of all approved parcel taxes (42%) are for schools (251 of 600 measures).
- Since 2010, 67% of proposed city parcel taxes were approved (118 of 176 measures).
- Because 2/3 vote required to approve city parcel tax, almost all restrict tax revenues to specified purpose; less than 4% are for general municipal funding.
- Most common methodology: flat rate per parcel.



## No Current Parcel Taxes in Los Gatos

### Parcel tax measures in Santa Clara & San Mateo counties (2/3 vote)

- Since 2008, 20 non-school parcel taxes on ballot with 80% approved (16 of 20).
  - All for special purposes: libraries, roads, police/fire, water, and open space.
- Since 2018, 40 school parcel taxes on ballot with 73% approved (29 of 40).

City/Area	Rate/yr.*
<b>San Mateo County</b>	
Hillsborough – Public Safety	\$570/\$218 parcel
E. Palo Alto – Office Space	\$2.50 per sf
Portola Valley – Roads	\$950 parcel
Highlands CSA – Police & Fire	\$65 parcel
Atherton – Police	\$750 parcel**
<b>Santa Clara County</b>	
Santa Clara - Libraries	\$34 parcel
Santa Clara – Open Space	\$24 parcel
San Jose – Libraries	\$30 parcel
North County - Libraries	\$76 parcel
County Library JPA	\$17 or \$34 unit
Santa Clara Water Dist.	\$0.006 per sf
El Matador - Roads	\$350-\$750 parcel

\*Rates as of April 2025.

\*\*Not renewed in 2017.



# Parcel Tax



## Estimated Annual Revenue – Alternative Structures

FIXED/FLAT AMOUNT PER PARCEL				
Parcel Type		# of Parcels <sup>1</sup>	Per Parcel Tax	Est. Annual Rev.
Condominiums <sup>2</sup>		2,413	\$ 445.00	\$ 1,073,781
Single-Family Residential (SFR)		7,606	\$ 445.00	3,384,656
Other Residential		444	\$ 445.00	197,579
Commerical/Industrial/Other		602	\$ 445.00	267,889
Vacant & Agricultural		171	\$ 445.00	76,095
	<b>TOTAL</b>	<b>11,236</b>		<b>\$ 5,000,000</b>

PARCEL SIZE - CUSTOM TIERED AMOUNTS					
Tier Label	Max. Parcel Size (in SF)	# of Parcels <sup>1</sup>	Tax Amount	Median AV	Est. Annual Rev.
Under 1/4 acre	10,890	7,723	\$250	\$ 1,137,440	\$ 1,930,750
1/4 to 1/2 acre	21,780	2,036	\$500	1,838,744	1,018,000
1/2 to 1 acre	43,560	686	\$750	2,434,129	514,500
1 to 2 acres	87,120	481	\$1,500	2,589,437	721,500
Over 2 acres		310	\$3,000	3,126,053	930,000
	<b>TOTALS</b>	<b>11,236</b>			<b>\$ 5,114,750</b>



# Parcel Tax



## Estimated Annual Revenue – Alternative Structures (cont.)

PARCEL SIZE - FIXED RATE PER SQUARE FOOT (SF) @ \$ 0.060 PER SF WITH CAP OF \$750							
Parcel Type	Avg. Parcel Size	# of Parcels <sup>1</sup>	# Parcels Capped	Median Tax	Median AV	Est. Annual Rev.	
Condominiums <sup>2</sup>	1,734	2,413	0	\$ 105	\$ 881,264	\$ 248,869	
SFR - 5,000 sf & less	3,372	469	0	209	1,570,627	94,900	
SFR - 5,000 sf to 1/4-acre	8,191	4,452	0	497	1,339,590	2,187,949	
SFR - 1/4 to 1/2-acre	14,837	1,561	0	750	1,915,761	1,148,378	
SFR - 1/2 to 1-acre	32,408	556	0	750	2,368,093	417,000	
SFR - Over 1-acre	103,782	568	0	750	2,772,363	426,000	
Other Residential	15,915	444	0	523	1,127,775	245,944	
Commerical/Industrial/Other	34,575	602	0	601	1,513,113	298,780	
Agricultural & Vacant - 1/2 acre or less <sup>3</sup>	11,446	78	0	25	269,056	1,950	
Agricultural & Vacant - 1/2 to 1 acre <sup>3</sup>	30,789	20	0	50	308,203	1,000	
Agricultural & Vacant - Over 1 acre <sup>3</sup>	228,827	73	0	100	470,000	7,300	
<b>TOTAL</b>		<b>11,236</b>	<b>0</b>			<b>\$ 5,078,071</b>	

(1) Excludes parcels owned by public entities, public utilities, exempt entities, vacant parcels under 5,000 sf, private streets, and parcels zoned as "forest and brush lands."

(2) Includes condominiums and mobile homes.

(3) For parcels zoned agricultural and vacant parcels over 5,000, flat tax amount of \$50 per 1/2-acre with cap of \$150.



➤ **Pros:**

- ✓ **Certainty.** Parcel tax revenue not impacted by overall economic trends (non-ad valorem) and inflationary index (if included) can help revenues keep pace with rising expenses.
- ✓ **Equity.** Parcel tax provides some flexibility in designing tax structure (such as square foot rate) to help mitigate inequity/regressive nature of a flat amount. But given the Town's diversity of land uses and wide range of parcel sizes, important to consider incorporating a cap, targeted exemptions, and flat rates for some uses/parcel types.
- ✓ **Voter Approval.** Voter approval for non-school parcel taxes has been strong (80%). Almost all have been designated for special purposes (public safety, roads, libraries, etc.).

➤ **Cons:**

- **Voter Approval.** State law requires 2/3 approval by electorate.
- **Competitiveness.** Parcel tax set at 6 cents per sf with a cap of \$750 would be towards the upper end of parcel tax amounts in surrounding communities.



## What is a Benefit Assessment?

- **Definition.** A charge levied on real property to fund specific public improvements or expanded/new public services benefiting the properties assessed. Not for funding current operating costs.
- **Methodology.** Town develops a total assessment amount based on the cost of the improvements or expanded/new services. An Engineer's Report is required to determine the benefitted properties and allocate the total assessment based on each property's proportionate share of the "special benefit."
- **Voter Approval.** A special assessment is approved through the Proposition 218 process.
  - Ballots mailed to each assessed parcel owner.
  - Weighted protest vote.

## Examples of Benefit Assessments:

- New fire prevention or mitigation services (e.g., brush removal).
- New open space acquisition or restoration.
- Storm water system construction or expansion.



# Capital Financing Options



# Overview of General Infrastructure Funding Alternatives

**Stand-Alone  
Bond  
Authority**

————— **Leverage through General Fund** —————

	<b>Property Tax (GO Election)</b>	<b>Transaction and Use Tax (TUT)</b>	<b>Parcel Tax</b>	<b>Utility Users Tax (UUT)</b>
<b>Who Votes</b>	Registered voters (citywide)	Registered voters (citywide)	Registered voters (citywide)	Registered voters (citywide)
<b>Voting For</b>	Bonding authorization	Tax rate percent	Fixed charge	Tax rate percent
<b>General/ Special Tax</b>	Special	Either	Special	Either
<b>Collection Method</b>	County property tax bill	Point of receipt or use	County property tax bill	Utility bill
<b>Types of Bonds</b>	<b>GO Bonds</b>	<b>Lease Revenue Bonds</b>	<b>Lease Revenue Bonds</b>	<b>Lease Revenue Bonds</b>



# General Fund Revenues → Lease Revenue Bonds

ITEM NO. 1.

- **Overview**

- Issuer covenants to appropriate annual lease payments from the general fund
- If lease payments are not made, trustee has right/obligation to enter and re-let designated asset

- **Advantages**

- Not subject to the constitutional debt limits per lease exception
- No voter approval required for the issuance of bonds; Town Council majority vote
- Can be completed quickly in as little as 60 days

- **Disadvantages**

- Requires unencumbered leasable asset(s) valued as least as much as the bond issue
- Lease payments (debt service) competes with other general fund expenditures –i.e., police, fire, services, etc.

- **Leverage**

- All general fund revenues are pledged, although sizing is often based on amount available from a particular revenue source

- **When Used?**

- Typically for general infrastructure projects benefitting the Town

**Based on today's market, assuming an AA category rating and 30-year Lease Revenue Bonds, and assuming the Town earmarks approximately \$6.1 million annually for debt service payments, the Town could generate approximately \$100\* million in proceeds**

*\*Preliminary, subject to change based on rating, market conditions, and other factors*



# Property Tax Override → General Obligation Bonds

ITEM NO. 1.

- **Overview**

- Annual tax levied on property tax roll in proportion to property's assessed valuation
- Requires approval by 2/3<sup>rd</sup> of town voters voting in an election
- Voters approve bond authorization and use of proceeds, not tax rate or annual payment

- **Advantages**

- Broad-based tax support for public improvements
- Lowest bond interest cost due to ad valorem security and unlimited tax pledge
- Shifts burden to higher valued properties, including non-residential

- **Disadvantages**

- *Revenues can only be used to repay debt; cannot be used to operate/maintain facilities*
- No ability to differentiate among types of property or target different parts of the town
- Must establish max bond authorization; no flexibility to increase if project costs rise

- **Leverage**

- GO Bonds

- **When Used?**

- Typically for projects with broad political support – varies by community



# General Obligation (GO) Bonds Election Results

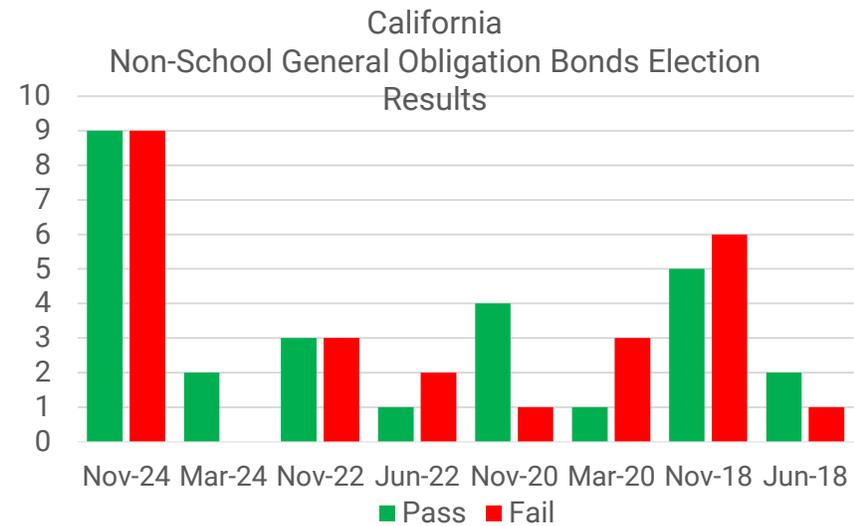
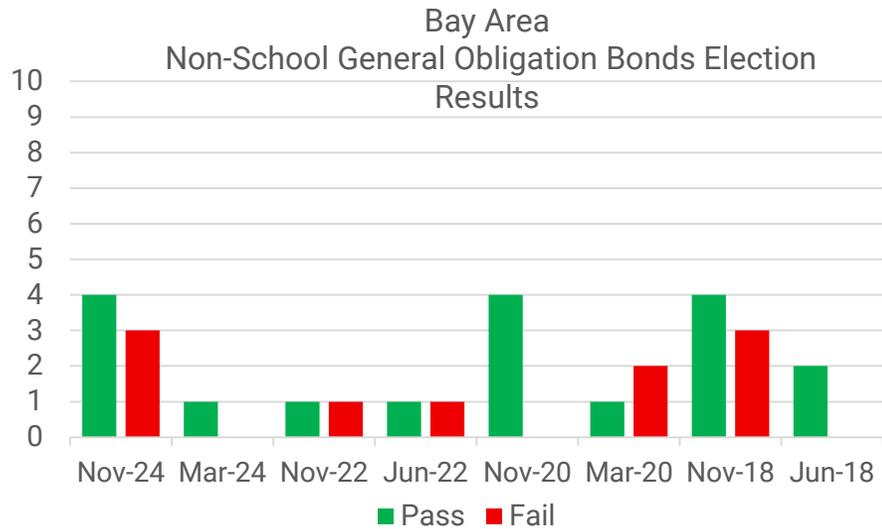
ITEM NO. 1.

