



City of Clovis

Five-Year Financial Forecast

Through Fiscal Year 2024/25

Prepared March 2020



CITY OF CLOVIS

Five-Year Financial Forecast

Through Fiscal Year 2024/2025

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CITY OF CLOVIS
FIVE-YEAR FINANCIAL FORECAST

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INTRODUCTION

The Five-Year Financial Forecast through 2024/25 represents a continuing effort to analyze the City's long-term fiscal condition based upon a reasonable set of economic and operational assumptions. It is an important management tool used by both the City Council and the City Manager for identifying fiscal trends and issues which must be addressed in order to assure continued financial success. The set of forecasts contained in this report is not a prediction of what will occur. The forecast is a snapshot in time and an **approximate view of what could occur** in the future if all of the assumptions are realized. As with any forecast or prediction, the assumptions and projections for the nearer years carry more certainty and confidence than for the years further into the future.

This report is a forecast, and some of the funds are significantly constrained. It is important that the City continue to closely monitor economic conditions locally, statewide, and nationally. In the past, decisions made at other levels of government have had a very negative impact on City finances, so it will also be important to closely monitor what is happening in Sacramento and Washington D.C.

EXECUTIVE SUMMARY

The General Fund forecast continues to be significantly constrained during the forecast period primarily due to three factors. First, the growth in General Fund revenues, especially sales tax, is projected to grow at a slower pace than recent years. Second, the Public Employees' Retirement System (PERS) costs are rising significantly due to recent changes in the actuarial assumptions and the discount rate. Third, the demand for many General Fund services is growing in direct proportion with the City's growth, which continues at a brisk pace. Another significant factor affecting the General Fund forecast is the need to staff Fire Station 6, which is scheduled to open in late 2021. Whereas staffing for most services can grow at a gradual pace in proportion to population growth, Fire department staffing needs to expand much less frequently, but in much larger increments because all of the new staffing for the new station must be essentially hired at once. Included in this forecast are 8 new sworn Fire Department positions, which are the first new firefighter positions since 2004 and represent a 14% increase in staffing. The General Fund forecast that is presented is structurally balanced and provides as much growth in critical services as possible. However, transfers to the Fleet Fund and to the General Government Facilities Fund are at minimal levels. Ongoing transfers to the Emergency Reserve are limited to allow for a 15% minimum target of General Fund expenditures. The amount of the Emergency Reserve continues to grow, but it does not grow as proportionately fast as expenditures from the General Fund. As a result, the Emergency Reserve, a percentage of expenditures, is projected to decline. The percentage remains at or above the 15% minimum level established by City Council for the entire forecast period.

The Water Enterprise Fund forecast maintains stable reserves with annual 3% rate increases that have been adopted and are included in each year of the forecast. The reserve for drought contingency has been increased over the forecast period for the increased likelihood that the City will have to purchase water on the open market at much higher rates due to drought conditions and/or impacts from the Sustainable Groundwater Management Act (SGMA). A new line item has been specifically added in the forecast to set aside funds for future costs related to SGMA.

The Sewer Enterprise Fund forecast maintains stable reserves with annual 3% rate increases that have been adopted but are not currently included in each year of the forecast. The sewer bond service charge at \$3.65 per month per residential unit, which is half of the Council approved amount of the \$7.30 per month per residential unit that the City Council implemented in 2010, was reinstated on January 1, 2019. This is projected to end at the end of the 2019/20 fiscal year but may need to be reinstated later in the forecast period starting in the 2022/23 fiscal year.

The Community Sanitation Fund forecast maintains stable reserves, in 2019/20, the Council implemented a refuse rate increase of 2%. An increase of 4% is necessary in 2020/21 to keep the fund stable with appropriate reserves, and increases of 2% are projected thereafter for the remainder of the forecast period. The 2% refuse rate increase represents half of the annual rate increase that was adopted. The full 4% increases are needed for the recycling and greenwaste services because these services are contracted and the contract costs are increasing correspondingly. The forecast reflects the final payment for the Landfill debt service, which occurred in 2018, and an increase in closure and post closure costs identified in the revised Joint Technical Document (JTD) dated March 2017 prepared in agreement with the California Department of Resources Recycling and Recovery (CalRecycle) and the California Regional Water Quality Control Board (RWQCB).

The Transit Fund shows a positive position throughout the forecast period as a result of increased revenues based on population growth and as the result of all State Local Transportation Funds (LTF) being required to be allocated to Transit. Route improvements and other options have been reviewed and plans for implementation are in development. An additional funding source provided by SB1 legislation has become available for operation and capital expenses. With funding for Transit constantly in flux the types and levels of funding will be closely monitored to make any necessary adjustments to current service levels should the need arise. Beginning with the 2017/18 fiscal year, the Transit Fund was required to defer revenue that it had received but not yet spent. Any working capital that is required to be deferred can be seen on the Transit Fund forecast on the line labeled Deferred Revenue.

The Planning and Development Services Enterprise Fund forecast maintains adequate, but declining reserves. The decreasing reserves are largely due to additional staffing that is assumed to be needed to address future workloads. These assumptions will be closely monitored and adjustments made as needed to maintain adequate reserves. Workloads and revenue in Planning and Development Services may actually vary significantly during

the forecast period, so the Fund includes an Emergency Reserve in case of a slow-down. The Emergency Reserve maintains prudent funding throughout the forecast period.

Internal Service Funds are projected to be self-balancing throughout the forecast period. Each of the Internal Service Funds is continually monitored, and more cost effective programs are implemented wherever possible to reduce costs to all other City operations.

Debt Service Funds will be fully funded to make all debt payments and meet all legal obligations.

ANALYSIS OF FUNDS

The purpose of this forecast is to provide the City Council and the City Manager with an early identification of financial trends. With early detection, financial trends identified as possible problems can be dealt with in a reasonable manner rather than waiting for a crisis to occur.

The City's Annual Budget represents a total financing plan for all City operations and must be analyzed by its component parts in order to make any meaningful adjustments. Unlike a private holding company, the City cannot remove cash from any one enterprise operation to help support general tax funded operations. Although there is certainly some financial interdependence between the funds, such as internal service fund charges to allocate common costs, each fund represented in the budget must stand alone.

When analyzing City operations, it is appropriate to look at the budget, department by department. However, when reviewing long range financial policies, it is best to look at the fund structure rather than the department structure. The major fund groups reviewed in this forecast are the operating funds of the City including:

General Fund - This fund includes the functions of general government, including elected officials, administration and finance, public safety, and some field maintenance activities, such as parks and street maintenance.

Enterprise Funds - These funds include operations for water, sewer, solid waste, street cleaning, transit, and planning and development services.

Internal Service Funds - These funds include property and liability insurance, employee benefits, fleet maintenance, and general services.

Debt Service Funds - These funds include all debt service activity for which the City is responsible.

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GENERAL FUND

Current Year – 2019/20

The City's General Fund Budget is generally a status quo budget with limited expansion of services due to a trend of expenditures growing more quickly than forecasted revenues. Again this year, the City has a structurally balanced budget. Based on current estimates, revenues are projected to be approximately \$1.2 million above expenditures, allowing for transfers to Planning and Development Services and Fleet.

General Fund revenues are projected to exceed budget in total by \$0.4 million. General Fund revenues for the current fiscal year are projected to be more than budget due to increased Property Taxes, Card Room Fees, and Grants totaling \$1.0 million. Additional Grant revenues are offset with corresponding additional expenditures. Some revenue categories are projected to not meet budget by \$0.6 million such as Franchise Fees, Business Licenses, and Transient Occupancy Tax.

Property Taxes are projected to be approximately \$0.5 million above budget. Card Room Fees are projected to increase by \$0.1 million due to an increase in the fee percentage from 6.5% to 8%. Franchise Fees are projected to be under budget as more residents are opting into satellite and streaming services for home entertainment which are services not subject to Franchise Fees. Transient Occupancy Taxes are projected to be below budget by \$0.3 million due to the delay of a hotel opening next fiscal year rather than in FY 2019/20 as anticipated.

Measures were taken to constrain General Fund expenditures in the current year budget due to the foreseeable increases in Public Employees' Retirement System (PERS) costs. The 2019/20 General Fund Budget added four new General Fund positions but some of the existing positions were held vacant, most notably the Deputy Police Chief, the Deputy City Manager and 2 firefighter positions. This has allowed for a structurally balanced budget for 2019/20.

The budget included a \$3.9 million unreserved beginning fund balance (Contingency for Economic Uncertainty). Due to the slightly higher-than-anticipated revenues last fiscal year and lower expenditures than expected, the unreserved fund balance at the beginning of the current year was \$0.5 million higher than anticipated in the budget.

Forecast – 2020/21 through 2024/25

Three challenges loom large in the General Fund forecast for the next 5 years. Discretionary revenue is projected to grow at a slower rate, PERS costs will rise significantly, and the City continues to grow which increases the demand for General Fund services, most notably public safety. Included within the needed public safety growth is the staffing needed to open Fire Station 6 in fiscal year 2021/22. In order to meet the increasing demand for services for the growing City, much less funding will be available for transfer to the Emergency Reserve, Fleet Fund, and General Government Facilities Fund. As expenditures plus transfers exceed

revenues, the fund balance is projected to diminish from \$1.5 million in FY 2020/21 to \$0.6 million in FY 2024/25.

Revenues

Property Tax and Sales Tax are the two largest sources of discretionary revenue; Franchise Fees, Business Licenses, Transient Occupancy and Other Taxes make up the bulk of the remainder. Due to Proposition 13, property tax growth is largely driven by growth in the City. When growth occurs faster than normal, the property tax grows faster than anticipated, but the growth also brings a corresponding increase in the demand for services. Property Tax revenues, due to increases in development of residential and commercial units last fiscal year, will be realized in FY 2020/21. Property tax growth during the forecast period is projected to increase at a rate corresponding to a 30 year average of 750 single and multi-family residential units. This rate of growth is lower than what Clovis experienced last year and the City's three-year average of residential units. The forecast does not project a housing slump because those are difficult to anticipate. However, one is likely to actually occur at some time during the forecast period and would result in property tax growth being lower than forecast.

Sales tax growth has slowed due to a cultural change in how people spend their money and due to the shift to online purchases. In broad terms, Americans are spending a much higher percentage of their disposable income on services rather than goods. Since only goods are subject to sales tax, the revenue from sales tax is not keeping up with population growth and inflation. Additionally, Americans are purchasing an ever-increasing portion of their goods from online sources rather than local sources. Sales tax is not collected on some online purchases, and sales tax from other online purchases is paid to the locality of distribution rather than locality of delivery. Furthermore, the online sales tax that is nominally paid to the locality of delivery is actually paid to the County of delivery and is then distributed to the cities in proportion to their sales tax revenues from brick-and-mortar vendors.

In June 2018, the U.S. Supreme Court's decision in South Dakota vs. Wayfair Inc. overruled the long standing physical presence rule preventing states from taxing remote sales. States can now enact an economic presence requirement to sellers to collect and remit sales tax to the states. Effective April 1, 2019, California has established that all retailers, whether located inside or outside California are required to collect and remit taxes on all sales made for delivery in any district that imposes such tax if the retailer has more than \$500,000 in annual taxable sales. The forecast does not include estimated higher pool allocations that may result from new taxes paid by out of state, online retailers.

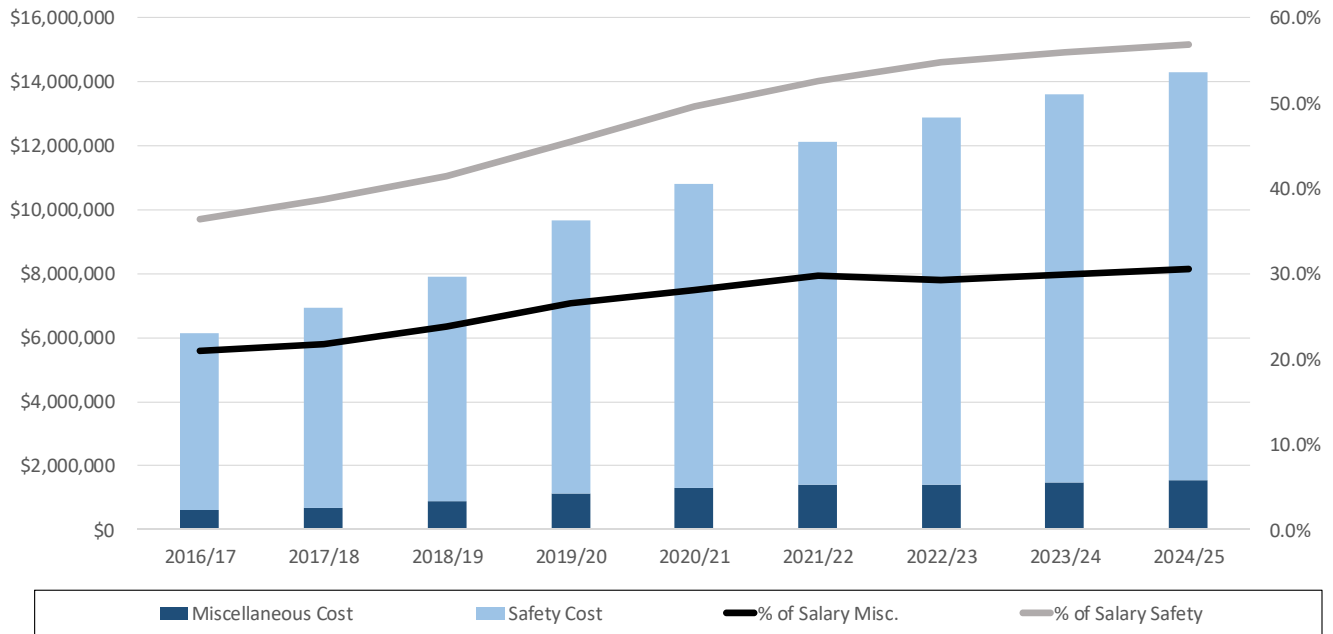
Sales Tax is projected to show an increase of 5.7% in FY 2019/20 which factors in missing payments from prior years due to the State's transition to a new reporting system which temporarily delayed distributions to the City. For the remaining projected years, Sales Tax is expected to grow at 4.5% with population growth at 750 residential units.

The forecast reflects the opening of new hotels in Other Taxes. Transient Occupancy Tax is due to markedly increase in FY 2020/21 with the opening of Marriott Townplace Suites and Courtyard. The Home2 hotel is anticipated to open in the current FY 2019/20.

Growth in Franchise Taxes has slowed in recent years as more households move away from traditional hard-wired phone and cable TV service towards cellular and satellite services. All other discretionary revenues are forecast to increase at average growth plus inflation, which has been low for many years.

PERS

PERS costs are projected to rise significantly during the forecast period due to the recent lowering of the discount rate and to changes in PERS’ actuarial assumptions. The following chart shows the expected General Fund PERS costs, both as a percentage of salary and in dollars, for the forecast period.



As can be seen in the chart, annual General Fund PERS costs are projected to rise by \$4.6 million between the current year and the end of the forecast period.

Growing Demands

The City continues to grow, and in recent years it has grown faster than the long term average. The growth drives some revenue growth, but it also drives a growing demand for services. Police and Fire comprise the largest expenditures in the General Fund and are most impacted by this growing demand. Failure to grow these departments, as well as other General Fund departments, at a rate corresponding to the growth of the City may result in an erosion of the level of service that is provided.

Approach to the Forecast

The forecast represents staff's best estimate of the City's finances for the next 5 years, and will be the base on which the budget is developed. The forecast must be structurally sound and sustainable, so projected revenues, expenditures and transfers must be balanced. Some of the components of these revenues, expenditures and transfers are more easily controllable than others. Major increases to revenues, either through tax increases or extraordinary commercial growth, would be challenging to achieve or even completely infeasible, so they were not considered in the development of the forecast. Expenditures and transfers were adjusted as necessary to best achieve the City's goals and comply with the City's policies within the available revenue.

The impact of the PERS costs is significant; those costs will rise from 9.8% of the General Fund budget a few years ago to 15.6% by fiscal year 2024/25. Essentially, that means the level of service plus the transfers to the reserve that can be provided in 2024/25 will be only 94.0% of what could have been provided without this rise in PERS costs.

Service levels are already stretched thin so this forecast emphasizes growing those services, specifically public safety, as much as revenues allow. In order to balance the forecast within the projected revenues and provide for the increased PERS costs, transfers to the Fleet Fund have been eliminated, transfers to General Government Facilities Fund have been reduced to the minimum required for the debt service anticipated, and transfers to the Emergency Reserve have been reduced to the minimum required amount to maintain a 15% Reserve. The forecast includes a total of nine (9) new police officers, one (1) non-sworn position, and the hiring of eight (8) additional firefighters to staff a sixth station slated to open in 2021/2022. No other General Fund positions are projected to be added during the forecast period.