## Non-School GO Bonds in Bay Area Election Results (2018-2024)

	<u>Pass</u>	<u>Pass Rate</u>	<u>Fail</u>	<u>Total</u>
2024	5	63%	3	8
2022	2	50%	2	4
2020	5	71%	2	7
2018	6	67%	3	9
<b>Totals</b>	<b>18</b>	<b>64%</b>	<b>10</b>	<b>28</b>

## Non-School GO Bonds in California Election Results (2018-2024)

	<u>Pass</u>	<u>Pass Rate</u>	<u>Fail</u>	<u>Total</u>
2024	11	55%	9	20
2022	4	44%	5	9
2020	5	56%	4	9
2018	7	50%	7	14
<b>Totals</b>	<b>27</b>	<b>52%</b>	<b>25</b>	<b>52</b>





# Town Assessed Value History

Town of Los Gatos Historical Assessed Value		
Fiscal Year Ending	Total Value	% Change
2017	\$10,634,839,902	8.56%
2018	\$11,544,997,211	6.53%
2019	\$12,299,405,758	6.95%
2020	\$13,154,189,846	5.23%
2021	\$13,842,193,548	7.70%
2022	\$14,908,440,364	4.37%
2023	\$15,560,344,483	7.72%
2024	\$16,762,300,891	7.72%
2025	\$18,056,023,227	4.15%
2026	\$19,905,458,672	5.85%
<b>Average</b>		<b>6.48%</b>

Source: County Assessor, Urban Analytics, LLC

- Town’s 2025-26 assessed value is approximately \$19.9 billion; ten-year average assessed value growth rate is 6.48%



# General Obligation (GO) Bonds

Town of Los Gatos Bond Proceeds at Varying Tax Rates*				
Tax Rate per \$100,000 AV	Series A 2027	Series B 2029	Series C 2031	Total Bond Proceeds
\$18.00	\$33,705,000	\$31,440,000	\$34,910,000	\$100,055,000
\$27.00	\$50,555,000	\$47,160,000	\$52,365,000	\$150,080,000
\$36.00	\$67,410,000	\$62,880,000	\$69,820,000	\$200,110,000
\$45.00	\$84,260,000	\$78,600,000	\$87,275,000	\$250,135,000
\$54.00	\$101,115,000	\$94,320,000	\$104,730,000	\$300,165,000

\* Assumes assessed value growth of 3% and 30-year bond terms; Preliminary and subject to change

Source: UFI

- With projected annual assessed value growth of 3.0%, the Town of Los Gatos can generate up to \$300 million for capital projects
- Depending on tax rate selected and assessed value assumptions, the Town can generate significant proceeds



# General Obligation (GO) Bonds

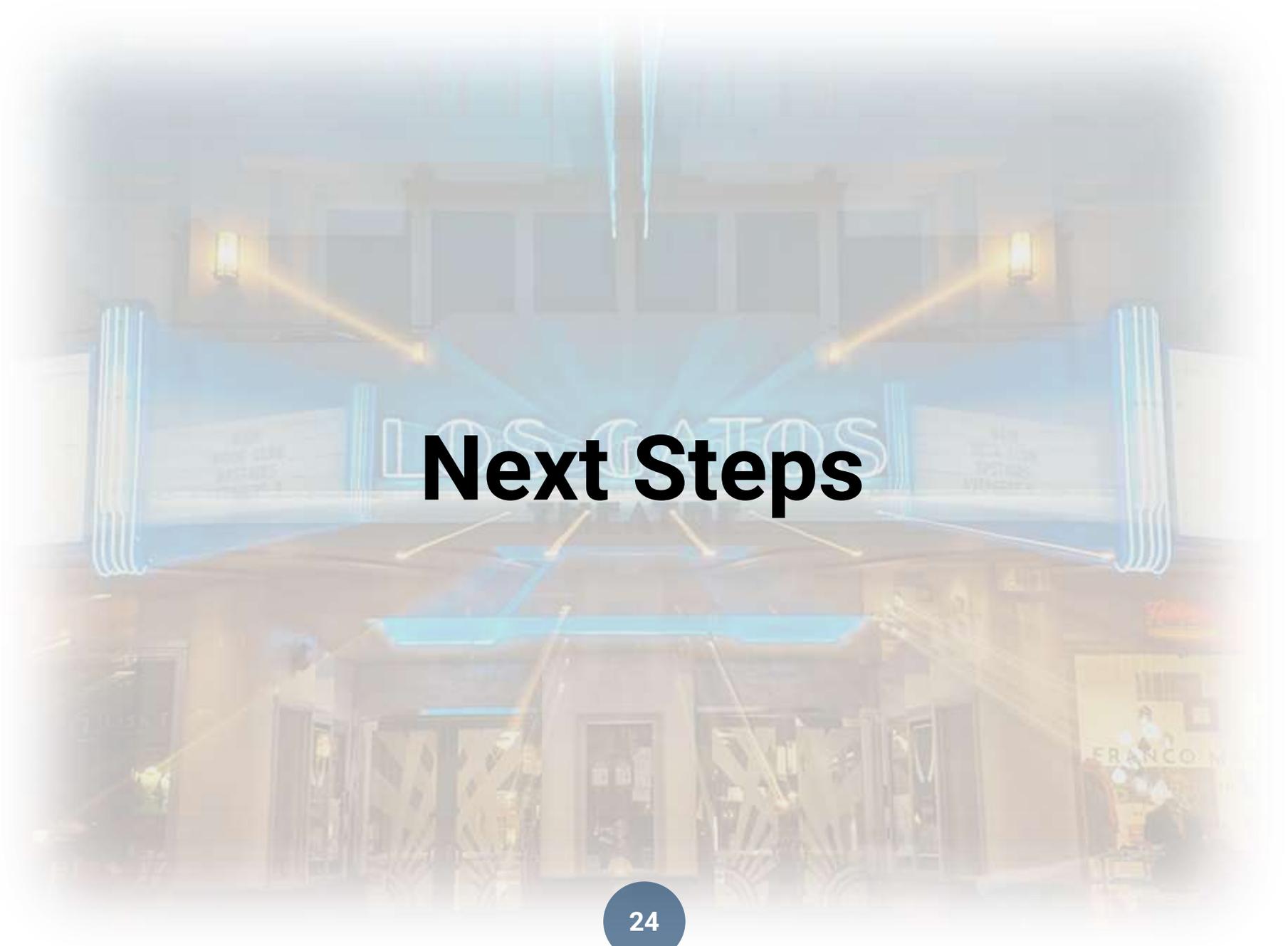


Median Assessed Value (AV) for Single-Family Residence in Los Gatos:

**\$1,569,904\***

	Calculation	Estimated FY26 Tax Levy
\$18 per \$100,000 AV	$\$1,569,904 / \$100,000 \times \$18 =$	\$ 282.58
\$27 per \$100,000 AV	$\$1,569,904 / \$100,000 \times \$27 =$	\$ 423.87
\$36 per \$100,000 AV	$\$1,569,904 / \$100,000 \times \$36 =$	\$ 565.17
\$45 per \$100,000 AV	$\$1,569,904 / \$100,000 \times \$45 =$	\$ 706.46
\$54 per \$100,000 AV	$\$1,569,904 / \$100,000 \times \$54 =$	\$ 847.75

\*Median Assessed Value based on FY 25-26 Assessed Valuations for Los Gatos



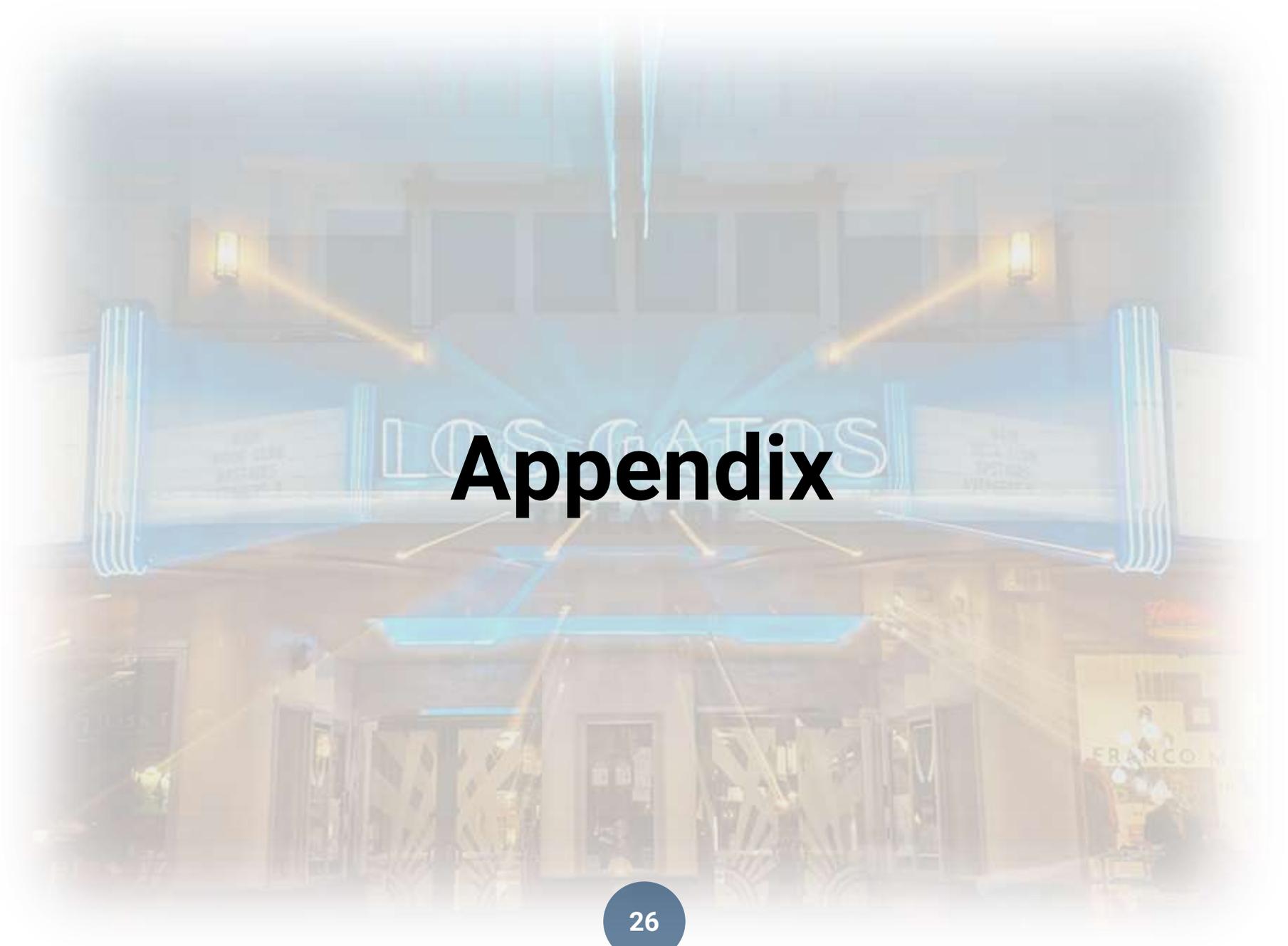
# Next Steps



# November 2026 Ballot Measure – Potential Timeline

ITEM NO. 1.

Dates	Task
April to June 2026	Staff develops options for revenue measure based on community input and opinion research, Council input, and other relevant considerations.
June 2026	<b>Council decision on appropriate revenue measure and direction for staff to prepare ballot measure language and required resolutions.</b>
July 7, 2026	Last regularly scheduled meeting of Council for Introduction/First Reading of revenue measure ordinance.
July 21, 2026	Last regularly scheduled meeting of Council for Second Reading/Adoption of revenue measure ordinance and approval of resolution for consolidated election.
August 7, 2026	<b>Deadline for Town submission of ballot measure to Registrar of Voters.</b>
August 18, 2026	Deadline for Town’s submittal of impartial analysis of ballot measure to Registrar of Voters.
November 3, 2026	Election Day.



# Appendix



## Basics of UUT

- Percentage tax based on the consumption of utility services: electricity, gas, water, sewer, refuse, telecommunications, and cable television.
- Most cities apply UUT to electricity, gas, and telecommunications; only half include water.
- Can establish different rate for residential and commercial. Tax would be collected by utility and transmitted to the Town.
- Most of the cities with UUTs adopted the taxes prior to 1986 by vote of the city council.
- Since 2002, only 32% approval (28 of 87) for new or increased UUT rates (statewide). Including advisory measure may increase voter approval rate by 20% (limited data).

## Statewide Facts on UUTs\*

- 157 cities in CA have a UUT
- Rates range from 1% to 11%
- Statewide mean rate = 5.5%
- Statewide median = 5% (+- 2.07%)
- Total UUT revenue statewide is approximately \$1.8 billion\*
- On average, UUT provides 15% of General Fund revenue\*\*
- All UUTs in California (except two) are currently levied for general purposes (majority vote)

\*Data as of April 2025 – CaliforniaCityFinance.com.

\*\*Data as of April 2021 – CaliforniaCityFinance.com.



# Regulatory Disclosure

ITEM NO. 1.

**Conflicts of Interest and Other Matters Requiring Disclosures.** Pursuant to Municipal Securities Rulemaking Board (“MSRB”) Rule G-42, on Duties of Non-Solicitor Municipal Advisors, Municipal Advisors are required to make certain written disclosures to clients which include, amongst other things, Conflicts of Interest and any Legal or Disciplinary events of Urban Futures, Inc. (UFI) and its associated persons.