CITY OF CLOVIS

General Fund Financial Forecast - Summary

(dollars in thousands)

	ACTUALS			ESTIMATED	PROJECTED				
	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Beginning Available Fund Balance	2,930	420	3,630	4,430	1,940	1,500	1,210	740	520
Reappropriation/Encumbrances	150	(230)	10	(640)					
<u>REVENUES</u>									
Discretionary	49,040	53,510	55,640	59,320	62,540	65,420	68,060	70,820	73,650
Non-Discretionary	14,520	16,450	17,590	17,570	17,550	17,990	18,480	18,980	19,490
Total Revenues	63,560	69,960	73,230	76,890	80,090	83,410	86,540	89,800	93,140
<u>EXPENDITURES</u>									
Public Safety	46,470	49,730	52,030	56,040	59,420	62,000	64,690	66,990	69,190
Public Utilities	8,770	8,990	9,990	10,640	10,940	11,240	11,510	11,810	12,110
General Government	7,470	7,450	8,330	9,050	9,570	9,610	9,960	10,120	10,560
Total Expenditures	62,710	66,170	70,350	75,730	79,930	82,850	86,160	88,920	91,860
Resources Above/(Below) Operating Expenditures	850	3,790	2,880	1,160	160	560	380	880	1,280
<u>ADDITIONAL ITEMS</u>									
Transfers Out to General Government Facilities Fund	(2,000)	0	0	0	(250)	(500)	(500)	(500)	(500)
Transfers Out to PDS/Fleet Fund/Projects	(1,000)	(300)	(990)	(2,960)	(300)	(300)	(300)	(300)	(300)
Total Additional Items	(3,000)	(300)	(990)	(2,960)	(550)	(800)	(800)	(800)	(800)
Net Increase/(Decrease) to Fund Balance	(2,150)	3,490	1,890	(1,800)	(390)	(240)	(420)	80	480
<u>OTHER ITEMS</u>									
(Use of)/Addition to Emergency Reserve	510	50	1,100	50	50	50	50	300	400
Total Other Items	510	50	1,100	50	50	50	50	300	400
Ending Available Fund Balance	420	3,630	4,430	1,940	1,500	1,210	740	520	600
Emergency Reserve-(Dollars)	11,610	11,660	12,760	12,810	12,860	12,910	12,960	13,260	13,660
Emergency Reserve as a % of Expenditures	18.50%	17.60%	17.70%	16.90%	16.10%	15.60%	15.00%	15.00%	15.00%

CITY OF CLOVIS

General Fund - Financial Forecast (dollars in thousands)

REVENUES	ACTUALS			ESTIMATED	PROJECTED				
	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Residential Units (SF + MF)	984	1347	848	1,400	750	750	750	750	750
<u>Discretionary</u>									
Property Taxes	17,270	18,940	20,070	21,690	22,730	23,640	24,570	25,520	26,490
Educational Augmentation	(4,180)	(4,560)	(4,800)	(5,100)	(5,350)	(5,670)	(5,900)	(6,120)	(6,360)
County Admin Fee	(220)	(200)	(200)	(210)	(220)	(240)	(250)	(260)	(260)
Property Tax In Lieu-VLF	8,480	9,060	9,720	10,420	10,870	11,340	11,830	12,340	12,870
Sales Tax	20,400	21,170	22,420	23,710	24,770	25,880	27,040	28,260	29,530
County Share	(1,020)	(1,060)	(1,120)	(1,190)	(1,240)	(1,290)	(1,350)	(1,410)	(1,480)
Franchise Fee	2,390	2,450	2,360	2,400	2,480	2,560	2,640	2,720	2,800
Business License	2,850	4,380	3,370	3,570	3,720	3,870	4,030	4,200	4,370
Other Taxes	2,840	3,080	3,460	3,750	4,500	5,040	5,150	5,260	5,370
Interest	50	60	180	150	150	160	170	180	190
Other Revenues-(Disc.)	180	190	180	130	130	130	130	130	130
<u>Non-Discretionary</u>									
Community Facility Fee	1,020	1,570	1,850	2,070	2,250	2,430	2,610	2,810	3,010
Sales Tax-(Public Safety)	300	310	300	320	340	350	360	370	380
Other Lic & Permits	110	110	100	110	110	110	110	110	110
Fines & Forfeitures	140	230	200	190	190	190	190	190	190
Building Rentals	40	50	50	50	50	50	50	50	50
State Subvention-Gas Tax	1,080	1,100	1,110	1,400	1,400	1,420	1,440	1,460	1,480
Grants	1,270	2,320	2,080	1,050	630	630	630	630	630
From Other Agencies	480	380	660	730	740	760	780	800	820
Current Services	1,370	1,740	1,660	1,710	1,750	1,790	1,830	1,870	1,910
Landscape Maint. Charges	2,840	3,070	3,570	3,910	4,000	4,090	4,180	4,270	4,360
Other Revenues-(Non-Disc.)	250	120	260	180	180	180	180	180	180
Impact/Rental Fees	1,510	1,570	1,630	1,700	1,740	1,780	1,820	1,860	1,900
Admin Charges	4,110	3,880	4,120	4,150	4,170	4,210	4,300	4,380	4,470
Total Revenues	63,560	69,960	73,230	76,890	80,090	83,410	86,540	89,800	93,140

Revenue Assumptions (dollars in dollars)

PROPERTY TAXES:	ANNUAL INCREASE 2.00%	INCREASE IN ASSESSED VALUE \$243,000,000	CITY TAX RATE (Before reductions) 18.74% of 1%
	<i>Note: FY19/20 Annual Increase=1.02% Increase in AV above is based on 750 residential units</i>		
PROPERTY TAX IN LIEU-VLF:	INCREASE BY ASSESSED VALUE GROWTH		4.30% (Based on 750 units)
COMMUNITY FACILITY FEE:	2/3 OF NEW RES UNITS PER YR. 500	ANNUAL FEE: \$255	INCREASE BY: 2.15%
SALES TAX:	3 YEAR CPI 2.15%	SALES TAX RATE 1.00%	POPULATION GROWTH 2,000 PER YEAR CAPITA \$ PER YEAR \$192
COUNTY SHARE:	5.00% OF GROSS SALES TAX (Based on 750 units)		
SALES TAX GROWTH %:	PROJECTED	<u>2020/21</u> 4.5%	<u>2021/22</u> 4.5%
		<u>2022/23</u> 4.5%	<u>2023/24</u> 4.5%
		<u>2024/25</u> 4.5%	
FRANCHISE TAX:	3 YEAR CPI 2.15%	NEW RES UNITS PER YEAR 750	FEE OF GROSS 1.00%
			PARTICIPATION % 50.00% Comcast/AT&T \$70 Per Unit per Month
			P G & E \$250 Per Unit per Mo
	<i>Note: 3 year average for residential units is 1060, 5 year average is 980 units</i>		
BUSINESS LICENSE:	INCREASE 2.15%	THREE YR CPI	2.00% NEW BUSINESSES
OTHER TAXES:	<i>Includes Transient Occupancy Tax, Cardroom Fees, and Real Property Transfer Tax</i>		
	THREE YR CPI	2.15%	
FINES AND FORFEITURES:	PARKING AND VEHICLE	\$190,000	BASED ON THREE YEAR AVERAGE
INTEREST:	RATE ->>	1.50%	ON PRIOR YEAR'S BALANCE
BUILDING RENTALS:	INCREASE ANNUALLY BY:	2.00%	
STATE SUBVENTIONS:	PER CAPITA	GAS TAX \$9.50	POPULATION GROWTH 2,000 PER YEAR (Based on 750 units)
		<i>Gas Tax Per Capita based on last year actuals</i>	
GRANTS:	\$630,000	THREE YEAR AVERAGE OF ONGOING GRANTS	
CURRENT SERVICES:	INCREASE BY THREE YEAR CPI AVERAGE	2.15%	
OTHER REVENUES:	INCREASE BY THREE YEAR CPI AVERAGE	2.15%	
IMPACT/RENTAL FEES:	BASED ON ADD'L ROUTES PROJECTED IN THE ENTERPRISE FUND AND INCREASE BY 3 YEAR CPI AVERAGE		
ADMIN CHARGES:	INCREASE	2.00%	PER YEAR

CITY OF CLOVIS

General Fund - Financial Forecast (dollars in thousands)