**The following are potential conflicts of interest to be considered.**

- UFI represents that in connection with the issuance of municipal securities, UFI may receive compensation from an Issuer or Obligated Person for services rendered, which compensation is contingent upon the successful closing of a transaction and/or is based on the size of a transaction. Consistent with the requirements of MSRB Rule G-42, UFI hereby discloses, that such contingent and/or transactional compensation may present a potential conflict of interest regarding UFI's ability to provide unbiased advice to enter into such transaction. The contingent fee arrangement creates an incentive for UFI to recommend unnecessary financings or financings that are disadvantageous to the client, or to advise the client to increase the size of the issue. This potential conflict of interest will not impair UFI's ability to render unbiased and competent advice or to fulfill its fiduciary duty to the client.
- UFI fees under this potential agreement may be based on hourly fees of UFI's personnel, with the aggregate amount equaling the number of hours worked by such personnel times an agreed-upon hourly billing rate. This form of compensation presents a potential conflict of interest because it could create an incentive for UFI to recommend alternatives that would result in more hours worked. This conflict of interest will not impair UFI's ability to render unbiased and competent advice or to fulfill its fiduciary duty to its clients.
- UFI's fees under this potential agreement, may be a fixed amount established at the outset of the Agreement. The amount is usually based upon an analysis by the client and UFI of, among other things, the expected duration and complexity of the transaction and the Scope of Services to be performed by UFI. This form of compensation presents a potential conflict of interest because, if the transaction requires more work than originally contemplated, UFI may suffer a loss. Thus, UFI may recommend less time-consuming alternatives, or fail to do a thorough analysis of alternatives. This conflict of interest will not impair UFI's ability to render unbiased and competent advice or to fulfill its fiduciary duty to the client.
- The fee paid to UFI increases the cost of investment to client. The increased cost occurs from compensating UFI for municipal advisory services provided.
- UFI serves a wide variety of other clients that may from time to time have interests that could have a direct or indirect impact on the interests of another UFI client. For example, UFI serves as municipal advisor to other municipal advisory clients and, in such cases, owes a regulatory duty to such other clients. These other clients may, from time to time and depending on the specific circumstances, have competing interests. In acting in the interests of its various clients, UFI could potentially face a conflict of interest arising from these competing client interests. UFI fulfills its regulatory duty and mitigates such conflicts through dealing honestly and with the utmost good faith with its clients.
- UFI does not have any affiliate that provides any advice, service, or product to or on behalf of the client that is directly or indirectly related to the municipal advisory activities to be performed by UFI;
- UFI has not made any payments directly or indirectly to obtain or retain its clients municipal advisory business;
- UFI has not received any payments from third parties to enlist UFI's recommendation to its clients of its services, any municipal securities transaction or any municipal finance product;
- UFI has not engaged in any fee-splitting arrangements involving UFI and any provider of investments or services to its clients;
- UFI does not have any legal or disciplinary event that is material to its clients evaluation of the municipal advisory or the integrity of its management or advisory personnel.
- UFI does not act as principal in any of the transaction(s) related to this Agreement.
- Randall Merritt, a Managing Principal, previously worked at Raymond James & Associates, Inc. from December 2015 until December 2023. UFI's relationships with Raymond James and all other investment banks are conducted in an arm's length manner, and any recommendations are independent of any prior employment or other relationships.
- Gabrielle Dawson, an Associate previously worked at Morgan Stanley from June 2022 until December 2023. UFI's relationships with Morgan Stanley and all other investment banks are conducted in an arm's length manner, and any recommendations are independent of any prior employment or other relationships.

**Legal Events and Disciplinary History.** UFI does not have any legal events and disciplinary history on its Form MA and Form MA-I, which includes information about any criminal actions, regulatory actions, investigations, terminations, judgments, liens, civil judicial actions, customer complaints, arbitrations and civil litigation. The Town may electronically access UFI's the most recent Form MA and each most recent Form MA-I filed with the Commission at the following website: [www.sec.gov/edgar/searchedgar/companysearch.html](http://www.sec.gov/edgar/searchedgar/companysearch.html). **There have been no material changes to a legal or disciplinary event on any Form MA or Form MA-I filed with the SEC.**

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General Fund 5-Year Forecast  
Updated 2-5-2026  
(in \$ million)

Revenue Category	FY 2021-22 Actuals	FY 2022-23 Actuals	FY 2023-24 Actuals	FY 2024-25 Adjusted Budget	FY 2024-25 Actuals	FY 2025-26 Adjusted Budget	FY 2025-26 Estimates	FY 2026-27 Forecast	FY 2027-28 Forecast	FY 2028-29 Forecast	FY 2029-30 Forecast	FY 2030-31 Forecast
Property Tax	\$ 16.9	\$ 18.2	\$ 19.3	\$ 20.0	\$ 20.2	\$ 21.5	\$ 21.5	\$ 22.2	\$ 23.1	\$ 24.1	\$ 25.0	\$ 26.1
VLF Backfill Property Tax	4.2	4.6	4.9	5.1	5.1	5.4	5.4	5.7	6.0	6.3	6.6	6.9
Sales & Use Tax	7.2	7.5	6.8	6.5	7.0	6.6	7.9	8.4	8.6	8.9	9.2	9.4
Measure G District Sales Tax	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.4	1.4	1.4	1.5
Franchise Fees	2.8	3.1	2.5	1.0	1.1	1.0	1.0	1.1	1.1	1.2	1.2	1.2
Transient Occupancy Tax	1.9	2.2	2.4	2.3	2.4	2.4	2.3	2.3	2.3	2.3	2.3	2.4
Business License Tax	1.5	2.4	1.5	2.8	3.0	2.5	2.6	2.7	2.8	2.8	2.9	3.0
Licenses & Permits	4.8	3.3	4.0	6.2	6.7	6.3	7.0	6.1	6.2	6.3	6.4	6.5
Intergovernmental	1.3	1.6	1.2	1.2	1.3	1.1	1.3	0.8	0.8	0.8	0.8	0.8
Town Services	5.3	4.6	5.9	5.2	5.7	6.0	7.0	5.3	5.5	5.6	5.8	6.0
Fines & Forfeitures	0.3	0.4	0.5	0.3	0.4	0.3	0.3	0.3	0.1	0.1	0.1	0.1
Interest	(1.4)	0.6	2.7	1.4	3.1	1.6	1.9	1.4	1.5	1.5	1.6	1.7
Other Sources	7.7	8.1	4.9	4.2	3.6	6.8	6.3	3.8	3.9	4.0	2.8	2.7
Fund Transfers In	0.6	0.5	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
<b>TOTAL OPERATING REVENUES &amp; USE OF RESERVES*</b>	<b>\$ 54.4</b>	<b>\$ 58.4</b>	<b>\$ 58.5</b>	<b>\$ 58.1</b>	<b>\$ 61.5</b>	<b>\$ 63.4</b>	<b>\$ 66.4</b>	<b>\$ 62.0</b>	<b>\$ 63.9</b>	<b>\$ 65.9</b>	<b>\$ 66.7</b>	<b>\$ 68.9</b>
Use of Capital/Special Projects	0.6	2.4	1.6	3.7	1.1	-	-	-	-	-	-	-
Use of Measure G Sales Tax -	-	-	-	0.6	-	-	-	-	-	-	-	-
Use of Pension/OPEB Reserve	0.3	0.3	0.3	-	0.3	-	-	-	-	-	-	-
Use of Council Priorities - Economic	-	-	1.5	-	-	-	-	-	-	-	-	-
<b>TOTAL REVENUES, TRANSFERS, AND USE OF RESERVES*</b>	<b>\$ 57.6</b>	<b>\$ 61.1</b>	<b>\$ 61.9</b>	<b>\$ 62.4</b>	<b>\$ 62.9</b>	<b>\$ 63.4</b>	<b>\$ 66.4</b>	<b>\$ 62.0</b>	<b>\$ 63.9</b>	<b>\$ 65.9</b>	<b>\$ 66.7</b>	<b>\$ 68.9</b>
Expenditure Category	FY 2021-22 Actuals	FY 2022-23 Actuals	FY 2023-24 Actuals	FY 2024-25 Adjusted Budget	FY 2024-25 Actuals	FY 2025-26 Adjusted Budget	FY 2025-26 Estimates	FY 2026-27 Forecast	FY 2027-28 Forecast	FY 2028-29 Forecast	FY 2029-30 Forecast	FY 2030-31 Forecast
Salary	\$ 18.9	\$ 20.5	\$ 21.5	\$ 25.2	\$ 22.4	\$ 25.4	\$ 23.4	\$ 26.8	\$ 27.6	\$ 28.2	\$ 28.8	\$ 29.4
Overtime	1.1	1.3	1.3	0.6	1.3	0.7	1.4	0.7	0.7	0.7	0.7	0.7
CalPERS Benefits	6.5	7.1	7.4	8.8	8.3	9.9	8.8	10.3	11.0	11.8	12.0	12.3
All Other Benefits	3.7	3.8	4.3	5.6	4.9	6.3	5.3	5.9	6.2	6.4	6.6	6.9
4.6% Salary and Benefits Savings	-	-	-	(1.5)	-	(2.2)	-	(2.0)	(2.1)	(2.2)	(2.2)	(2.3)
OPEB Pay as You Go	1.4	1.5	1.6	2.0	1.9	2.1	2.2	2.2	2.2	2.3	2.3	2.4
Operating Expenditures	10.4	11.7	9.8	10.6	8.1	11.6	11.7	11.6	10.8	11.1	11.4	11.8
Grants & Awards	1.8	0.6	0.7	0.7	0.7	0.5	0.3	0.3	0.3	0.3	0.3	0.3
Utilities	0.6	0.6	0.7	0.7	0.8	0.7	0.7	0.9	0.9	0.9	0.9	1.0
Internal Service Charges	2.6	2.6	3.2	4.4	4.2	4.9	4.7	5.6	6.0	6.2	6.5	6.7
Debt Service	2.1	2.0	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1
<b>TOTAL OPERATING EXPENDITURES</b>	<b>\$ 49.0</b>	<b>\$ 51.8</b>	<b>\$ 52.9</b>	<b>\$ 59.2</b>	<b>\$ 54.6</b>	<b>\$ 61.9</b>	<b>60.6</b>	<b>\$ 64.3</b>	<b>\$ 65.6</b>	<b>\$ 67.8</b>	<b>\$ 68.2</b>	<b>\$ 70.1</b>
Pension	0.7	0.7	0.7	0.4	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>\$ 52.5</b>	<b>\$ 53.5</b>	<b>\$ 59.6</b>	<b>\$ 55.3</b>	<b>\$ 62.3</b>	<b>\$ 61.3</b>	<b>\$ 64.7</b>	<b>\$ 66.0</b>	<b>\$ 68.2</b>	<b>\$ 68.6</b>	<b>\$ 70.5</b>
Capital Transfers Out to GFAR	1.2	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	0.4	-	-	0.2	-	-	-	-	-
1/2 of Measure G Proceeds to Capital	0.6	0.6	0.7	0.6	0.6	-	-	-	-	-	-	-
Allocate to ERAF Risk Reserve	-	0.7	0.7	-	-	-	-	-	-	-	-	-
Allocate to GASB 31 Reserve	-	-	-	1.2	-	-	-	-	-	-	-	-
Allocate to Pension Trust	-	0.7	0.7	0.7	0.7	0.4	0.6	0.4	0.4	0.4	0.4	0.4
<b>TOTAL EXPENDITURES &amp; RESERVE</b>	<b>\$ 52.1</b>	<b>\$ 56.2</b>	<b>\$ 57.6</b>	<b>\$ 62.1</b>	<b>\$ 59.0</b>	<b>\$ 62.7</b>	<b>62.1</b>	<b>\$ 65.1</b>	<b>\$ 66.4</b>	<b>\$ 68.6</b>	<b>\$ 69.0</b>	<b>\$ 70.9</b>
<b>NET REVENUES, TRANSFERS IN, USE OF RESERVES LESS EXPENDITURES, TRANSFERS IN, AND RESERVE ALLOCATIONS</b>	<b>\$ 5.5</b>	<b>\$ 4.9</b>	<b>\$ 4.3</b>	<b>\$ 0.3</b>	<b>\$ 3.9</b>	<b>\$ 0.7</b>	<b>\$ 4.3</b>	<b>\$ (3.1)</b>	<b>\$ (2.5)</b>	<b>\$ (2.7)</b>	<b>\$ (2.3)</b>	<b>\$ (2.0)</b>

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

FY 2026-27 UPDATED DRAFT FORECAST COMPARISON AS IT PUBLISHED THE FY 2025-26 ADOPTED BUDGET COMPARED TO AS IT WAS PREPARED ON 2-6-2026

A	B	C	D
Revenue Category	FY 2026-27 Forecast Updated 2-6-2026	FY 2026-27 Forecast Published with the Adopted Budget	VARIANCE
1 Property Tax	\$ 22.2	\$ 22.2	\$ -
2 VLF Backfill Property Tax	5.7	5.7	-
3 Sales & Use Tax	8.4	6.8	1.6
4 Measure G District Sales Tax	1.3	1.3	(0.0)
5 Franchise Fees	1.1	1.1	-
6 Transient Occupancy Tax	2.3	2.4	(0.1)
7 Business License Tax	2.7	2.6	0.1
8 Licenses & Permits	6.1	6.3	(0.2)
9 Intergovernmental	0.8	0.8	-
10 Town Services	5.3	5.0	0.3
11 Fines & Forfeitures	0.3	0.3	-
12 Interest	1.4	1.1	0.3
13 Other Sources	3.8	3.7	0.1
14 Fund Transfers In	0.6	0.6	-
<b>15 TOTAL OPERATING REVENUES &amp;</b>	<b>\$ 62.0</b>	<b>\$ 59.9</b>	<b>\$ 2.1</b>
Use of Capital/Special Projects	\$ -	\$ -	
Use of Measure G Sales Tax -	-	-	
Use of Pension/OPEB Reserve	-	-	
Use of Council Priorities - Economic	-	-	
Use of Unassigned Fund Balance	-	-	
<b>16 TOTAL REVENUES, TRANSFERS, AND USE OF RESERVES*</b>	<b>\$ 62.0</b>	<b>\$ 59.9</b>	
Expenditure Category	FY 2026-27 Forecast Updated 2-6-2026	FY 2026-27 Forecast Published with the Adopted Budget	Variance
17 Salaries	\$ 26.8	\$ 26.8	\$ (0.0)
18 Overtime	0.7	0.7	(0.0)
19 CalPERS Benefits	10.3	10.4	(0.1)
20 All Other Benefits	5.9	6.3	(0.4)
21 4.6% Salaries and Benefits Savings	(2.0)	(2.0)	(0.0)
22 OPEB Pay as You Go	2.2	2.2	(0.0)
23 Operating Expenditures	11.6	9.9	1.7
24 Grants & Awards	0.3	0.3	(0.0)
25 Utilities	0.9	0.7	0.2
26 Internal Service Charges	5.6	5.3	0.4
27 Debt Service	2.1	2.1	(0.0)
<b>28 TOTAL OPERATING EXPENDITURES</b>	<b>\$ 64.3</b>	<b>\$ 62.7</b>	<b>\$ 1.6</b>
30 Pension	0.4	0.4	
<b>31 TOTAL OPERATING &amp; DISCRETIONARY EXPENDITURES</b>	<b>\$ 64.7</b>	<b>\$ 63.1</b>	
32 Allocate to Pension Trust	0.4	0.4	
<b>TOTAL EXPENDITURES &amp; RESERVE</b>	<b>\$ 65.1</b>	<b>\$ 63.5</b>	
<b>NET REVENUES , TRANSFERS IN, USE OF RESERVES LESS EXPENDITURES, TRANSFERS IN, AND RESERVE ALLOCATIONS</b>	<b>\$ (3.1)</b>	<b>\$ (3.6)</b>	

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

Below is the list of variances/or no changes in the Revenue and Expenditure estimates (2-6-2026).

**Revenues:**

**Row 1 and Row 2 Column A – Property Tax and VLF Property Tax Backfill - Projected Variance – No Projected Variance**

*No change based on SCCAO February 2026 and HdL Coren and Cane January 2026 Property Tax Update.*

**Row 3 and Row 4**

**Column A – Sales Tax and Measure G District Sales Tax - Projected Variance **\$1.6 million increase****

*In January 2026 HdL, the Town’s Sales Tax consultant, provided an updated Sales Tax revenue projection indicating an increase of approximately \$1.6 million. This revised estimate reflects stronger-than-anticipated local economic activity.*

**Row 5 - Column A – Franchise Fees – No Projected Variance**

*No Projected Change.*

**Row 6 - Column A – Transient Occupancy Tax (TOT) – Projected Variance **(\$0.1) million decrease****

*Current TOT trend estimates based on the number of hotels in Town.*

**Row 7 - Column A – Business License Tax – Projected Variance **\$0.1 million increase****

*Based on the most recent estimates, the FY 2026-27 Business License Tax is anticipated to increase by \$0.1 million.*

**Row 8 - Column A – Licenses and Permits – Projected Variance **(\$0.2) million decrease****

*Based on the most recent estimates, the FY 2026-27 License and Permits is anticipated to decrease by \$0.2 million.*

**Row 9 - Column A – Intergovernmental - No Projected Variance**

**Row 10 - Column A – Town Services - Projected Variance - **\$0.3 million increase****

*Based on Development activities, pass-through revenues are expected to increase by \$0.3 million. The corresponding pass-through expenditures are expected to grow by the same amount.*

**Row 11 - Column A – Fines and Forfeitures - No Projected Variance**

**Row 12 - Column A – Interest - **\$0.3 million increase****

*Based on updated interest rate estimates as of January 2026, staff have conducted a comprehensive evaluation of the current interest rate environment in relation to the Town’s existing investment portfolio. The interest rate assumptions have been updated accordingly to reflect current market conditions. As the market environment continues to evolve, projected interest rates will fluctuate. Staff are actively monitoring the investment rate environment and will continue to update interest rate assumptions on a periodic basis*

**Row 13 - Column A – Other Sources - \$0.1 million increase**

*Based on FY 2024-25 Actuals revenue collections, such as credit card merchant fees, and updated Measure G sales Tax tracking Revenue.*

**Row 14 - Column A – Fund Transfers In - No Projected Variance****Expenditures:****Row 17 - Column A – Salaries - No Projected Variance****Row 18 - Column A – Overtime - No Projected Variance****Row 19 - Column A – CalPERS Benefits - Projected Variance (\$0.1) million decreases****Row 20 - Column A – All Other Benefits - Projected Variance (\$0.4) million decreases****Row 21 - Column A – 4.6 % Salaries and Benefit Savings - No Projected Variance**

*Based on the 12/31/2025 Actual Salary Steps, Pension Benefits, and Medical Insurance selection, the projected Salaries and Benefits are \$0.5 million less. Staff will update pension rates and actual salaries and benefits with the Proposed FY 2026-27 Budget.*

**Row 22 - Column A – OPEB Pay as You Go - No Projected Variance**

*No Projected Change.*

**Row 23 - Column A – Operating Expenditure - Projected Variance \$1.7 million increase**

*Operating expenditures for FY 2026-27 are projected to increase by approximately \$1.7 million. This increase is primarily driven by town-wide growth in contractually obligated expenditures, a shift to a subscription-based model for various public safety equipment, and an increase in the Town's share of retiree medical reimbursements. In addition, \$0.9 million of funding originally allocated to Emergency Management in FY 2024-25 is expected to be used in FY 2026-27.*

**Row 24 - Column A – Grants and Awards - No Projected Variance**

*No Projected Change.*

**Row 25 - Column A – Utilities - Projected Variance \$0.2 million increase**

*Operating expenditure expected to increase by \$0.2 million based on FY 2024-25 actual utilities expenditures.*

**Row 26 - Column A – Internal Service Charges - \$0.4 million increase**

*Expenditure expected to increase by \$0.4 million based on FY 2024-25 actual expenditures.*

**Row 27 - Column A – Debt Services - No Projected Variance**

FY 2026-27 DRAFT FORECAST UPDATED ON 12-29-2025

ITEM NO. 1.

General Fund 5-Year Forecast  
Updated 12-29-2025  
(in \$ million)

Revenue Category	FY 2021-22 Actuals	FY 2022-23 Actuals	FY 2023-24 Actuals	FY 2024-25 Adjusted Budget	FY 2024-25 Actuals	FY 2025-26 Adjusted Budget	FY 2025-26 Estimates	FY 2026-27 Forecast	FY 2027-28 Forecast	FY 2028-29 Forecast	FY 2029-30 Forecast	FY 2030-31 Forecast
Property Tax	\$ 16.9	\$ 18.2	\$ 19.3	\$ 20.0	\$ 20.2	\$ 21.5	\$ 21.4	\$ 21.4	\$ 22.3	\$ 23.2	\$ 24.1	\$ 25.1
VLF Backfill Property Tax	4.2	4.6	4.9	5.1	5.1	5.4	5.4	5.6	5.9	6.2	6.5	6.8
Sales & Use Tax	7.2	7.5	6.8	6.5	7.0	6.6	6.9	7.1	7.3	7.4	7.5	7.6
Measure G District Sales Tax	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.4	1.4	1.5
Franchise Fees	2.8	3.1	2.5	1.0	1.1	1.0	1.0	1.1	1.1	1.2	1.2	1.2
Transient Occupancy Tax	1.9	2.2	2.4	2.3	2.4	2.4	2.4	2.0	2.0	2.0	2.0	2.0
Business License Tax	1.5	2.4	1.5	2.8	3.0	2.5	2.8	2.7	2.8	2.9	3.0	3.1
Licenses & Permits	4.8	3.3	4.0	6.2	6.7	6.3	6.3	6.1	6.2	6.3	6.4	6.5
Intergovernmental	1.3	1.6	1.2	1.2	1.3	0.8	0.8	0.8	0.8	0.9	0.9	0.9
Town Services	5.3	4.6	5.9	5.2	5.7	5.7	5.7	5.3	5.4	5.5	5.6	5.8
Fines & Forfeitures	0.3	0.4	0.5	0.3	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Interest	(1.4)	0.6	2.7	1.4	3.1	1.6	1.6	1.2	1.1	1.1	1.1	1.2
Other Sources	7.7	8.1	4.9	4.2	3.6	3.8	3.9	3.7	3.9	3.9	2.7	2.7
Fund Transfers In	0.6	0.5	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
<b>TOTAL OPERATING REVENUES &amp; Use of Capital/Special Projects Reserve</b>	\$ 54.4	\$ 58.4	\$ 58.5	\$ 58.1	\$ 61.5	\$ 59.8	\$ 60.4	\$ 59.2	\$ 61.0	\$ 62.9	\$ 63.3	\$ 65.3
Use of Measure G Sales Tax - Operating	0.6	2.4	1.6	3.7	1.1	-	-	-	-	-	-	-
Use of Pension/OPEB Reserve	0.3	0.3	0.3	0.6	0.3	-	-	-	-	-	-	-
Recovery	-	-	1.5	-	-	-	-	-	-	-	-	-
Use of Unassigned Fund Balance	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL REVENUES, TRANSFERS, AND USE OF RESERVES*</b>	\$ 57.6	\$ 61.1	\$ 61.9	\$ 62.4	\$ 62.9	\$ 59.8	\$ 60.4	\$ 59.2	\$ 61.0	\$ 62.9	\$ 63.3	\$ 65.3
Expenditure Category	FY 2021-22 Actuals	FY 2022-23 Actuals	FY 2023-24 Actuals	FY 2024-25 Adjusted Budget	FY 2024-25 Actuals	FY 2025-26 Adjusted Budget	FY 2025-26 Estimates	FY 2026-27 Forecast	FY 2027-28 Forecast	FY 2028-29 Forecast	FY 2029-30 Forecast	FY 2030-31 Forecast
Salary	\$ 18.9	\$ 20.5	\$ 21.5	\$ 25.2	\$ 22.4	\$ 25.4	\$ 25.4	\$ 26.8	\$ 27.6	\$ 28.2	\$ 28.8	\$ 29.4
Overtime	1.1	1.3	1.3	0.6	1.3	0.7	0.7	0.7	0.7	0.7	0.7	0.7
CalPERS Benefits	6.5	7.1	7.4	8.8	8.3	9.7	9.7	10.3	11.0	11.8	12.0	12.3
All Other Benefits	3.7	3.8	4.3	5.6	4.9	6.3	6.3	5.9	6.2	6.4	6.6	6.9
4.6% Salary and Benefits Savings	-	-	-	(1.5)	-	(1.9)	(1.9)	(2.0)	(2.1)	(2.2)	(2.2)	(2.3)
OPEB Pay as You Go	1.4	1.5	1.6	2.0	1.9	2.1	2.1	2.2	2.3	2.4	2.5	2.6
Operating Expenditures	10.4	11.7	9.8	10.6	8.2	9.9	9.9	10.2	10.3	10.6	10.8	11.2
Grants & Awards	1.8	0.6	0.7	0.7	0.7	0.4	0.4	0.3	0.3	0.3	0.3	0.3
Utilities	0.6	0.6	0.7	0.7	0.8	0.7	0.7	0.9	0.9	0.9	0.9	1.0
Internal Service Charges	2.6	2.6	3.2	4.4	4.2	4.9	4.9	5.3	5.6	5.8	6.1	6.3
Debt Service	2.1	2.0	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1
<b>TOTAL OPERATING EXPENDITURES</b>	\$ 49.0	\$ 51.8	\$ 52.9	\$ 59.2	\$ 54.7	\$ 60.1	\$ 60.1	\$ 62.5	\$ 64.8	\$ 67.0	\$ 67.5	\$ 69.3
Pension	0.7	0.7	0.7	0.4	0.7	0.4	0.4	0.4	0.4	0.4	0.4	0.4
<b>TOTAL OPERATING &amp; DISCRETIONARY EXPENDITURES</b>	\$ 49.8	\$ 52.5	\$ 53.5	\$ 59.6	\$ 55.4	\$ 60.5	\$ 60.5	\$ 62.9	\$ 65.2	\$ 67.4	\$ 67.9	\$ 69.7
Capital Transfers Out to GFAR	1.2	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	0.4	-	-	-	-	-	-	-	-
1/2 of Measure G Proceeds to Capital	0.6	0.6	0.7	0.6	0.6	-	-	-	-	-	-	-
Allocate to ERAF Risk Reserve	-	0.7	0.7	-	-	-	-	-	-	-	-	-
Allocate to GASB 31 Reserve	-	-	-	-	-	-	-	-	-	-	-	-
Allocate to Pension Trust	-	0.7	0.7	0.7	0.7	0.4	0.4	0.4	0.4	0.4	0.4	0.4
<b>TOTAL EXPENDITURES &amp; RESERVE</b>	\$ 52.1	\$ 56.2	\$ 57.6	\$ 62.1	\$ 59.1	\$ 60.9	\$ 60.9	\$ 63.3	\$ 65.6	\$ 67.8	\$ 68.3	\$ 70.1
<b>NET REVENUES , TRANSFERS IN, USE OF RESERVES LESS EXPENDITURES, TRANSFERS IN, AND RESERVE ALLOCATIONS</b>	\$ 5.5	\$ 4.9	\$ 4.3	\$ 0.3	\$ 3.8	\$ (1.1)	\$ (0.5)	\$ (4.1)	\$ (4.6)	\$ (4.9)	\$ (5.0)	\$ (4.8)

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

FY 2026-27 UPDATED DRAFT FORECAST COMPARISON AS IT PUBLISHED THE FY 2025-26 ADOPTED BUDGET COMPARED TO AS IT WAS PREPARED ON 12-29-2025