EXPENDITURES	ACTUALS			ESTIMATED	PROJECTED				
	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
PUBLIC SAFETY									
Salaries									
Police-CPOA	8,590	9,240	10,210	9,840	11,150	11,370	11,870	12,390	12,920
Fire	5,300	5,670	5,610	5,910	6,200	7,010	7,150	7,290	7,440
Public Safety-Management	2,990	2,840	3,080	3,140	3,200	3,260	3,330	3,400	3,470
Police-Non CPOA	3,130	3,450	3,280	3,980	4,060	4,140	4,220	4,300	4,390
Fire-Non Firefighters	260	260	200	350	360	370	380	390	400
Overtime									
Overtime-Police	2,260	2,160	2,650	2,760	2,760	2,760	2,760	2,760	2,760
Overtime-Fire	1,570	2,450	2,250	1,600	1,490	1,490	1,490	1,490	1,490
Extra Help	800	690	740	810	810	810	810	810	810
Benefits									
Health	2,980	3,250	3,300	3,790	4,140	4,570	4,980	5,430	5,910
Retirement	5,520	6,230	7,030	8,530	9,510	10,710	11,480	12,120	12,770
Other	3,010	2,870	2,770	3,030	3,200	3,260	3,330	3,400	3,470
SMS	9,630	10,080	10,240	11,680	12,250	11,960	12,590	12,910	13,050
Capital Outlay	430	540	670	620	290	290	300	300	310
Total Public Safety	46,470	49,730	52,030	56,040	59,420	62,000	64,690	66,990	69,190
PUBLIC UTILITIES									
Salaries	1,940	2,000	2,200	2,410	2,460	2,510	2,560	2,610	2,660
Overtime	90	110	110	90	90	90	90	90	90
Extra Help	40	60	20	70	70	70	70	70	70
Benefits									
Health	420	450	510	610	660	710	770	830	900
Retirement	240	270	340	440	500	550	550	580	600
Other	280	350	440	390	400	410	420	430	440
SMS	5,700	5,710	6,310	6,590	6,730	6,870	7,020	7,170	7,320
Capital Outlay	60	40	60	40	30	30	30	30	30
Total Public Utilities	8,770	8,990	9,990	10,640	10,940	11,240	11,510	11,810	12,110
GENERAL GOVERNMENT									
Salaries	3,100	3,010	3,150	3,460	3,530	3,600	3,670	3,740	3,810
Overtime	10	10	10	30	30	30	30	30	30
Extra Help	350	330	420	490	490	490	490	490	490
Benefits									
Health	520	570	610	690	750	810	870	940	1,020
Retirement	390	430	540	710	800	870	870	910	950
Other	210	200	210	240	240	250	270	290	320
SMS	2,870	2,880	3,380	3,410	3,720	3,550	3,750	3,710	3,930
Capital Outlay	20	20	10	20	10	10	10	10	10
Total General Govt	7,470	7,450	8,330	9,050	9,570	9,610	9,960	10,120	10,560
Total Expenditures	62,710	66,170	70,350	75,730	79,930	82,850	86,160	88,920	91,860

Expenditure Assumptions (dollars in thousands)

SALARIES:		<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>
<u>POLICE-CPOA</u>	7/1	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
POL-SAL BASE		\$9,840	\$11,060	\$11,370	\$11,600	\$12,110	\$12,640
Additional Officers-Salary		\$0	\$90	\$0	\$270	\$280	\$280
Number of Additional Officers		0	0	0	3	3	3
Additional Non-Sworn Positions		0	1	0	0	0	0
Total Sworn Officer Positions		109	109	109	112	115	118
<u>FIRE</u>		7/1	2.00%	2.00%	2.00%	2.00%	2.00%
SALARY BASE		\$5,910	\$6,030	\$6,320	\$7,150	\$7,290	\$7,440
Additional Firefighter-Salary		\$0	\$170	\$690	\$0	\$0	\$0
Number of Addl Firefighters		0	2	6	0	0	0
<u>PUBLIC UTILITIES</u>		7/1	2.00%	2.00%	2.00%	2.00%	2.00%
SALARY BASE		\$2,410	\$2,460	\$2,510	\$2,560	\$2,610	\$2,660
Additional Salaries-Park/Street		\$0	\$0	\$0	\$0	\$0	\$0
Addl Park/Street employees		0	0	0	0	0	0
<u>GENERAL GOVERNMENT</u>		7/1	2.00%	2.00%	2.00%	2.00%	2.00%
<u>MANAGEMENT</u>		7/1	2.00%	2.00%	2.00%	2.00%	2.00%
OVERTIME:		INCREASE BY COLA			2.00%		
EXTRA HELP:		FLAT FOR NEXT FIVE YEARS					
HEALTH:		INCREASE PER YEAR			8.0%		
		(PERS ESTIMATE)					
RETIREMENT:		<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>
POLICE-SAFETY		45.500%	49.600%	52.600%	54.800%	55.900%	56.900%
DISPATCHERS		26.500%	28.100%	29.800%	29.300%	29.900%	30.500%
FIRE		45.500%	49.600%	52.600%	54.800%	55.900%	56.900%
PUBLIC UTILITIES		26.500%	28.100%	29.800%	29.300%	29.900%	30.500%
GENERAL GOVERNMENT		26.500%	28.100%	29.800%	29.300%	29.900%	30.500%
MANAGEMENT		26.500%	28.100%	29.800%	29.300%	29.900%	30.500%
PERS EE COST SHARING -MISC		-8.400%	-8.400%	-8.400%	-8.400%	-8.400%	-8.400%
PERS EE COST SHARING -SAFETY		-8.000%	-8.000%	-8.000%	-8.000%	-8.000%	-8.000%
WORKERS COMP:							
(included in other benefits)							
Police-CPOA		10.33%	10.00%	10.00%	10.00%	10.00%	10.00%
Fire		2.74%	3.00%	3.00%	3.00%	3.00%	3.00%
Mgmt & Admin		0.95%	1.00%	1.00%	1.00%	1.00%	1.00%
Public Utility		13.38%	13.00%	13.00%	13.00%	13.00%	13.00%
OTHER BENEFITS: Previous year's amount increased by contracted and estimated salary increases. Includes 2% of non-safety salaries for deferred comp, 1% of total salaries for sick leave incentive, 1.45% for medicare and 1% for other benefits.							
OTHER SMS: INCREASE 3 YEAR AVERAGE CPI						2.15%	
CAPITAL OUTLAY:		INCREASE BY 3 YEAR AVG CPI PER YEAR		2.15%			
		50% FOUR YEAR AVERAGE-PUBLIC SAFETY		\$280			
		50% FOUR YEAR AVERAGE-PUBLIC UTILITIES		\$30 + ADDITIONAL EQUIP FOR NEW EMPLOYEES			
		50% FOUR YEAR AVERAGE-GEN GOV'T		\$10			
CONTINGENCY RESERVE: Maintain not less than 15% with a goal to reach 25% of total expenditures. See the Summary Sheet for reserve.							

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ENTERPRISE FUNDS

The purpose of the forecast for the Enterprise Funds is to provide the City Council and the City Manager with an early identification of financial trends along with the future financial costs of legislative and regulatory requirements and the ability to respond appropriately. Enterprise Funds, by definition, are supported by rates set to recover the full cost of services, including capital outlays and debt service. The rate setting process requires advance planning, preparation of rate studies, a public hearing process, and a final decision to implement new rates if approved. This process can take up to six months to complete. For this reason, the forecast is a critical management tool for the City.

Further detail regarding each Enterprise Fund is discussed in the following pages. Annually, staff re-evaluates all enterprise operations to determine if any adjustments to rates are needed. At this time water, sewer and community sanitation enterprise operations have increases approved sufficient to carry the operations through the forecast period, barring any unforeseen or catastrophic event. Once these rate increases meet their objectives, staff will begin to evaluate implementing smaller, more measured increases on an annual basis to avoid large one-time increases.

Water Enterprise

The Water Enterprise Fund is forecast to have a working capital balance of approximately \$23.4 million at June 30, 2020. The City Council approved adjusted water rates in the Water Enterprise Fund beginning in June 2016 in order to comply with State legal requirements regarding a tiered water rate structure. The rate adjustment was revenue neutral. Council also approved a 3% annual increase that can be implemented when necessary to fund the increased cost to treat and distribute potable water within the City, capital improvements, and to provide debt service coverage for the 2013 Surface Water Treatment Plant bonds. The forecast reflects a 3% rate increase to water rates each of the 5 years in the projected forecast. The reserve for drought contingency has been increased over the forecast period for the increased likelihood that the City will have to purchase water on the open market at much higher rates due to drought conditions and/or impacts from the Sustainable Groundwater Management Act (SGMA). This forecast includes a \$5 million down payment in 2020/21 as required by the Firm Water Supply agreement with the Fresno Irrigation District (FID). The remaining balance of \$30 million is anticipated to be paid by development impact fees in future years. A new line item was added in the 2018/19 forecast to specifically set aside funds for future costs related to SGMA. In 2016/17, the Water Enterprise Fund received a legal settlement for future Trichloropropane (TCP) treatment. The Water Enterprise Fund will be required to treat the water for any TCP present and a reserve for TCP treatment has been established for the treatment costs. A separate line item has been added to track TCP expenditures.