	A	B	C	D
Revenue Category	FY 2026-27 Forecast Updated 12-29-2025	FY 2026-27 Forecast Published with the Adopted Budget	VARIANCE	
1 Property Tax	\$ 21.4	\$ 22.2	\$ (0.8)	
2 VLF Backfill Property Tax	5.6	5.7	(0.1)	
3 Sales & Use Tax	7.1	6.8	0.3	
4 Measure G District Sales Tax	1.3	1.3	(0.0)	
5 Franchise Fees	1.1	1.1	-	
6 Transient Occupancy Tax	2.0	2.4	(0.4)	
7 Business License Tax	2.7	2.6	0.1	
8 Licenses & Permits	6.1	6.3	(0.2)	
9 Intergovernmental	0.8	0.8	-	
10 Town Services	5.3	5.0	0.3	
11 Fines & Forfeitures	0.3	0.3	-	
12 Interest	1.2	1.1	0.1	
13 Other Sources	3.7	3.7	0.0	
14 Fund Transfers In	0.6	0.6	-	
15 <b>TOTAL OPERATING REVENUES &amp;</b>	<b>\$ 59.2</b>	<b>\$ 59.9</b>	<b>\$ (0.7)</b>	
Use of Capital/Special Projects Reserve	\$ -	\$ -		
Use of Measure G Sales Tax - Operating	-	-		
Use of Pension/OPEB Reserve	-	-		
Recovery	-	-		
Use of Unassigned Fund Balance	-	-		
16 <b>TOTAL REVENUES, TRANSFERS, AND USE OF RESERVES*</b>	<b>\$ 59.2</b>	<b>\$ 59.9</b>		
Expenditure Category	FY 2026-27 Forecast Updated 12-29-2025	FY 2026-27 Forecast Published with the Adopted Budget	Variance	
17 Salaries	\$ 26.8	\$ 26.8	\$ (0.0)	
18 Overtime	0.7	0.7	(0.0)	
19 CalPERS Benefits	10.3	10.4	(0.1)	
20 All Other Benefits	5.9	6.3	(0.4)	
21 4.6% Salaries and Benefits Savings	(2.0)	(2.0)	(0.0)	
22 OPEB Pay as You Go	2.2	2.2	0.0	
23 Operating Expenditures	10.2	9.9	0.3	
24 Grants & Awards	0.3	0.3	(0.0)	
25 Utilities	0.9	0.7	0.2	
26 Internal Service Charges	5.3	5.3	0.0	
27 Debt Service	2.1	2.1	(0.0)	
28 <b>TOTAL OPERATING EXPENDITURES</b>	<b>\$ 62.5</b>	<b>\$ 62.7</b>	<b>\$ (0.2)</b>	
30 Pension	0.4	0.4		
31 <b>TOTAL OPERATING &amp; DISCRETIONARY EXPENDITURES</b>	<b>\$ 62.9</b>	<b>\$ 63.1</b>		
32 Allocate to Pension Trust	0.4	0.4		
<b>TOTAL EXPENDITURES &amp; RESERVE</b>	<b>\$ 63.3</b>	<b>\$ 63.5</b>		
<b>NET REVENUES, TRANSFERS IN, USE OF RESERVES LESS EXPENDITURES, TRANSFERS IN, AND RESERVE ALLOCATIONS</b>	<b>\$ (4.1)</b>	<b>\$ (3.6)</b>		

Below is the list of variances/or no changes in the Revenue and Expenditure estimates (12-29-2025).

**Revenues:**

**Row 1 and Row 2 Column A – Property Tax and VLF Property Tax Backfill - Projected Variance - (\$0.9) million decrease**

*Based on SCCAO November 12, 2025 and HdL Coren and Cane 12-19-2025 Preliminary Property Tax Update the 2026-27 Property Tax estimates are projected lower. This is a preliminary estimate, staff will further discuss and fine tune the property tax estimates with HdL Coren and Cane before the mid-year analysis. **Row 3 and Row 4***

**Column A – Sales Tax and Measure G District Sales Tax - Projected Variance \$0.3 million increase**

*As of October 10, 2025, Muniservices, the Town’s Sales Tax consultant, provided an updated Sales Tax revenue projection indicating an increase of approximately \$300,000. This revised estimate reflects stronger-than-anticipated local economic activity.*

*The Town is in the process of signing a Sales Tax Forecasting agreement with HdL. HdL will provide an updated look for the Sales Tax forecast.*

**Row 5 - Column A – Franchise Fees – No Projected Variance**

*No Projected Change.*

**Row 6 - Column A – Transient Occupancy Tax (TOT) – Projected Variance (\$0.4) million decrease**

*The Finance Department has received the closing notification from one of the hotels. Staff is recommending decreasing the TOT base by \$0.4 million.*

**Row 7 - Column A – Business License Tax – Projected Variance \$0.1 million increase**

*Based on the most recent estimates, the FY 2026-27 Business License Tax is anticipated to increase by \$0.1 million.*

**Row 8 - Column A – Licenses and Permits – Projected Variance (\$0.2) million decrease**

*Based on the most recent estimates, the FY 2026-27 License and Permits is anticipated to decrease by \$0.2 million.*

**Row 9 - Column A – Intergovernmental - No Projected Variance**

**Row 10 - Column A – Town Services - Projected Variance - \$0.3 million increase**

*Based on Development activities, it is anticipated that the pass-through revenues will increase by \$0.3 million. The corresponding pass-through expenditures are expected to grow by the same amount.*

**Row 11 - Column A – Fines and Forfeitures - No Projected Variance**

**Row 12 - Column A – Interest - \$0.1 million increase**

Based on updated interest rate estimates as of October 21, 2025, staff have conducted a comprehensive evaluation of the current interest rate environment in relation to the Town’s existing investment portfolio. The interest rate assumptions have been updated accordingly to reflect current market conditions. As the market environment continues to evolve, projected interest rates will fluctuate. Staff are actively monitoring the investment rate environment and will continue to update interest rate assumptions on a periodic basis

**Row 13 - Column A – Other Sources - No Projected Variance**

**Row 14 - Column A – Fund Transfers In - No Projected Variance**

**Expenditures:**

**Row 17 - Column A – Salaries - No Projected Variance**

**Row 18 - Column A – Overtime - No Projected Variance**

**Row 19 - Column A – CalPERS Benefits - Projected Variance (\$0.1) million decreases**

**Row 20 - Column A – All Other Benefits - Projected Variance (\$0.4) million decreases**

**Row 21 - Column A – 4.6 % Salaries and Benefit Savings - No Projected Variance**

*Based on the 10/7/2025 Actual Salary Steps, Pension Benefits, and Medical Insurance selection, the projected Salaries and Benefits are \$0.5 million less.*

**Row 22 - Column A – OPEB Pay as You Go - No Projected Variance**

*No Projected Change.*

**Row 23 - Column A – Operating Expenditure - Projected Variance \$0.3 million increase**

*Operating expenditure expected to increase by \$0.3 million based on estimated pass-through activities.*

**Row 24 - Column A – Grants and Awards - No Projected Variance**

*No Projected Change.*

**Row 25 - Column A – Utilities - Projected Variance \$0.2 million increase**

*Operating expenditure expected to increase by \$0.2 million based on FY 2024-25 actual utilities expenditures.*

**Row 26 - Column A – Internal Service Charges - No Projected Variance**

**Row 27 - Column A – Debt Services - No Projected Variance**

**General Fund 5-Year Forecast  
Updated 10-17-2025  
(in \$ million)**

Revenue Category	2021/22 Actuals	FY 2022/23 Actuals	FY 2023-24 Actuals	FY 2024-25 Adjusted Budget	FY 2025-26 Adjusted Budget	FY 2026-27 Forecast	FY 2027-28 Forecast	FY 2028-29 Forecast	FY 2029-30 Forecast	FY 2030-31 Forecast
Property Tax	\$ 16.9	\$ 18.2	\$ 19.3	\$ 20.0	\$ 21.5	\$ 22.2	\$ 23.1	\$ 24.0	\$ 24.9	\$ 25.9
VLF Backfill Property Tax	4.2	4.6	4.9	5.1	5.4	5.7	5.9	6.2	6.5	6.9
Sales & Use Tax	7.2	7.5	6.8	6.5	6.6	7.1	7.3	7.4	7.5	7.6
Measure G District Sales Tax	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.4	1.4	1.5
Franchise Fees	2.8	3.1	2.5	1.0	1.0	1.1	1.1	1.2	1.2	1.2
Transient Occupancy Tax	1.9	2.2	2.4	2.3	2.4	2.0	2.0	2.0	2.0	2.0
Business License Tax	1.5	2.4	1.5	2.8	2.5	2.7	2.8	2.9	3.0	3.1
Licenses & Permits	4.8	3.3	4.0	6.2	6.3	6.1	6.2	6.3	6.4	6.5
Intergovernmental	1.3	1.6	1.2	1.2	0.8	0.8	0.8	0.9	0.9	0.9
Town Services	5.3	4.6	5.9	5.2	5.7	5.3	5.4	5.5	5.6	5.8
Fines & Forfeitures	0.3	0.4	0.5	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Interest	(1.4)	0.6	2.6	1.4	1.6	1.2	1.1	1.1	1.1	1.2
Other Sources	7.7	8.1	5.0	4.2	3.8	3.7	3.9	3.9	2.7	2.7
Fund Transfers In	0.6	0.5	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
<b>TOTAL OPERATING REVENUES &amp;</b>	<b>\$ 54.4</b>	<b>\$ 58.4</b>	<b>\$ 58.5</b>	<b>\$ 58.1</b>	<b>\$ 59.8</b>	<b>\$ 60.1</b>	<b>\$ 61.8</b>	<b>\$ 63.7</b>	<b>\$ 64.1</b>	<b>\$ 66.2</b>
Use of Capital/Special Projects	0.6	\$ 2.4	\$ 1.6	\$ 3.7	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Use of Measure G Sales Tax -	-	-	-	0.6	-	-	-	-	-	-
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 USE OF RESERVES*</b>	<b>\$ 57.6</b>	<b>\$ 61.1</b>	<b>\$ 61.9</b>	<b>\$ 62.4</b>	<b>\$ 59.8</b>	<b>\$ 60.1</b>	<b>\$ 61.8</b>	<b>\$ 63.7</b>	<b>\$ 64.1</b>	<b>\$ 66.2</b>
Expenditure Category	2021/22 Actuals	FY 2022/23 Actuals	FY 2023-24 Actuals	FY 2024-25 Adjusted Budget	FY 2025-26 Adjusted Budget	FY 2026-27 Forecast	FY 2027-28 Forecast	FY 2028-29 Forecast	FY 2029-30 Forecast	FY 2030-31 Forecast
Salary	\$ 18.9	\$ 20.5	\$ 21.5	\$ 25.2	\$ 25.4	\$ 26.8	\$ 27.6	\$ 28.2	\$ 28.8	\$ 29.4
Overtime	1.1	1.3	1.3	0.6	0.7	0.7	0.7	0.7	0.7	0.7
CalPERS Benefits	6.5	7.1	7.4	8.8	9.7	10.3	11.0	11.8	12.0	12.3
All Other Benefits	3.7	3.8	4.3	5.6	6.3	5.9	6.2	6.4	6.6	6.9
4.6% Salary and Benefits Savings	-	-	-	(1.5)	(1.9)	(2.0)	(2.1)	(2.2)	(2.2)	(2.3)
OPEB Pay as You Go	1.4	1.5	1.6	2.0	2.1	2.2	2.3	2.4	2.5	2.6
Operating Expenditures	10.4	11.7	9.8	10.6	9.9	10.2	10.3	10.6	10.8	11.2
Grants & Awards	1.8	0.6	0.7	0.7	0.4	0.3	0.3	0.3	0.3	0.3
Utilities	0.6	0.6	0.7	0.7	0.7	0.9	0.9	0.9	0.9	1.0
Internal Service Charges	2.6	2.6	3.2	4.4	4.9	5.3	5.6	5.8	6.1	6.3
Debt Service	2.1	2.0	2.1	2.1	2.1	2.1	2.1	2.1	0.8	0.8
<b>TOTAL OPERATING EXPENDITURES</b>	<b>\$ 49.0</b>	<b>\$ 51.8</b>	<b>\$ 52.9</b>	<b>\$ 59.2</b>	<b>\$ 60.1</b>	<b>\$ 62.5</b>	<b>\$ 64.8</b>	<b>\$ 67.0</b>	<b>\$ 67.5</b>	<b>\$ 69.3</b>
Pension	0.7	0.7	0.7	0.4	0.4	0.4	0.4	0.4	0.4	0.4
<b>TOTAL OPERATING &amp; DISCRETIONARY EXPENDITURES</b>	<b>\$ 49.8</b>	<b>\$ 52.5</b>	<b>\$ 53.5</b>	<b>\$ 59.6</b>	<b>\$ 60.5</b>	<b>\$ 62.9</b>	<b>\$ 65.2</b>	<b>\$ 67.4</b>	<b>\$ 67.9</b>	<b>\$ 69.7</b>
Capital Transfers Out to GFAR	1.2	\$ 2.4	\$ 1.6	\$ 1.1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfer to General Liability	-	-	0.4	-	-	-	-	-	-	-
GASB 65	-	-	0.6	-	-	-	-	-	-	-
Fixed Assets/ Equipment	-	-	0.1	0.4	-	-	-	-	-	-
1/2 of Measure G Proceeds to Capital	0.6	0.6	0.7	0.6	-	-	-	-	-	-
Allocate to ERAF Risk Reserve	-	0.7	0.7	-	-	-	-	-	-	-
Allocate to GASB 31 Reserve	-	-	-	-	-	-	-	-	-	-
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</b>	<b>\$ 52.1</b>	<b>\$ 56.2</b>	<b>\$ 57.6</b>	<b>\$ 62.1</b>	<b>\$ 60.9</b>	<b>\$ 63.3</b>	<b>\$ 65.6</b>	<b>\$ 67.8</b>	<b>\$ 68.3</b>	<b>\$ 70.1</b>
<b>NET REVENUES, TRANSFERS IN, USE OF RESERVES LESS EXPENDITURES, TRANSFERS IN, AND RESERVE ALLOCATIONS</b>	<b>\$ 5.5</b>	<b>\$ 4.9</b>	<b>\$ 4.3</b>	<b>\$ 0.3</b>	<b>\$ (1.1)</b>	<b>(3.2)</b>	<b>\$ (3.8)</b>	<b>\$ (4.1)</b>	<b>\$ (4.2)</b>	<b>\$ (3.9)</b>