CITY OF CLOVIS

Water Enterprise - Financial Forecast (dollars in thousands)

	<u>Actual 2016/17</u>	<u>Actual 2017/18</u>	<u>Actual 2018/19</u>	<u>Estimated 2019/20</u>	<u>Projected 2020/21</u>	<u>Projected 2021/22</u>	<u>Projected 2022/23</u>	<u>Projected 2023/24</u>	<u>Projected 2024/25</u>
BEGINNING WORKING CAPITAL	20,010	21,120	21,520	25,840	23,400	18,180	18,600	19,110	19,930
<u>REVENUES</u>									
WATER CHARGES	14,930	16,430	17,040	17,600	18,240	18,900	19,580	20,280	21,000
DBCP-LEGAL SETTLEMENTS	240	240	240	220	220	220	220	220	220
OTHER LEGAL SETTLEMENTS	15,460	0	0	0	0	0	0	0	0
TOTAL REVENUES	30,630	16,670	17,280	17,820	18,460	19,120	19,800	20,500	21,220
<u>EXPENDITURES</u>									
SALARIES	2,240	2,490	2,710	2,970	3,080	3,140	3,290	3,350	3,420
EXTRA HELP	0	0	0	30	30	30	30	30	30
OVERTIME	90	100	110	120	120	120	120	120	120
BENEFITS									
RETIREMENT	280	330	420	540	660	670	690	720	760
HEALTH	450	500	540	620	670	720	780	840	910
OTHER	310	460	530	470	540	550	580	590	600
SERVICES, MATERIALS & SUPPLIES	7,860	7,890	8,010	9,860	14,770	9,630	9,830	10,030	10,240
MEMBRANE REPLACEMENT	0	0	280	0	300	450	0	0	0
TCP TREATMENT	0	0	0	100	100	100	100	100	100
CAPITAL OUTLAY	750	880	1,210	2,100	1,310	1,340	1,370	1,400	1,430
TOTAL EXPENDITURES	11,980	12,650	13,810	16,810	21,580	16,750	16,790	17,180	17,610
<u>OTHER REVENUE AND EXPENSE</u>									
INTEREST/RENTAL/GRANTS	330	620	1,070	1,000	1,000	750	750	750	750
	330	620	1,070	1,000	1,000	750	750	750	750
TRANSFERS-OUT (CAPITAL)	(570)	(2,390)	0	(3,550)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)
WATER BANKING LOAN TO DEV FUND	0	0	1,500	1,250	0	0	0	0	0
CONTRIBUTION-SURFACE WTP	(750)	(750)	(750)	(750)	(750)	(750)	(750)	(750)	(750)
MEMBRANE REPLACEMENT RESERVE	(100)	(100)	280	0	300	450	(100)	(100)	(100)
RESERVE FOR DROUGHT CONTINGENCY	(1,000)	(1,000)	(500)	(500)	(500)	(500)	(500)	(500)	(500)
RESERVE FOR SGMA	0	0	(750)	(1,000)	(1,250)	(1,000)	(1,000)	(1,000)	(1,000)
RESERVE FOR TCP TREATMENT	(15,450)	0	0	100	100	100	100	100	100
ENDING WORKING CAPITAL	21,120	21,520	25,840	23,400	18,180	18,600	19,110	19,930	21,040
RESERVE FOR WELLHEAD TREATMENT	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
RESERVE FOR MEMBRANE REPLACEMENT	1,910	2,010	1,730	1,730	1,430	980	1,080	1,180	1,280
RESERVE FOR DROUGHT CONTINGENCY	3,500	4,500	5,000	5,500	6,000	6,500	7,000	7,500	8,000
RESERVE FOR SGMA	0	0	750	1,750	3,000	4,000	5,000	6,000	7,000
RESERVE FOR TCP TREATMENT	15,450	15,450	15,450	15,350	15,250	15,150	15,050	14,950	14,850

Water Enterprise - Revenue Assumptions (dollars in dollars)

Bi-monthly Meter Charges: Residential - \$22.52 Commercial - \$18.14

Residential Usage Rates: \$.92 per 1,000 gallons for 0 to 23,000 gallons, \$1.53 per 1,000 gallons for 23,000 - 40,000 gallons, \$1.88 per 1,000 gallons above 40,000 gallons. Dwelling unit charge \$11.26 per month (\$22.52 bi-monthly).

Commercial Usage Rates: \$.92 per 1,000 gallons 0 to 23,000 gallons, \$1.25 per 1,000 gallons over 23,000 gallons. Monthly charge from \$9.07 (1") to \$919.08 (10").

Current Charges: INCREASED EACH YEAR BY THE AVERAGE INCREASE OF THE PREVIOUS THREE YEARS

		<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>
Rate Increase:	7/1	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Rate Increase:	3% Based on Council approved annual rate increase unless not necessary.						
Interest:	1.50% OF PREVIOUS YEAR'S WORKING CAPITAL OR A MINIMUM OF \$10,000						

Water Enterprise - Expense Assumptions (dollars in thousands)

	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>
Salaries: CPWEA						
7/1	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Salary Base	\$2,970	\$3,030	\$3,140	\$3,200	\$3,350	\$3,420
Additional Employee		\$45		\$85		
Extra Help:	FLAT FOR NEXT FIVE YEARS					
Overtime:	FLAT FOR NEXT FIVE YEARS					
	(PERS ESTIMATE)					
Retirement:	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>
	26.500%	28.100%	29.800%	29.300%	29.900%	30.500%
PERS Cost Sharing:	-8.400%	-8.400%	-8.400%	-8.400%	-8.400%	-8.400%
Health:	INCREASE PER YEAR				8.00%	
Other Benefits:	-WORKERS COMP		13.000% FOR CPWEA		1.00% FOR ADMIN	
	-MEDICARE		1.450% OF SALARIES			
	-DEF COMP/SICK LEAVE INC		5.250% OF SALARIES			
Other SMS:	INCREASE BY CPI FOR FUTURE YEARS				2.15%	
	(Increase energy cost by 50% for the Surface Water Treatment Plant operation beginning in 2004/05)					
	Rental of the New Corp Yard-beginning 2002/03			\$320 per year		
Capital Outlay:	FOUR YEAR AVERAGE INCREASED BY CPI FOR FUTURE YEARS				2.15%	
Transfers Out:	FOR CAPITAL CONTRIBUTIONS FOR DISTRIBUTION SYSTEM IMPROVEMENTS					
	FOR LAND ACQUISITION DESIGN AND CONSTRUCTION OF RECHARGE FACILITIES-100%					
Reserves:	WELLHEAD TREATMENT CONTINGENCY ESTABLISHED FOR CLEANUP OF DBCP CONTAMINATION					
	MEMBRANE REPLACEMENT RESERVE ESTABLISHED FOR NEW MEMBRANE COSTS					
	DROUGHT CONTINGENCY ESTABLISHED FOR WATER PURCHASE DURING POSSIBLE DROUGHT					
	TCP TREATMENT RESERVE FOR TREATMENT CAPITAL AND O&M					
	SUSTAINABLE GROUNDWATER MANAGEMENT ACT RESERVE					

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Sewer Enterprise

The Sewer Enterprise Fund is projected to have a working capital balance of approximately \$23.2 million at June 30, 2020. The City Council approved a series of rate increases for the Sewer Enterprise Fund beginning August 1, 2010. Rate increases are driven by the rising cost of treatment and capital improvements at the Regional Treatment facility as well as the increase in the costs to operate new pump stations, the Sewer Treatment Water Reuse Facility (ST-WRF), and to meet bond covenants normally borne by development fees which are projected to be insufficient to meet the City's obligations in a portion of the forecast period. The Sewer Fund reflects continuing capital improvements at the Regional Treatment facility and increased operational costs: however, a 3% rate increase is not necessary for the forecast period because the sewer fund is projected to be balanced with adequate reserves. It is projected that the collection of Development Impact fees for Sewer Major Facilities will be sufficient to cover the debt service payments for a couple of years; therefore, the forecast includes the full \$7.30 per month rebate to customers for the next 2 years and projects a decreased rebate the remaining 3 years of the forecast. The ability to continue to rebate funds back to ratepayers will be monitored closely throughout the forecast period.