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

FY 2026-27 UPDATED DRAFT FORECAST COMPARISON AS IT PUBLISHED WITH THE FY 2025 ADOPTED BUDGET COMPARED TO AS IT WAS PREPARED ON 10-21-2025

A	B	C	D
Revenue Category	FY 2026-27 Forecast Updated 10-21-2025	FY 2026-27 Forecast Published with the Adopted Budget	VARIANCE
1 Property Tax	\$ 22.2	\$ 22.2	\$ -
2 VLF Backfill Property Tax	5.7	5.7	-
3 Sales & Use Tax	7.1	6.8	0.3
4 Measure G District Sales Tax	1.3	1.3	-
5 Franchise Fees	1.1	1.1	-
6 Transient Occupancy Tax	2.0	2.4	(0.4)
7 Business License Tax	2.7	2.6	0.1
8 Licenses & Permits	6.1	6.3	(0.2)
9 Intergovernmental	0.8	0.8	-
10 Town Services	5.3	5.0	0.3
11 Fines & Forfeitures	0.3	0.3	-
12 Interest	1.2	1.1	0.1
13 Other Sources	3.7	3.7	-
14 Fund Transfers In	0.6	0.6	-
<b>TOTAL OPERATING REVENUES &amp;</b>	<b>\$ 60.1</b>	<b>\$ 59.9</b>	<b>\$ 0.2</b>
15 Use of Capital/Special Projects	\$ -	\$ -	
16 Use of Unassigned Fund Balance	-	-	
<b>TOTAL REVENUES, TRANSFERS, AND USE OF RESERVES*</b>	<b>\$ 60.1</b>	<b>\$ 59.9</b>	
Expenditure Category	FY 2026-27 Forecast Updated 10-21-2025	FY 2026-27 Forecast Published with the Adopted Budget	Variance
17 Salaries	\$ 26.8	\$ 26.8	\$ (0.1)
18 Overtime	0.7	0.7	-
19 CalPERS Benefits	10.3	10.4	(0.2)
20 All Other Benefits	5.9	6.3	(0.4)
21 4.6% Salaries and Benefits Savings	(2.0)	(2.0)	-
22 OPEB Pay as You Go	2.2	2.2	-
23 Operating Expenditures	10.2	9.9	0.2
24 Grants & Awards	0.3	0.3	-
25 Utilities	0.9	0.7	0.2
26 Internal Service Charges	5.3	5.3	-
27 Debt Service	2.1	2.1	-
28 <b>TOTAL OPERATING EXPENDITURES</b>	<b>\$ 62.5</b>	<b>\$ 62.7</b>	<b>\$ (0.2)</b>
30 Pension	0.4	0.4	
<b>TOTAL OPERATING &amp; DISCRETIONARY EXPENDITURES</b>	<b>\$ 62.9</b>	<b>\$ 63.1</b>	
32 Capital Transfers Out to GFAR	\$ -	\$ -	
33 Allocate to GASB 31 Mark to Market	-	-	
34 Allocate to Pension Trust	0.4	0.4	
<b>TOTAL EXPENDITURES &amp; RESERVE</b>	<b>\$ 63.3</b>	<b>\$ 63.5</b>	
<b>NET REVENUES , TRANSFERS IN, USE OF RESERVES LESS EXPENDITURES, TRANSFERS IN, AND RESERVE ALLOCATIONS</b>	<b>\$ (3.2)</b>	<b>\$ (3.6)</b>	

Below is the list of variances/or no changes in the Revenue and Expenditure estimates.

**Revenues:**

**Row 1 and Row 2 Column A – Property Tax and VLF Property Tax Backfill - No Projected Variance**

*As of the September 12, 2025 estimate from the Santa Clara County Assessor's Office (SCCAO), projected revenues are \$27,739 lower than the FY 2025–26 Adopted Budget. This is a small variance; the Finance staff does not recommend any adjustment to the FY 2026–27 Property Tax forecast at this time.*

*The next update from the SCCAO is scheduled for November 12, 2025, and the HdL Coren & Cone Property Tax Update is expected in January 2026.*

**Row 3 and Row 4 Column A – Sales Tax and Measure G District Sales Tax - Projected Variance **\$0.3 million increase****

*As of October 10, 2025, Muniservices, the Town's Sales Tax consultant, provided an updated Sales Tax revenue projection indicating an increase of approximately \$300,000. This revised estimate reflects stronger-than-anticipated local economic activity.*

*The Town is in the process of signing a Sales Tax Forecasting agreement with HdL. HdL will provide an updated look for the Sales Tax forecast.*

**Row 5 - Column A – Franchise Fees – No Projected Variance**

*No Projected Change.*

**Row 6 - Column A – Transient Occupancy Tax (TOT) – Projected Variance **(\$0.4) million decrease****

*The Finance Department has received the closing notification from one of the hotels. Staff is recommending decreasing the TOT base by \$0.4 million.*

**Row 7 - Column A – Business License Tax – Projected Variance **\$0.1 million increase****

*Based on the most recent estimates, the FY 2026-27 Business License Tax is anticipated to increase by \$0.1 million.*

**Row 8 - Column A – Licenses and Permits – Projected Variance **(\$0.2) million decrease****

*Based on the most recent estimates, the FY 2026-27 License and Permits is anticipated to decrease by \$0.2 million.*

**Row 9 - Column A – Intergovernmental - No Projected Variance**

**Row 10 - Column A – Town Services - Projected Variance - **\$0.3 million increase****

*Based on Development activities, it is anticipated that the pass-through revenues will increase by \$0.3 million. The corresponding pass-through expenditures are expected to grow by the same amount.*

**Row 11 - Column A – Fines and Forfeitures - No Projected Variance**

**Row 12 - Column A – Interest - \$0.1 million increase**

*Based on updated interest rate estimates as of October 21, 2025, staff have conducted a comprehensive evaluation of the current interest rate environment in relation to the Town's existing investment portfolio. The interest rate assumptions have been updated accordingly to reflect current market conditions. As the market environment continues to evolve, projected interest rates will fluctuate. Staff are actively monitoring the investment rate environment and will continue to update interest rate assumptions on a periodic basis*

**Row 13 - Column A – Other Sources - No Projected Variance****Row 14 - Column A – Fund Transfers In - No Projected Variance****Expenditures:****Row 17 - Column A – Salaries - No Projected Variance****Row 18 - Column A – Overtime - No Projected Variance****Row 19 - Column A – CalPERS Benefits - Projected Variance (\$0.1) million decreases****Row 20 - Column A – All Other Benefits - Projected Variance (\$0.4) million decreases****Row 21 - Column A – 4.6 % Salaries and Benefit Savings - No Projected Variance**

*Based on the 10/7/2025 Actual Salary Steps, Pension Benefits, and Medical Insurance selection, the projected Salaries and Benefits are \$0.5 million less.*

**Row 22 - Column A – OPEB Pay as You Go - No Projected Variance**

*No Projected Change.*

**Row 23 - Column A – Operating Expenditure - Projected Variance \$0.3 million increase**

*Operating expenditure expected to increase by \$0.3 million based on estimated pass-through activities.*

**Row 24 - Column A – Grants and Awards - No Projected Variance**

*No Projected Change.*

**Row 25 - Column A – Utilities - Projected Variance \$0.2 million increase**

*Operating expenditure expected to increase by \$0.2 million based on FY 2024-25 actual utilities expenditures.*

**Row 26 - Column A – Internal Service Charges - No Projected Variance****Row 27 - Column A – Debt Services - No Projected Variance**

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> SCC Assessor Office February 2025 Report and HdL Coren and Cone April 2025 Forecast	5.29% Net Taxable Value Change Plus \$220,000	5.42% Net Taxable Value Change	4.89% Net Taxable Value Change			
<b>VLF Backfill</b> HdL Coren and Cone April 2025 Forecast	5.25% Net Taxable Value Change	5.41% Net Taxable Value Change	4.90% Net Taxable Value Change	4.90% Net Taxable Value Change	4.89% Net Taxable Value Change	4.89% Net Taxable Value Change
<b>Other Property Tax</b> SCC Assessor Office February 2025 Report	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
<b>ERAF</b> SCC Assessor Office March 2025 Notification	\$3,220,000 Including 30% to Reserve	\$3,220,000	\$3,220,000	\$3,220,000	\$3,220,000	\$3,220,000
<b>Sales Tax</b>	MuniServices March 2025 Most Likely Estimates	MuniServices March 2025 Most Likely Estimates	MuniServices March 2025 Most Likely Estimates	MuniServices March 2025 Most Likely Estimates	MuniServices March 2025 Most Likely Estimates	MuniServices March 2025 Most Likely Estimates
<b>Sales Tax - Measure G</b>	MuniServices March 2025 Most Likely Estimates	MuniServices March 2025 Most Likely Estimates	MuniServices March 2025 Most Likely Estimates	MuniServices March 2025 Most Likely Estimates	MuniServices March 2025 Most Likely Estimates	MuniServices March 2025 Most Likely Estimates
<b>Franchise Fee</b> Current baseline set by	3%	3%	3%	3%	3%	3%

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
FY 2024-25 Year-End Estimates						

Type of Revenue Base Line Estimates	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>Transient Occupancy Tax</b> Current baseline set by FY 2024-25 Year-End Estimates	3% Plus \$20,000 from anticipated audit	3%	0%	0%	0%	0%
<b>Business License Tax</b> Current baseline set by FY 2024-25 Year-End Estimates	2% Plus \$110,000 from anticipated audit	2%	2%	2%	2%	2%
<b>License &amp; Permits</b> Current baseline set by FY 2024-25 Year-End Estimates	3%	3%	3%	3%	3%	3%
<b>Town Services</b> Current baseline set by FY 2024-25 Year-End Estimates	3%	3%	0%	3%	3%	3%
<b>Fine &amp; Forfeitures</b> Current baseline set by FY 2024-25 Year-End Estimates	1%	Varies	Varies	Varies	Varies	Varies

Type of Revenue Base Line Estimates	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>Interest</b> Varies, based on Portfolio	Weighted Portfolio Yield 3.64%	Weighted Portfolio Yield 3.56%	Weighted Portfolio Yield 3.45%	Weighted Portfolio Yield 3.36%	Weighted Portfolio Yield 3.30%	Weighted Portfolio Yield 3.30%
<b>Other Sources</b> Current baseline set by FY 2024- 25 Year-End Estimates	Varies	Varies	Varies	Varies	Varies	Varies

**EXPENDITURE BASELINE AND PROJECTION FACTORS (PROPOSED FY 2025-26 BUDGET - PUBLISHED 4/21/2025)**

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					
<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 recent CalPERS actuarial valuation. The employer contribution rates reflect percentages of covered payroll. Forecasted rates for FY 2055-26 and subsequent years are based on the most recent CalPERS actuarial valuation Reports as adjusted by the impact related to the FY 2022-23 CalPERS 5.8% investment return and forecasted payroll.

Type of Expenditure	FY 2025-26 Budget	FY 2026-27 Forecast	FY 2027-28 Forecast	FY 2028-29 Forecast	FY 2029-30 Forecast	FY 2030-31 Forecast
<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	30.02%	30.52%	30.82%	31.78%	31.92%	32.21%

established yet by CalPERS.						
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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.*

**General Fund 5-Year Forecast**  
**Updated 5-14-2025**  
 (in \$ million)

Revenue Category	FY 2022/23 Actuals	FY 2023-24 Actuals	FY 2024-25 Adjusted Budget	FY 2024-25 Estimates	FY 2025-26 Proposed Budget	FY 2026-27 Forecast	FY 2027-28 Forecast	FY 2028-29 Forecast	FY 2029-30 Forecast	FY 2030-31 Forecast
Property Tax	\$ 18.2	\$ 19.3	\$ 20.2	\$ 20.0	\$ 21.5	\$ 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	6.7	6.8	7.0	7.1	7.2	7.3
Measure G District Sales Tax	1.3	1.3	1.3	1.3	1.2	1.3	1.3	1.4	1.4	1.5
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	2.5	2.6	2.6	2.7	2.8	2.9
Licenses & Permits	3.3	4.0	5.8	6.1	6.3	6.3	6.4	6.5	6.6	6.7
Intergovernmental	1.6	1.2	1.1	1.2	0.8	0.8	0.9	0.9	0.9	0.9
Town Services	4.6	5.9	4.7	5.0	5.7	5.0	5.1	5.2	5.4	5.5
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	1.6	1.1	1.0	0.8	0.7	1.0
Other Sources	8.1	5.0	4.1	4.7	3.8	3.7	3.9	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; USE OF CAPITAL/SPECIAL PROJECTS</b>	<b>\$ 58.4</b>	<b>\$ 58.5</b>	<b>\$ 57.2</b>	<b>\$ 58.3</b>	<b>\$ 59.8</b>	<b>\$ 59.9</b>	<b>\$ 61.6</b>	<b>\$ 63.1</b>	<b>\$ 63.6</b>	<b>\$ 65.7</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 USE OF RESERVES*</b>	<b>\$ 61.1</b>	<b>\$ 61.9</b>	<b>\$ 61.5</b>	<b>\$ 60.8</b>	<b>\$ 59.8</b>	<b>\$ 59.9</b>	<b>\$ 61.6</b>	<b>\$ 63.1</b>	<b>\$ 63.6</b>	<b>\$ 65.7</b>
Expenditure Category	FY 2022/23 Actuals	FY 2023-24 Actuals	FY 2024-25 Adjusted Budget	FY 2024-25 Estimates	FY 2025-26 Proposed Budget	FY 2026-27 Forecast	FY 2027-28 Forecast	FY 2028-29 Forecast	FY 2029-30 Forecast	FY 2030-31 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	9.7	10.4	11.1	12.0	12.1	12.4
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)	(2.2)	(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	9.7	9.9	10.1	10.4	10.6	11.0
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	4.8	5.2	5.5	5.8	6.0	6.3
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>\$ 59.9</b>	<b>\$ 62.7</b>	<b>\$ 64.9</b>	<b>\$ 67.3</b>	<b>\$ 67.6</b>	<b>\$ 68.9</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; DISCRETIONARY EXPENDITURES</b>	<b>\$ 52.5</b>	<b>\$ 53.6</b>	<b>\$ 58.6</b>	<b>\$ 57.4</b>	<b>\$ 60.3</b>	<b>\$ 63.1</b>	<b>\$ 65.3</b>	<b>\$ 67.7</b>	<b>\$ 68.0</b>	<b>\$ 69.3</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>\$ 60.7</b>	<b>\$ 63.5</b>	<b>\$ 65.7</b>	<b>\$ 68.1</b>	<b>\$ 68.4</b>	<b>\$ 69.7</b>
<b>NET REVENUES, TRANSFERS IN, USE OF RESERVES LESS EXPENDITURES, TRANSFERS IN, AND RESERVE ALLOCATIONS</b>	<b>\$ 4.9</b>	<b>\$ 4.2</b>	<b>\$ 0.5</b>	<b>\$ -</b>	<b>(0.9)</b>	<b>\$ (3.6)</b>	<b>\$ (4.1)</b>	<b>\$ (5.0)</b>	<b>\$ (4.8)</b>	<b>\$ (4.0)</b>