CITY OF CLOVIS

Sewer Enterprise - Financial Forecast (dollars in thousands)

	<u>Actual 2016/17</u>	<u>Actual 2017/18</u>	<u>Actual 2018/19</u>	<u>Estimated 2019/20</u>	<u>Projected 2020/21</u>	<u>Projected 2021/22</u>	<u>Projected 2022/23</u>	<u>Projected 2023/24</u>	<u>Projected 2024/25</u>
BEGINNING WORKING CAPITAL	20,160	19,500	19,510	20,830	23,220	21,320	19,340	21,100	20,850
<u>REVENUES</u>									
SEWER CHARGES	12,450	12,440	13,100	13,340	13,580	13,820	14,060	14,300	14,540
PRETREATMENT CHARGES	50	50	50	50	50	50	50	50	50
TOTAL REVENUES	12,500	12,490	13,150	13,390	13,630	13,870	14,110	14,350	14,590
<u>EXPENDITURES</u>									
SALARIES	700	810	860	980	1,000	1,020	1,130	1,150	1,170
EXTRA HELP	0	0	0	10	10	10	10	10	10
OVERTIME	10	10	10	20	20	20	20	20	20
BENEFITS									
RETIREMENT	90	100	130	180	180	220	240	250	260
HEALTH	120	130	140	170	180	190	210	230	250
OTHER	100	90	160	150	200	180	200	200	210
SERVICES, MATERIALS & SUPPLIES	3,340	3,600	3,710	4,550	4,640	4,730	4,820	4,920	5,020
FRESNO TREATMENT PLANT	2,490	2,550	2,770	3,400	3,250	3,320	3,390	3,460	3,530
CLOVIS TRMT/REUSE PLANT (ST-WRF)	2,170	2,090	2,270	2,300	2,370	2,440	2,520	2,600	2,680
DEBT SERVICE	1,230	1,230	1,220	1,240	1,250	1,250	1,250	1,250	1,250
CAPITAL	30	20	720	320	60	60	60	70	70
CAPITAL-FRESNO PLANT IMPROVEMENTS	320	1,120	330	770	1,700	800	3,800	800	160
TOTAL EXPENDITURES	10,600	11,750	12,320	14,090	14,860	14,240	17,650	14,960	14,630
<u>OTHER REVENUE AND EXPENSE</u>									
INTEREST	270	480	830	830	520	500	500	470	470
GRANTS/MISC/SALE OF ASSETS/REFUNDS	600	30	330	30	30	30	30	30	30
BOND COVERAGE CHARGES/(REBATE)	(1,600)	0	880	1,700	0	0	1,750	1,750	1,750
	(730)	510	2,040	2,560	550	530	2,280	2,250	2,250
TRANSFERS IN-DEBT SERVICE	430	430	430	430	430	430	430	430	430
TRANSFERS OUT-CAPITAL	(2,390)	0	0	(200)	(200)	(200)	(200)	(200)	(200)
FROM DEVELOPER-PLANT CAPITAL IMPROV	270	270	220	800	800	380	1,790	380	80
INTERFUND (LOANS)/REPAYMENT	(140)	(1,440)	(1,700)	0	(1,500)	(2,000)	(2,000)	(2,000)	(2,000)
(INC)/USE OF FRESNO PLANT CAP RESERVE		(500)	(500)	(500)	(750)	(750)	3,000	(500)	(500)
ENDING WORKING CAPITAL	19,500	19,510	20,830	23,220	21,320	19,340	21,100	20,850	20,870
RESERVE FOR FRESNO PLANT CAPITAL	0	500	1,000	1,500	2,250	3,000	0	500	1,000
RESERVE FOR RATE STABILIZATION	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000

Sewer Enterprise - Revenue Assumptions (dollars in dollars)

Current Charges:	Population Increase 2,000	New Units Per Year 750	Additional Commercial \$40,000	Residential: 2019/20 Per Unit Per Month \$22.17	Bond Charge Per Unit Per Month \$7.30	Pretreatment Per Unit Per Month \$0.06	
						\$(7.30) Beginning FY 22/23	
Rate Rebate:							
Rate Increase:*		<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>
Percentage		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Revised Monthly Rate		\$22.17	\$22.17	\$22.17	\$22.17	\$22.17	\$22.17
Interest:	1.50% OF PREVIOUS YEAR'S WORKING CAPITAL						
* Rate Increase: Note: The Council can approve up to a 3% annual rate increase if deemed necessary.							

Sewer Enterprise - Expense Assumptions (dollars in thousands)

Salaries: (CPWEA)		<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>
7/1		2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
SALARY BASE		\$980	\$1,000	\$1,020	\$1,040	\$1,150	\$1,170
Additional employee					\$85		
Extra Help:	FLAT FOR NEXT FIVE YEARS						
Overtime:	FLAT FOR NEXT FIVE YEARS						
Retirement:		<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>
		26.500%	28.100%	29.800%	29.300%	29.900%	30.500%
PERS Cost Sharing:		-8.400%	-8.400%	-8.400%	-8.400%	-8.400%	-8.400%
Health:	INCREASE PER YEAR						
Other Benefits:	-RETIREMENT						
				26.500%	OF EXTRA HELP		
				13.000%	FOR CPWEA		1.00%
				1.450%	OF SALARIES		
				5.250%	OF SALARIES		
Other SMS:	INCREASE BY AVERAGE CPI FOR PREVIOUS 3 YEARS						
	Rental of the New Corp Yard-Beginning in 2002/03						
						\$320	
	Clovis Treatment/Reuse Plant Operations-Beginning 1/1/2009						
						\$1,000	
Regional Treatment Plant:	Annual payment for original plant buy-in plus O&M costs.						
	Adjusted for average 3 year CPI and per capita amount						
						2.15%	
Debt Service:	Fresno/Clovis Regional WWTP Renovation						
						96/97 - 2023	\$1,250
Capital Outlay:	FUTURE YEARS @						
						\$60	
						- ADJUSTED BY 3 YEAR AVERAGE CPI	2.15%
Cap-Plant Improvements:	Based on estimates from the City of Fresno for sewer main and plant refurbishments						
Transfers In-Debt Service:	In from Major Facilities-34.57% of debt service for 1993 WWTP Renovation						
						\$427	
Transfers Out:	Out for on-going capital improvements-per Five Year CIP						
Interfund Loans:	Temporary cash loans to conform with various bond covenants						

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Community Sanitation Enterprise

The Community Sanitation Enterprise Fund is projected to finish the current fiscal year with a working capital balance of approximately \$9.9 million at June 30, 2020. A 4% annual increase, or portion thereof, was approved by Council in November 2004 to be implemented as necessary. In 2019/20, the Council implemented a refuse rate increase of 2%. An increase of 4% is necessary in 2020/21 to keep the fund stable with appropriate reserves and increases of 2% are projected thereafter for the remainder of the forecast period. To keep pace with the recycling and green waste contract increases, the approved 4% annual increase is projected for these operations. In 2020/21, staff anticipates preparing a recommendation for Council to consider approval to conduct a proposition 218 election in the fall of 2020 to increase rates for Street Sweeping charges which are currently set in the City of Clovis Municipal Code at \$2.25 per month and have been fixed at that level since January 1, 2004. Street Sweeping revenues are not meeting expenditures and the Refuse Fund is providing support to keep the operations financially stable. Increases in Street Sweeping charges may be offset by equal monetary decreases to the refuse charge which would be realized as a lesser rate increase in future years. The forecast reflects the final payment for the Landfill debt service which occurred in 2018 and an increase in closure and post closure costs identified in the revised Joint Technical Document (JTD) dated March 2017 prepared in agreement with the California Department of Resources Recycling and Recovery (CalRecycle) and the California Regional Water Quality Control Board (RWQCB).

CITY OF CLOVIS

Community Sanitation - Financial Forecast (dollars in thousands)

	<u>Actual 2016/17</u>	<u>Actual 2017/18</u>	<u>Actual 2018/19</u>	<u>Estimated 2019/20</u>	<u>Projected 2020/21</u>	<u>Projected 2021/22</u>	<u>Projected 2022/23</u>	<u>Projected 2023/24</u>	<u>Projected 2024/25</u>
BEGINNING WORKING CAPITAL	11,610	12,080	12,940	13,860	9,950	9,030	8,940	8,940	9,090
<u>REVENUES</u>									
REFUSE CHARGES	13,530	14,260	14,990	15,420	16,190	16,660	17,150	17,650	18,160
RECYCLING CHARGES	1,610	1,850	1,720	1,750	1,830	1,920	2,010	2,110	2,210
GREEN WASTE CHARGES	1,800	1,940	2,080	2,130	2,240	2,360	2,480	2,610	2,740
STREET SWEEPING CHARGES	1,110	1,150	1,180	1,160	1,170	1,180	1,190	1,200	1,210
TOTAL REVENUES	18,050	19,200	19,970	20,460	21,430	22,120	22,830	23,570	24,320
<u>EXPENDITURES</u>									
SALARIES	2,600	2,840	3,180	3,470	3,640	3,710	3,850	3,930	4,010
EXTRA HELP	80	30	60	90	90	90	90	90	90
OVERTIME	210	240	330	280	280	280	280	280	280
BENEFITS									
RETIREMENT	340	380	500	660	670	790	800	840	890
HEALTH	520	580	670	800	860	930	1,000	1,080	1,170
OTHER	400	530	700	610	670	690	710	730	740
SERVICES, MATERIALS & SUPP.	7,730	7,570	8,380	9,230	9,520	9,720	9,930	10,140	10,360
RECYCLING	1,360	1,410	1,470	1,550	1,600	1,650	1,700	1,750	1,800
GREEN WASTE PROGRAM	1,610	1,680	1,770	1,830	1,890	1,950	2,020	2,090	2,160
STREET SWEEPING	1,410	1,600	1,730	1,810	1,850	1,890	1,930	1,970	2,010
LANDFILL CLOSURE	250	250	260	280	290	300	310	320	330
CAPITAL	490	550	1,180	2,040	890	400	400	400	400
LANDFILL IMPROVEMENTS	100	550	80	2,270	500	200	200	200	200
LANDFILL DEBT SERVICE	780	560	0	0	0	0	0	0	0
TOTAL EXPENDITURES	17,880	18,770	20,310	24,920	22,750	22,600	23,220	23,820	24,440
<u>OTHER REVENUE AND EXPENSE</u>									
INTEREST	80	190	300	380	230	220	220	230	230
GRANTS/MISC/SALE OF ASSETS	30	30	80	20	20	20	20	20	20
	110	220	380	400	250	240	240	250	250
TRANSFERS	190	210	880	150	150	150	150	150	150
ENDING WORKING CAPITAL	12,080	12,940	13,860	9,950	9,030	8,940	8,940	9,090	9,370
RESERVE FOR CLOSURE	3,530	3,780	4,040	4,320	4,610	4,910	5,220	5,540	5,870
RESERVE FOR LIABILITY INS	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000

*Note: Maintain minimum ending working capital at 15% of expenditures or the bond covenant requirements.

Community Sanitation - Revenue Assumptions (dollars in dollars)

Current Charges:		New Units	19/20 Avg Unit	Recycling	Green Waste	Street Cleaning	
		Per Year	Per Month	Per Month	Per Month	Per Month	
		750	\$24.10	\$3.94	\$5.78	\$2.25	
Additional Commercial Annual Revenue ----->		\$35,000					
		<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>
Rate Increase/(Decrease):	7/1	2.0%	4.0%	2.0%	2.0%	2.0%	2.0%
Adjusted Monthly Rate:		\$24.10	\$25.06	\$25.57	\$26.08	\$26.60	\$27.13

Rate Increase: Based on Council approved 4% annual rate increase unless not necessary.

Green Waste/Recycling: Based on current year charges, increased by new unit growth and projected rate increases of 4% per year.

Street Cleaning: Based on current year charges, increased by new unit growth.

Interest: 1.50% OF PREVIOUS YEAR'S WORKING CAPITAL

Community Sanitation - Expense Assumptions (dollars in thousands)

Salaries: (CPWEA)		<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>
	7/1	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Salary Base:		\$3,470	\$3,640	\$3,710	\$3,780	\$3,930	\$4,010
Additional Personnel: Res/Comm					\$72		
Extra Help:		\$90 for Operations per year					
Overtime:		FLAT FOR FUTURE YEARS					
					(PERS ESTIMATE)		
Retirement:		<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>
		26.500%	28.100%	29.800%	29.300%	29.900%	30.500%
PERS Cost Sharing:		-8.400%	-8.400%	-8.400%	-8.400%	-8.400%	-8.400%
Health:		INCREASE PER YEAR				8.00%	
Other Benefits:		-WORKERS COMP		13.00%	FOR CPWEA		1.00%
		-MEDICARE		1.45% OF SALARIES			
		-DEF COMP/SICK LEAVE/OTHER		5.25% OF SALARIES			
Other SMS:		INCREASE BY AVERAGE CPI FOR PREVIOUS 3 YEARS				2.15%	
		Rental of the Corp Yard beginning 2002/03				\$320 per year	
Capital Outlay:		Flat for future years (with the exception of FY 2019/20 and FY 2020/21)				\$400	
		Adjusted by 3 year average CPI				2.15%	
Transfers:		In-For Toters		\$150 /year			
Reserve For Closure:		FROM 98/99, INCREASE BY 3 YEAR AVERAGE CPI				2.15%	

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Transit Enterprise

The Transit Fund shows no net position in the near-term as a result of the revenue recognition policy changing for State Local Transportation Funds (LTF). The State and Local Transportation Funds are required to be deferred until the funds are spent. The deferral is projected to decline in the fiscal year 2020/21 due to the construction of a transit center. Starting in the fiscal year 2021/22 the deferred revenue is projected to continue to increase and to be spent on future operating and capital needs. Furthermore, an additional funding source provided by SB1 legislation has become available for operation and capital expenses. Adjustments for this additional funding will be made over the next year. With funding for Transit constantly in flux due to State budget issues, the types and levels of funding will be closely monitored to make any necessary adjustments to current service levels should the need arise.

CITY OF CLOVIS

Transit - Financial Forecast (dollars in thousands)

	<u>Actual 2016/17</u>	<u>Actual 2017/18</u>	<u>Actual 2018/19</u>	<u>Estimated 2019/20</u>	<u>Projected 2020/21</u>	<u>Projected 2021/22</u>	<u>Projected 2022/23</u>	<u>Projected 2023/24</u>	<u>Projected 2024/25</u>
BEGINNING WORKING CAPITAL	1,830	2,890	240	60	0	0	0	0	0
<u>REVENUES</u>									
MEASURE C FUNDS	1,370	1,460	1,540	1,640	1,750	1,860	1,970	2,090	2,220
LOCAL TRANSPORTATION FUNDS (LTF)	3,760	3,940	4,160	4,140	4,400	4,490	4,490	4,490	4,490
STATE TRANSIT ASSISTANCE (STA)	630	640	1,290	210	2,560	600	670	790	910
OTHER (Fares, Advertising, Trolley Rents)	230	230	190	220	230	230	230	230	230
TOTAL REVENUES	5,990	6,270	7,180	6,210	8,940	7,180	7,360	7,600	7,850
<u>EXPENDITURES</u>									
SALARIES	1,250	1,290	1,410	1,530	1,600	1,700	1,730	1,760	1,800
EXTRA HELP	780	830	890	950	1,000	1,050	1,100	1,160	1,220
OVERTIME	60	110	70	70	70	70	70	80	90
BENEFITS									
RETIREMENT	160	170	220	280	320	360	360	380	400
HEALTH	250	270	300	340	360	390	420	450	490
OTHER	310	380	520	540	470	530	540	570	590
SERVICES, MATERIALS & SUPPLIES	2,130	2,410	2,880	2,690	2,750	2,880	2,940	3,000	3,060
CAPITAL-OTHER	70	180	90	420	0	0	0	0	0
CAPITAL-BUSES	0	620	1,020	0	0	800	400	400	0
TOTAL EXPENDITURES	5,010	6,260	7,400	6,820	6,570	7,780	7,560	7,800	7,650
<u>OTHER REVENUE AND EXPENSE</u>									
INTEREST/GRANTS/MISC	80	180	40	550	30	800	400	400	0
	80	180	40	550	30	800	400	400	0
TRANSFERS- OUT (TRANSIT CENTER)	0	0	0	0	(2,400)	(200)	(200)	(200)	(200)
DEFERRED REVENUE ADJUSTMENT		(2,840)							
ENDING WORKING CAPITAL	2,890	240	60	0	0	0	0	0	0
DEFERRED REVENUE	0	2,840	3,290	4,470	3,320	3,940	4,490	4,920	5,230

Transit- Revenue Assumptions

Transit Revenue:	Measure C revenue is projected to grow by the prior 3 year average increase in revenue	6.18%
	LTF revenue is projected to grow by the 3 year average CPI	2.15%
	Beginning in 2014/15 100% of LTF revenue will be allocated to Transit.	
	Beginning in 2015/16 State Transit Assistance revenue must be used for capital purposes only.	
	Other revenue is projected to grow by the 3 year average CPI	2.15%
Interest:	1.50% OF PREVIOUS YEAR'S WORKING CAPITAL	

Deferred Revenue Adjustment: CHANGE IN REVENUE RECOGNITION RELATED TO LTF AND STA TRANSPORTATION FUNDING

Transit- Expense Assumptions

Salaries:	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2022/23</u>	<u>2024/25</u>
7/1	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Salary Base:	\$1,530	\$1,600	\$1,700	\$1,730	\$1,760	\$1,800
Additional Personnel:		\$70	\$70			
Extra Help:	INCREASE 5% PER YEAR FOR ADDITIONAL DEMAND IN ROUNDUP TRANSIT SERVICES					
Overtime:	INCREASE BY PREVIOUS THREE YEAR CPI					2.15%
	(PERS ESTIMATE)					
Retirement:	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2022/23</u>	<u>2024/25</u>
	26.500%	28.100%	29.800%	29.300%	29.900%	30.500%
PERS Cost Sharing:	-8.400%	-8.400%	-8.400%	-8.400%	-8.400%	-8.400%
Health:	INCREASE PER YEAR			8.00%		
Other Benefits:	-WORKERS COMP			13.000% OF SALARIES		1.00% FOR ADMIN
	-MEDICARE			1.450% OF SALARIES and EXTRA HELP		
	-DEFERRED COMP/SICK LEAVE INCENTIVE/OTHER			5.250% OF SALARIES		
Other SMS:	INCREASE BY AVERAGE PREVIOUS 3 YEAR CPI					2.15%
Capital Outlay:	BASED ON BEST ESTIMATES FOR BUSES AND OTHER ADJUSTED BY 3 YEAR AVERAGE CPI					2.15%