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

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

This rest of 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 X 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 pages B and Y 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:

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

*The \$2.4 million Waste hauler Encroachment fee was categorized under Town Services in the **Column C Forecast**. Staff recategorized the estimated proceeds under Licenses and Permits in the **Column D Forecast**.*

**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.

**Row 13 – Column E – Other Sources: \$0.7 million variance.**

*Since all Measure G Revenue is programmed to provide for public safety services, the pass-through tracking revenue is characterized as other revenue. In the 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**.*

**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 **Column D Forecast** for TEA, ASCME, Confidential, Management, and Temporary employees, was 5% in FY 2024-25, 3% in FY 2025-26, and 4% in FY 2024-25 and FY 2025-26 for AFSCME. In addition, there were equity adjustments for certain job classes that were not included in **the Column C Forecast**.*

**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 estimated contribution changed 101.74% (**Column C Forecast**) to 112.09% (**Column D Forecast**)*

**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 **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, \$37,000 townwide meetings and events, 30,000 in auto parts, \$27,000 software licenses,*

	A	B	C	D	E
	Account	Revenue Category	FY 2025-26 Forecast Published 4/22/2024	FY 2025-26 Proposed Budget Published 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	
	<b>Account</b>	<b>Expenditure Category</b>	<b>FY 2025/26 Forecast</b>	<b>FY 2025-26 Proposed Budget</b>	<b>Variance</b>
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**  
(in \$ million)

Revenue Category	FY 2022/23 Actuals	FY 2023-24 Actuals	FY 2024-25 Adjusted Budget	FY 2024-25 Estimates	FY 2025-26 Proposed Budget	FY 2026-27 Forecast	FY 2027-28 Forecast	FY 2028-29 Forecast	FY 2029-30 Forecast	FY 2030-31 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; USE OF RESERVES*</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 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 Actuals	FY 2023-24 Actuals	FY 2024-25 Adjusted Budget	FY 2024-25 Estimates	FY 2025-26 Proposed Budget	FY 2026-27 Forecast	FY 2027-28 Forecast	FY 2028-29 Forecast	FY 2029-30 Forecast	FY 2030-31 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; 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 OF RESERVES LESS EXPENDITURES, TRANSFERS IN, AND RESERVE 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 (in \$ million)								
Account	Revenue Category	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2018/19 Actuals	FY 2019/20 Actuals	FY 2020/21 Actuals	FY 2021/22 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 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2018/19 Actuals	FY 2019/20 Actuals	FY 2020/21 Actuals	2021/22 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.  
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> SCC Assessor Office February 2025 Report and HdL Coren and Cone April 2025 Forecast	5.29% Net Taxable Value Change	5.42% Net Taxable Value Change	4.89% Net Taxable Value Change			
<b>VLF Backfill</b> HdL Coren and Cone April 2025 Forecast	5.25% Net Taxable Value Change	5.41% Net Taxable Value Change	4.90% Net Taxable Value Change	4.90% Net Taxable Value Change	4.89% Net Taxable Value Change	4.89% Net Taxable Value Change
<b>Other Property Tax</b> SCC Assessor Office February 2025 Report	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
<b>ERAF</b> SCC Assessor Office March 2025 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 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
<b>Sales Tax - Measure G</b>	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
<b>Franchise Fee</b> Current baseline set by FY 2024-25 Year-End Estimates	Current baseline set by FY 2024-25 Year-End Estimates	3%	3%	3%	3%	3%

Type of Revenue Base Line Estimates	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>Transient Occupancy Tax</b> Current baseline set by FY 2024- 25 Year-End Estimates	3%	3%	0%	0%	0%	0%
<b>Business License Tax</b> Current baseline set by FY 2024- 25 Year-End Estimates	2%	2%	2%	2%	2%	2%
<b>License &amp; Permits</b> Current baseline set by FY 2024- 25 Year-End Estimates	3%	3%	3%	3%	3%	3%
<b>Town Services</b> Current baseline set by FY 2024- 25 Year-End Estimates	3%	3%	0%	3%	3%	3%
<b>Fine &amp; Forfeitures</b> Current baseline set by FY 2024- 25 Year-End Estimates	1%	Varies	Varies	Varies	Varies	Varies
<b>Interest</b> Varies, based on Portfolio	Weighted Portfolio Yield 3.64%	Weighted Portfolio Yield 3.56%	Weighted Portfolio Yield 3.45%	Weighted Portfolio Yield 3.36%	Weighted Portfolio Yield 3.30%	Weighted Portfolio Yield 3.30%
<b>Other Sources</b> Current baseline set by FY 2024- 25 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. 68% of the workforce is already at top step or one step below top step. In the Five-Year Forecast, positions are forecasted at the actual rate of pay including salaries and benefits as of March 1, 2025 and rate is increasing in the actual anniversary date. The FY 2025-26 Budget and the FY 2026-27 – FY 30-31 Forecast includes 4.6% vacancy savings.

Type of Expenditure	FY 2025-26 Budget	FY 2026-27 Forecast	FY 2027-28 Forecast	FY 2028-29 Forecast	FY 2029-30 Forecast	FY 2030-31 Forecast
Salaries (TEA, Conf, Temp)*	3%	3%	2%	2%	2%	2%
Salaries (POA)*	5%	4%	2%	2%	2%	2%
Salaries (AFSCME)*	4%	4%	2%	2%	2%	2%
Salaries (Management)*	3%	3%	2%	2%	2%	2%
Benefit - Medical**	7%	7%	7%	7%	7%	7%
Vacancy Savings	4.6%	4.6%	4.6%	4.6%	4.6%	4.6%
Operating Expenditures***	Varies	3%	3%	3%	3%	3%
Grants & Awards	0%	0%	0%	0%	0%	0%
Utilities***	Varies	3%	3%	3%	3%	3%
Internal Service Charges***	Based on operating cost and scheduled replacement					
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 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 (in \$ million)								
Revenue Category	FY 2023-24 Actuals	FY 2024-25 Adjusted Budget	FY 2024-25 Estimates	FY 2025-26 Forecast	FY 2026-27 Forecast	FY 2027-28 Forecast	FY 2028-29 Forecast	FY 2029-30 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 Actuals	FY 2024-25 Adjusted Budget	FY 2024-25 Estimates	FY 2025-26 Forecast	FY 2026-27 Forecast	FY 2027-28 Forecast	FY 2028-29 Forecast	FY 2029-30 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.

REVENUE BASELINE AND PROJECTION FACTORS (FY 2024-25 MID-YEAR REPORT AND FORECAST – PUBLIC COMMENT PERIOD (2/7/2025))

ITEM NO. 1.

Type-of-Revenues	FY-2024-25 Estimates Baseline	FY-2025-26 Forecast	FY-2026-27 Forecast	FY-2027-28 Forecast	FY-2028-29 Forecast	FY-2029-30 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 Estimates Baseline	FY-2025-26 Forecast	FY-2026-27 Forecast	FY-2027-28 Forecast	FY-2028-29 Forecast	FY-2029-30 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

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

ITEM NO. 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 Budget	FY-2025-26 Forecast	FY-2026-27 Forecast	FY-2027-28 Forecast	FY-2028-29 Forecast	FY-2029-30 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*(Management, Confidential, Temp)	5%	3%	3%	2%	2%	2%
Benefit--Medical**	4%	4%	4%	4%	4%	4%
Operating-Expenditures***	3%	3%	3%	3%	3%	3%
Grants-&Awards	0%	0%	0%	0%	0%	0%
Utilities***	Varies	3%	3%	3%	3%	3%
Workers-Comp-Charges	Based on projected payroll	3%	3%	3%	3%	3%
General-Liability-Charges	Based on projected payroll	3%	3%	3%	3%	3%
Other-Internal-Service-Charges***	Based on operating cost and scheduled replacement					
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 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.

Type-of-Expenditures	FY-2024-25 Budget	FY-2025-26 Forecast	FY-2026-27 Forecast	FY-2027-28 Forecast	FY-2028-29 Forecast	FY-2029-30 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%	120.32%
Safety POA--PEPRA	15.56%	15.56%	15.68%	15.69%	16.32%	16.61%
Miscellaneous TEA/AFSCME/Confidential/Management	30.62%	29.65%	31.01%	32.28%	33.81%	34.49%
Miscellaneous TEA/AFSCME/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%

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

Revenue Category	FY 2022/23 Actuals	FY 2023/24 Adjusted Budget	FY 2023/24 Estimates	FY 2024/25 Budget	FY 2025/26 Forecast	FY 2026/27 Forecast	FY 2027/28 Forecast	FY 2028/29 Forecast	FY 2029/30 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 Actuals	FY 2023/24 Adjusted Budget	FY 2023/24 Estimates	FY 2024/25 Budget	FY 2025/26 Forecast	FY 2026/27 Forecast	FY 2027/28 Forecast	FY 2028/29 Forecast	FY 2029/30 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 (in \$ million)								
Account	Revenue Category	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2018/19 Actuals	FY 2019/20 Actuals	FY 2020/21 Actuals	FY 2021/22 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 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2018/19 Actuals	FY 2019/20 Actuals	FY 2020/21 Actuals	2021/22 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. General Fund (111) Historical presentaion does not include Pension Trusts activities.								



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





Type-of-Revenue-Base-Line-Estimates	FY2024/25 Budget	FY-2025/26 Forecast	FY-2026/27 Forecast	FY2027/28 Forecast	FY2028/29 Forecast	FY-2029/30 Forecast
<b>Transient-Occupancy-Tax</b> Current-baseline-set-by-FY-2023/24-Year-End-Estimates	3%	3%	0%	0%	0%	0%
<b>Business-License-Tax</b> Current-baseline-set-by-FY-2023/24-Year-End-Estimates	2%	2%	2%	2%	2%	2%
<b>License-&amp;Permits</b> Current-baseline-set-by-FY-2023/24-Year-End-Estimates	3%	3%	3%	3%	3%	3%
<b>Town-Services</b> Current-baseline-set-by-FY-2023/24-Year-End-Estimates	3%	3%	0%	3%	3%	3%
<b>Fine-&amp;Forfeitures</b> Current-baseline-set-by-FY-2023/24-Year-End-Estimates	1%	Varies	Varies	Varies	Varies	Varies
<b>Interest</b> Varies,-based-on-Portfolio	Weighted-Portfolio-Yield 3.77%	Weighted-Portfolio-Yield 3.59%	Weighted-Portfolio-Yield 3.37%	Weighted-Portfolio-Yield 3.05%	Weighted-Portfolio-Yield 3.03%	Weighted-Portfolio-Yield 3.01%
<b>Other-Sources</b> 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					
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	FY 2025/26 Forecast	FY 2026/27 Forecast	FY2027/28 Forecast	FY2028/29 Forecast	FY 2029/30 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 Proposed Budget	Estimated Budget Revision	2023/24 Recommended 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 Adjusted Budget	FY 2022/23 Estimates	FY 2023/24 Adopted Budget	FY 2024/25 Forecast	FY 2025/26 Forecast	FY 2026/27 Forecast	FY 2027/28 Forecast	FY 2028/29 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 Adjusted Budget	FY 2022/23 Estimates	FY 2023/24 Adopted Budget	FY 2024/25 Forecast	FY 2025/26 Forecast	FY 2026/27 Forecast	FY 2027/28 Forecast	FY 2028/29 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>									
	Recovery	-	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 Forecast (\$M)	2025/26 Forecast (\$M)	2026/27 Forecast (\$M)	2027/28 Forecast (\$M)	2028/29 Forecast (\$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 Actuals	FY 2023/24 Adjusted Budget	FY 2023/24 Estimates	FY 2024/25 Forecast	FY 2025/26 Forecast	FY 2026/27 Forecast	FY 2027/28 Forecast	FY 2028/29 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 Actuals	FY 2023/24 Adjusted Budget	FY 2023/24 Estimates	FY 2024/25 Forecast	FY 2025/26 Forecast	FY 2026/27 Forecast	FY 2027/28 Forecast	FY 2028/29 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 LESS EXPENDITURES, TRANSFERS IN, AND RESERVE 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.