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Planning and Development Services Enterprise

The Planning and Development Services (PDS) Enterprise Fund was separated from the General Fund in 2012/13. This allows for services to be adjusted as demand fluctuates. The 2019/20 forecast estimates 1,400 units (1000 single-family/400 multi-family) to be constructed this year. Starting in 2020/21, the forecast utilizes the historical average of 750 units per year. Commercial activity in 2019/20 is very aggressive and is expected to continue at this pace through 2020/21. The Building Department revenue fluctuates based on the construction valuation of the different projects and dwelling unit numbers are just one indicator. The PDS Fund is projected to finish the 2019/20 fiscal year with a working capital balance of \$8.7 million. In addition, if needed, PDS has the ability to shift staff resources from its development review unit to its community investment unit should development activity dramatically slow down. The forecast reflects that the PDS operation will continue to maintain a prudent reserve that allows for immediate adjustments should they become necessary.

CITY OF CLOVIS

Planning & Development Services - Financial Forecast (dollars in thousands)

RESIDENTIAL UNITS PER YEAR	984	1347	848	1400	750	750	750	750	750
	<u>Actual 2016/17</u>	<u>Actual 2017/18</u>	<u>Actual 2018/19</u>	<u>Estimated 2019/20</u>	<u>Projected 2020/21</u>	<u>Projected 2021/22</u>	<u>Projected 2022/23</u>	<u>Projected 2023/24</u>	<u>Projected 2024/25</u>
BEGINNING WORKING CAPITAL	5,840	5,730	6,960	7,660	8,690	8,570	8,620	8,130	7,540
<u>REVENUES</u>									
BUILDING PERMITS	2,770	3,320	3,260	3,950	3,910	3,750	3,300	3,370	3,440
PLANNING FEES	1,750	2,050	1,730	1,900	1,720	1,750	1,790	1,830	1,860
GENERAL PLAN CONSULTANT	240	160	170	570	2,400	2,380	1,280	1,230	930
ENGINEERING FEES	2,660	2,440	2,730	3,070	3,120	2,700	2,760	2,820	2,880
CAPITAL IMPROVEMENT CHARGES	2,180	1,770	2,600	2,530	2,700	2,700	2,760	2,820	2,880
TOTAL REVENUES	9,600	9,740	10,490	12,020	13,850	13,280	11,890	12,070	11,990
<u>EXPENDITURES</u>									
SALARIES	3,540	3,880	4,490	5,100	5,300	5,310	5,420	5,530	5,640
EXTRA HELP	550	450	440	510	440	440	440	440	440
OVERTIME	100	140	120	160	160	160	160	160	160
BENEFITS									
RETIREMENT	460	520	700	900	1,130	1,230	1,220	1,280	1,340
HEALTH	560	640	850	810	870	940	1,020	1,100	1,190
OTHER	370	400	480	510	520	530	540	550	560
SERVICES, MATERIALS & SUPPLIES	2,800	2,680	2,720	2,740	3,200	2,770	2,830	2,890	2,950
GENERAL PLAN CONSULTANT	240	160	170	570	2,400	2,380	1,280	1,230	930
CAPITAL	20	20	40	30	170	10	10	10	10
TOTAL EXPENDITURES	8,640	8,890	10,010	11,330	14,190	13,770	12,920	13,190	13,220
<u>ADDITIONAL ITEMS</u>									
INTEREST	50	110	230	210	180	130	130	120	110
OTHER REVENUES/GRANTS	90	100	50	100	310	110	110	110	110
TRANSFERS FROM GENERAL FUND	300	300	300	300	300	300	300	300	300
TOTAL ADDITIONAL ITEMS	440	510	580	610	790	540	540	530	520
NET INC/(DEC) TO WORKING CAPITAL	1,400	1,360	1,060	1,300	450	50	(490)	(590)	(710)
<u>OTHER ITEMS</u>									
(USE OF)/ADDITION TO EMERGENCY RESERVE	1,510	130	360	270	570	0	0	0	0
ENDING WORKING CAPITAL	5,730	6,960	7,660	8,690	8,570	8,620	8,130	7,540	6,830
Emergency Reserve-(Dollars)	1,510	1,640	2,000	2,270	2,840	2,840	2,840	2,840	2,840
Emergency Reserve as a % of Expenditures	17.5%	18.5%	20.0%	20.0%	20.0%	20.6%	22.0%	21.5%	21.5%

Planning & Development Services - Revenue Assumptions (dollars in dollars)

	<u>2018/19 (Act.)</u>	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>
Residential Units Per Year:	848	1,400	750	750	750	750	750
Non-Residential %:	56%	50%	50%	45%	40%	35%	35%
<i>Averages based on two years actuals and estimate to close</i>							
Average Permit Fees Per Unit:		<u>Building</u>	<u>Planning</u>	<u>Engineering</u>			
		\$2,100	\$1,200	\$1,700			
3 Year Average CPI:	2.15%						
	<u>2018/19 (Act.)</u>	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>
Planning Program Fee (Staff):	\$1,120,000	\$1,300,000	\$1,120,000	\$1,140,000	\$1,170,000	\$1,190,000	\$1,210,000
Plan. Prgm. Fee (Consultant):	\$170,000	\$570,000	\$2,400,000	\$2,380,000	\$1,280,000	\$1,230,000	\$930,000
Other Planning Fees:	\$610,000	\$600,000	\$600,000	\$610,000	\$620,000	\$640,000	\$650,000
Total FY	\$1,900,000	\$2,470,000	\$4,120,000	\$4,130,000	\$3,070,000	\$3,060,000	\$2,790,000
Capital Improvement Charges:	BASED ON HOURLY RATE CHANGES (AS NEEDED)						
Interest:	1.50%	OF PREVIOUS YEAR'S WORKING CAPITAL					
Other Revenues:					2.15%		
Grants:	BASED ON AWARDED GRANTS						

Planning & Development Services - Expense Assumptions (dollars in thousands)

	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>
Salaries: (CPTA)						
7/1	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Salary Base:	\$5,100	\$5,300	\$5,310	\$5,420	\$5,530	\$5,640
Additional Personnel:						
No. of Additional Personnel						
Extra Help:	BASED ON WORK FLOW					
Overtime:	INCREASE BY AVERAGE CPI FOR PREVIOUS 3 YEARS					2.15%
					(PERS ESTIMATE)	
Retirement:	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>
	26.500%	28.100%	29.800%	29.300%	29.900%	30.500%
PERS Cost Sharing:	-8.400%	-8.400%	-8.400%	-8.400%	-8.400%	-8.400%
Health:	INCREASE PER YEAR					8.00%
Other Benefits:	INCREASE BY AVERAGE CPI FOR PREVIOUS 3 YEARS					2.15%
Other SMS:	INCREASE BY AVERAGE CPI FOR PREVIOUS 3 YEARS					2.15%
General Plan Consultant:	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>
General Plan Update & Housing Element		\$1,650	\$1,650			
Specific Plan Updates		\$100	\$450	\$850	\$300	
VMT Action Plan, Utility Plans & Engineering Studies	\$445	\$75			\$500	\$500
Ag Mitigation Study/Commercial Design Guides		\$350	\$50			
Park Master Plans - Specific Plan Areas				\$200	\$200	\$200
Misc. Services (Legal, Housing, Design, Engr)	\$125	\$225	\$230	\$230	\$230	\$230
Total FY	\$570	\$2,400	\$2,380	\$1,280	\$1,230	\$930
Capital Outlay:	BASED ON CAPITAL NEEDS PROJECTED FOR DEPARTMENT					
Transfers:	GENERAL FUND DISCRETIONARY FUNDING					\$300 PER YEAR

INTERNAL SERVICE FUNDS

The Internal Service Fund group is projected to be self-balancing throughout the Five-Year Forecast. Since the Internal Service Fund group is funded by charges to the operating funds, issues that will affect the Internal Service Funds are dealt with in conjunction with analysis of the impact on the operating funds. Each of the funds within the Internal Service Fund group is continually reviewed to determine where more cost effective programs and services can be utilized, and expenditure reductions have been made in recent years to reduce the impact of cost sharing on all other City operations.

DEBT SERVICE FUNDS

The Debt Service Fund group, out of necessity and legal obligation, will be fully funded in order to make the required debt payments.