REVENUE BASELINE AND PROJECTION FACTORS (FY 2023-24 MID-YEAR REPORT AND FORECAST – PUBLIC HEARING 2/10/2024)

ITEM NO. 1.



Type-of-Revenue	FY-2023/24 Estimates Baseline	FY-2024/25 Forecast	FY-2025/26 Forecast	FY-2026/27 Forecast	FY-2027/28 Forecast	FY-2028/29 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 Most-Likely-Estimates	MuniServices-January-2024 Most-Likely-Estimates	MuniServices-January-2024 Most-Likely-Estimates	MuniServices-January-2024 Most-Likely-Estimates	MuniServices-January-2024 Most-Likely-Estimates	MuniServices-January-2024 Most-Likely-Estimates
Sales-Tax--Measure-G	MuniServices-January-2024 Most-Likely-Estimates	MuniServices-January-2024 Most-Likely-Estimates	MuniServices-January-2024 Most-Likely-Estimates	MuniServices-January-2024 Most-Likely-Estimates	MuniServices-January-2024 Most-Likely-Estimates	MuniServices-January-2024 Most-Likely-Estimates
Franchise-Fees	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 Estimates Baseline	FY-2024/25 Forecast	FY-2025/26 Forecast	FY-2026/27 Forecast	FY-2027/28 Forecast	FY-2028/29 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

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¶ 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 Budget	FY-2024/25 Forecast	FY-2025/26 Forecast	FY-2026/27 Forecast	FY-2027/28 Forecast	FY-2024/25 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					
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. ¶*

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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. 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.

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 2023/24 Forecast	FY 2024/25 Forecast	FY 2025/26 Forecast	FY 2026/27 Forecast	FY 2027/28 Forecast	FY 2028/29 Forecast
Safety POA	81.31%	96%	98.7%	102.3%	106.1%	116.0%
Safety Management POA	84.31%	99%	101.7%	105.3%	109.1%	118%
Safety POA--PEPRA	14.5%	15.6%	15.6%	15.7%	16.0%	16.0%
Miscellaneous TEA/AFSCME/Confidential/Management	29.97%	30.6%	29.6%	31.0%	32.3%	33.8%
Miscellaneous TEA/AFSCME/Confidential/Management PEPRA 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 Adjusted Budget	FY 2022/23 Estimates	FY 2023/24 Proposed Budget	FY 2024/25 Forecast	FY 2025/26 Forecast	FY 2026/27 Forecast	FY 2027/28 Forecast	FY 2028/29 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 Adjusted Budget	FY 2022/23 Estimates	FY 2023/24 Proposed Budget	FY 2024/25 Forecast	FY 2025/26 Forecast	FY 2026/27 Forecast	FY 2027/28 Forecast	FY 2028/29 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> 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> SCC Assessor Office March 2023 report	SCCAO Recommends 70% of FY 2022/23 Anticipated Proceeds	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				

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> Current baseline set by FY 2022/23 Year End Estimates	3%	3%	3%	3%	1%	1%
<b>Business License Tax</b> Current baseline set by FY 2022/23 Year End Estimates	2%	2%	2%	2%	2%	2%
<b>License &amp; Permits</b> Current baseline set by FY 2022/23 Year End Estimates	4.4%	3%	3%	3%	3%	3%
<b>Town Services</b> Current baseline set by FY 2022/23 Year End Estimates	3%	3%	0%	3%	3%	3%
<b>Fine &amp; Forfeitures</b> 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> 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					
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
Safety POA	81.30%	87.00%	90.90%	90.80%	99.30%	108.40%
Safety Management POA	84.30%	90.00%	93.90%	93.80%	102.30%	111.40%
Safety POA - PEPPRA	14.50%	14.70%	15.00%	15.40%	15.90%	16.40%
Miscellaneous TEA/Confidential/Management	29.97%	29.20%	28.30%	29.80%	31.00%	32.50%
Miscellaneous TEA/Confidential/Management PEPPRA						
Separate PEPPRA 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 Actuals	2022/23 Adjusted Budget	2022/23 Estimates	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 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 Actuals	2022/23 Adjusted Budget	2022/23 Estimates	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 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 Fund	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. General Fund (111) Forecast does not include Pension Trusts activities.									

REVENUE BASELINE AND PROJECTION FACTORS (FY 2022-23 MID-YEAR REPORT AND FORECAST – PUBLISHED 2/10/2023)

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 January 2023 Most Likely Estimates</u>	<u>MuniServices January 2023 Most Likely Estimates</u>	<u>MuniServices January 2023 Most Likely Estimates</u>	<u>MuniServices January 2023 Most Likely Estimates</u>	<u>MuniServices January 2023 Most Likely Estimates</u>	<u>MuniServices January 2023 Most Likely Estimates</u>
<b>Sales Tax - Measure G</b>	<u>MuniServices January 2023 Most Likely Estimates</u>	<u>MuniServices January 2023 Most Likely Estimates</u>	<u>MuniServices January 2023 Most Likely Estimates</u>	<u>MuniServices January 2023 Most Likely Estimates</u>	<u>MuniServices January 2023 Most Likely Estimates</u>	<u>MuniServices January 2023 Most Likely Estimates</u>
<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 Estimates Baseline	FY 2023/24 Forecast	FY 2024/25 Forecast	FY 2025/26 Forecast	FY 2026/27 Forecast	FY 2027/28 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

EXPENDITURE BASELINE AND PROJECTION FACTORS (FY 2022-23 MID-YEAR REPORT AND FORECAST – PUBLISHED 2/10/2023)

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					
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 Adjusted Budget	2021/22 Estimates	2022/23 Proposed Budget	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 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 Adjusted Budget	2021/22 Estimates	2022/23 Proposed Budget	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 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. 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> SCC Assessor Office January 2022 report.	3%	3%	3%	3%	3%	3%
<b>North 40 Property Sales</b> Starting in FY 2021/22	North 40 Sales	3%	3%	3%	3%	3%
<b>ERAF</b> 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> 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> 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 Base Line Estimates	FY 2022/23 Budget	FY 2023/24 Forecast	FY 2024/25 Forecast	FY 2025/26 Forecast	FY 2026/27 Forecast	FY 2027/28 Forecast
<b>Business License Tax</b> Current baseline set by FY 2021/22 Year End Estimates	3%	3%	3%	0%	0%	0%
<b>License &amp; Permits</b> Current baseline set by FY 2021/22 Year End Estimates	3%	3%	3%	3%	3%	3%
<b>Town Services</b> Current baseline set by FY 2021/22 Year End Estimates	3%	3%	0%	3%	3%	3%
<b>Fine &amp; Forfeitures</b> Current baseline set by FY 2021/22 Year End Estimates	3%	Varies	Varies	Varies	Varies	Varies
<b>Interest</b> Current baseline set by FY 2021/22 Year End Estimates	Varies based on portfolio	Varies based on portfolio				
<b>Other Sources</b> Current baseline set by FY 2021/22 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. 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					
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
Safety POA	69.44%	72.01%	74.61%	75.68%	76.69%	76.66%
Safety Management POA	72.44%	75.01%	77.61%	78.68%	79.69%	79.66%
Safety POA - PEPRA	14.62%	14.65%	13.78%	13.75%	13.76%	13.76%
Miscellaneous TEA/Confidential/Management	29.92%	30.04%	30.64%	28.45%	28.73%	28.42%
Miscellaneous TEA/Confidential/Management PEPRA						
Separate PEPRA rate for Miscellaneous has not been established yet by CalPERS.	29.92%	30.04%	30.64%	28.45%	28.73%	28.42%

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

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

Account	Revenue Category	2020/21 Actuals	2021/22 Adjusted Budget	2021/22 Estimates	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 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>		<b>\$ 46.6</b>	<b>\$ 47.3</b>	<b>\$ 45.4</b>	<b>\$ 44.2</b>	<b>\$ 45.2</b>	<b>\$ 46.2</b>	<b>\$ 47.4</b>	<b>\$ 48.6</b>
	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>		<b>\$ 54.5</b>	<b>\$ 49.7</b>	<b>\$ 49.2</b>	<b>\$ 45.6</b>	<b>\$ 46.6</b>	<b>\$ 47.6</b>	<b>\$ 48.9</b>	<b>\$ 50.1</b>
Account	Expenditure Category	2020/21 Actuals	2020/21 Budget	2021/22 Estimates	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 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 Pay as 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>		<b>\$ 42.4</b>	<b>\$ 46.1</b>	<b>\$ 45.3</b>	<b>\$ 45.0</b>	<b>\$ 46.5</b>	<b>\$ 48.0</b>	<b>\$ 48.9</b>	<b>\$ 50.3</b>
	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>		<b>\$ 48.6</b>	<b>\$ 46.6</b>	<b>\$ 45.8</b>	<b>\$ 45.8</b>	<b>\$ 47.2</b>	<b>\$ 48.6</b>	<b>\$ 49.5</b>	<b>\$ 50.9</b>
	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>		<b>\$ 53.7</b>	<b>\$ 49.9</b>	<b>\$ 49.2</b>	<b>\$ 47.2</b>	<b>\$ 48.6</b>	<b>\$ 50.0</b>	<b>\$ 51.0</b>	<b>\$ 52.4</b>
<b>NET REVENUES RESERVE TRANSFERS LESS EXPENDITURES &amp; RESERVE ALLOCATIONS FOR FINAL ALLOCATION AFTER YEAR END CLOSE</b>		<b>\$ 0.8</b>	<b>\$ (0.2)</b>	<b>\$ -</b>	<b>\$ (1.6)</b>	<b>\$ (2.0)</b>	<b>\$ (2.4)</b>	<b>\$ (2.1)</b>	<b>\$ (2.3)</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. (\$37,810 in interest proceeds in FY 2020/21)									

REVENUE BASELINE AND PROJECTION FACTORS (FY 2021-22 MID-YEAR AND FORECAST - PUBLISHED 2/11/2022)

ITEM NO. 1.

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
<b>Property Tax/VLF Backfill</b>	Current baseline set by SCC Assessor Office 2/4 2022 report	3%	3%	3%	3%	3%
<b>North 40 Property Sales</b>	Starting in 2021/22	North 40 Phase 1 Sales	3%	3%	3%	3%
<b>ERAF</b>	Current baseline set 70% of SCC Assessor Office 2/4 2022 report	\$400K	\$400K	\$400K	\$400K	\$400K
<b>Sales Tax</b>	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
<b>Sales Tax - Measure G</b>	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
<b>Franchise Fee</b>	Current baseline set by FY 2021/22 Estimates	3%	3%	3%	3%	3%
<b>Transient Occupancy Tax</b>	Current baseline set by FY 2021/22 actual estimated proceeds	3%	3%	3%	3%	3%
<b>Business License Tax</b>	Current baseline set by FY 2021/22 Estimates	5%	5%	0%	0%	0%
<b>License &amp; Permits</b>	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
Salaries*	2%	2%	2%	2%	2%
Benefit - Medical**	3%	3%	3%	3%	3%
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				
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 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%
<b>Miscellaneous TEA/Confidential/Management PEPRA</b>	29.43%	30.04%	30.64%	28.45%	28.73%

*\*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 Adjusted Budget	2020/21 Estimates	2021/22 Proposed Budget	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 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 Adjusted Budget	2020/21 Estimates	2021/22 Proposed Budget	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 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					
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
Safety POA	62.94%	74.89%	78.61%	82.33%	84.63%	86.78%
Safety Management POA	65.94%	77.89%	81.61%	85.33%	87.63%	89.78%
Safety POA - PEPR	15.74%	15.07%	15.07%	14.03%	14.05%	14.06%
Miscellaneous TEA/Confidential/Management	33.54%	31.37%	32.29%	33.31%	31.25%	31.94%
Miscellaneous TEA/Confidential/Management PEPR						
Separate PEPR 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 (in \$ million)								
Account	Revenue Category	2020/21 Budget	2020/21 Estimates	2021/22 Forecast	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast	2025/26 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 Budget	2020/21 Estimates	2021/22 Forecast	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast	2025/26 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.

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

ITEM NO. 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-Fees	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

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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				
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--PEPRA	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 PEPRA	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 (in \$ million)							
Account	Revenue Category	2020/21 Budget	2021/22 Forecast	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast	2025/26 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 Budget	2021/22 Forecast	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast	2025/26 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
Property Tax/VLF Backfill	Current baseline set by SCC Assessor Office May 2020 report.	2%	0%	3%	3%	3%
Annexation Additional	\$1,000,000 starting FY 2020/21	0%	0%	3%	3%	3%
North 40 Property Sales	Starting in 2021/22	N/A	North 40 Phase 1 Sales	North 40 Phase 1 Sales	3%	3%
ERAF	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
Sales Tax	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
Sales Tax - Measure G	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
Franchise Fee	Current baseline set by FY 2019/20 Adopted Budget.	3%	3%	3%	3%	3%
Transient Occupancy Tax	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					
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
Safety POA	58.98%	67.67%	72.14%	75.91%	79.46%	81.56%
Safety Management POA	61.98%	66.67%	75.14%	78.91%	82.46%	84.56%
Safety POA - PEPRA	15.95%	15.99%	16.58%	17.14%	15.29%	15.71%
Miscellaneous TEA/Confidential/Management	34.23%	31.59%	33.66%	35.46%	37.12%	35.50%
Miscellaneous TEA/Confidential/Management PEPRA	37.43% 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.